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Specializing in Depreciation Reports

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DEPRECIATION REPORT

LMS 4410 — "Chez Victoria"
5555 Victoria Drive
Vancouver, BC
2019

November 1, 2019

LMS 4410 — "Chez Victoria"

c/o Associa BC Inc.
#301-1195 West Broadway
Vancouver, BC
V6H 3X5

Dear Sir/Madam:

Depreciation Report for
LMS 4410 — "Chez Victoria"
5555 Victoria Drive, Vancouver, BC

This depreciation report lists and describes the major reserve fund items. It provides current and future reserve expenditure estimates and recommends reserve fund actions. The depreciation report has been completed to the legislated requirements of the BC Strata Property Act as amended to date. This depreciation report is a complex document and should be reviewed in detail.

We recommend that a Reserve Fund plan be adopted with contributions adjusted to $35,000 for the Sep 2020–Aug 2021 fiscal year, and further increased as per the recommendations in Section 5.3. The legislation does not require the strata owners to follow any specific funding recommendation within this report. The Strata owners can choose their own funding plan, provided it meets the minimum legislated requirements. This recommended Reserve Fund Plan was created in consultation with strata representatives and does not necessarily reflect the consultant's opinion as to the best course of action; the recommended plan outlines a funding path that is actionable and leads to improved outcomes for current and future owners.

NLD Consulting – Reserve Fund Advisors would be pleased to provide you with depreciation report updating services as required. The strata must waive the requirement or obtain a new report within three years as per Section 94 (2) (b) of the BC Strata Property Act and Section 6.2 (7) (a) of the BC Strata Property Regulation. We appreciate the opportunity to perform this report for you. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

Terry Dowle, AACI, P.App., RI, CRP
NLD Consulting – Reserve Fund Advisors

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Executive Summary of Facts and Conclusions

This executive summary has been prepared as a quick reference of pertinent information and conclusions of this Depreciation Report. It is provided for convenience only. Readers are advised to refer to the full text of this report for complete information.

Client **LMS 4410 — "Chez Victoria"**
#301-1195 West Broadway
Vancouver, BC, V6H 3X5

Date of Study November 1, 2019 (Inspection Date: September 16, 2019)

Property LMS 4410 — "Chez Victoria"
5555 Victoria Drive
Vancouver, BC, V5P 4Y3
Constructed in 2000

FORECASTED RATES—see section 4

CPI Inflation 1.8%
Cost Inflation 2.9%
Interest Rate 2.4%

Deficiency/Contribution Quotient
Sep 2019–Aug 2020
DCQ = 23.4
See Section 5.4 for details

CURRENT FISCAL YEAR INFORMATION

Current Fiscal Year Sep 2019–Aug 2020
Opening Balance $437,069
Reserve Contributions $24,029
Ideal Closing Balance* $1,277,890
Funding Adequacy The contributions are adequate if increased per our recommendations
Reserve Expenditures See Section 5.2

Five Year Plan	Current Year	Recommendations†				
	Sep 2019–Aug 2020	Sep 2020–Aug 2021	Sep 2021–Aug 2022	Sep 2022–Aug 2023	Sep 2023–Aug 2024	Sep 2024–Aug 2025
Contingency Reserve Fund Contributions	$ 24,029	$ 35,000	$ 52,820	$ 76,580	$ 94,400	$ 106,280
Average Monthly Contribution per Owner‡	$ 20	$ 29	$ 44	$ 64	$ 79	$ 89

* Caution: The ideal balance of the reserve fund is the amount recommended for each year of the depreciation report to pay for major repairs and replacements. It is based on estimates of when the work will be needed. If there is not enough money in the reserve fund to pay for major repairs and replacements, the unit owners may have to pay for those costs through a special assessment. When comparing the actual balance with the ideal balance, be aware that some work may be done earlier or later than expected or may be paid for from an account other than the reserve fund. When this happens, the comparison may no longer show whether the amount of money in the reserve fund is adequate.

† The strata council is not legally required to follow the recommended plan. These recommendations come from the Adequate Funding Model in Section 5. For other models please refer to Appendix J.

‡ Defined as Reserve Fund Contributions divided by 12, divided by the number of strata units. The amount that any given owner will pay to the Reserve Fund depends on their relative unit entitlement.

Certification

I certify to the best of my knowledge and belief that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present interest in the issue that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the issue that is the subject matter of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or an event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- I have the knowledge and experience to complete the assignment competently, and hereby certify that I am a qualified person empowered to conduct reserve fund studies;
- As of the date of this report I have fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for members. I am a member in good standing with the Appraisal Institute of Canada and carry current errors and omission insurance through Trisura Guarantee Insurance Company.
- I have personally inspected the property described within, and I have personally examined the building plans and/or documents as identified herein. To the best of my knowledge and belief, the information and data used herein are true and correct.
- I have not been provided significant professional assistance in the completion of this report.
- The Depreciation Report was prepared in conformity with the requirements of the Strata Property Act as amended to date, as well as the Reserve Fund Study Standards, published by the Real Estate Institute of Canada, and the Consulting Standard of the Appraisal Institute of Canada.
- I am a member in good standing of the Real Estate Institute of Canada, holding the Certified Reserve Planner designation. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice.

_____

Terry Dowle, AACI, P.App., RI, CRP

November 1, 2019

Qualifications listed in Appendix A

1. Report Overview

1.1 Purpose of the Report

Description

This depreciation report is a study of the existing development components that have shared responsibility, which will require replacement or major repairs less often than once per year. It is a financial document that estimates expenditures from the Reserve Fund in the long term and recommends funding actions.

This report is subject to the assumptions and limiting conditions described in Appendix B.

Purpose

The purpose of a depreciation report is to help current owners determine how much money to save in their reserve fund. The report forecasts a 30-year period but the purpose of this report is specifically to provide information to help current owners determine reserve contributions for the next three years. This report also satisfies the requirements of the BC Strata Property Amendment Act, 2009, Part 6 Division 1 as amended to date (Appendix C).

Disclaimer

This report should not be considered a detailed review of any specific component; nor does it contain exhaustive property maintenance instructions. The replacement dates and component costs are predictions of what will happen, rather than specific recommendations. We are not recommending when to repair or replace each component or how much it will cost; we are recommending funding plans based on our forecasts of what reserve expenditures we believe the strata council will make.

We rely heavily on information provided to us by those for whom we are working, sometimes including strata council members, other property owners, property managers, contractors, and on-site staff. We assume no responsibility for the accuracy of the information they provide to us. As this report is intended to be a budgeting tool for the strata, we sometimes defer to their interpretation of financial statements, component costs and lifespans, and specific bylaw interpretations (within reason). We include a notice to the reader where these interpretations could cause confusion or misunderstanding.

The information contained in this report is not intended to be an independent review of the facts applicable to this property. This is a collaborative document between the report provider and those who live in and work on behalf of the property.

1.2 Methodology

This is a summary of the work we have done for this report. For more details, please refer to the full report, including appendices.

Property Information (Section 2)
The subject property was visually inspected on September 16, 2019. The consultant reviewed building plans, financial documents, AGM minutes, governing documents, and consulted with the client to identify undocumented repair work, learn about latent defects that are causing problems, assess risk tolerance, and determine the client’s short-term intentions regarding reserve fund work.

Component Details (Section 3)
The consultant counted, estimated, or measured quantities for all the reserve components, determined their lifespans and effective ages, and forecasted a schedule of major repair and replacement work. The consultant estimated the current cost to repair or replace each component.

Economic Forecasting (Section 4)
An appropriate construction inflation rate was calculated and applied to the current component costs to create a reserve fund budget for 30 years. An achievable interest rate was calculated, applying it to the current balance and future contributions. Finally, a Consumer Price Index (CPI) inflation rate was calculated to aid in recommending fair contributions.

Funding Models (Section 5)
The consultant created an equitable payment schedule such that each owner pays their share towards each component’s next replacement, called a Benchmark Analysis. This is a hypothetical scenario because it assumes that there is no reserve fund deficiency. Then the consultant created three funding models (two of them in Appendix J) based on how much money the reserve fund currently has, and compared it to the benchmark to assess fund performance and risk.

2. Property Information

2.1 Property Description Summary

LMS 4410—“Chez Victoria”
5555 Victoria Drive
Vancouver, BC, V5P 4Y3

This development is located on the south west corner of the intersection of East 39th Avenue and Victoria Drive. It was constructed in 2000 and registered as a strata corporation on April 30, 2001. The property consists of a four-storey apartment building with commercial retail on the ground floor. The ground floor houses 21 commercial units, with floors two through four containing the 78 residential units each for a total of 99 units.

The overall construction, materials, and workmanship are of average quality. The project is assumed to have been constructed in accordance with applicable building codes, fire codes, city by-laws, and construction practices.

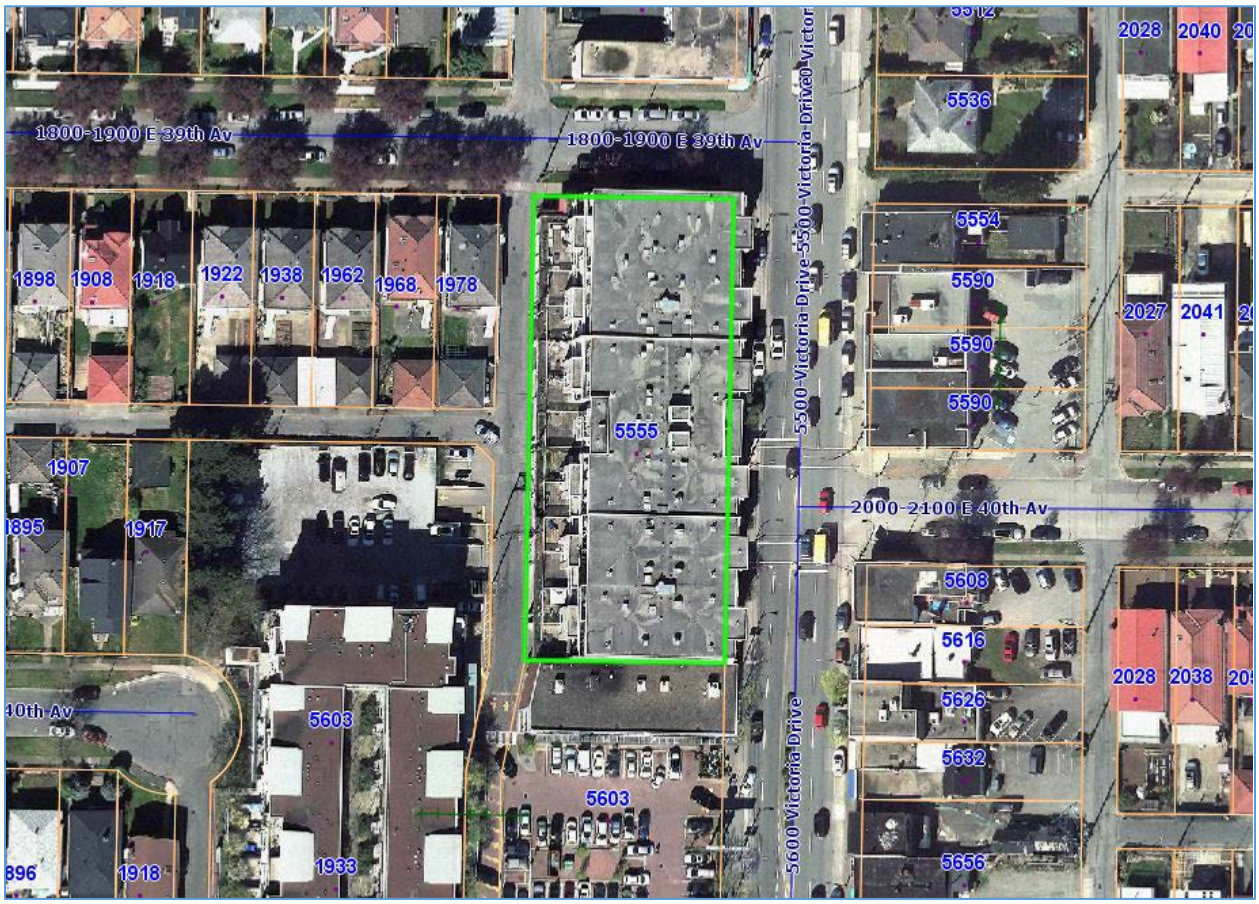
Associa BC Inc., a firm experienced in residential property management, manages the property.

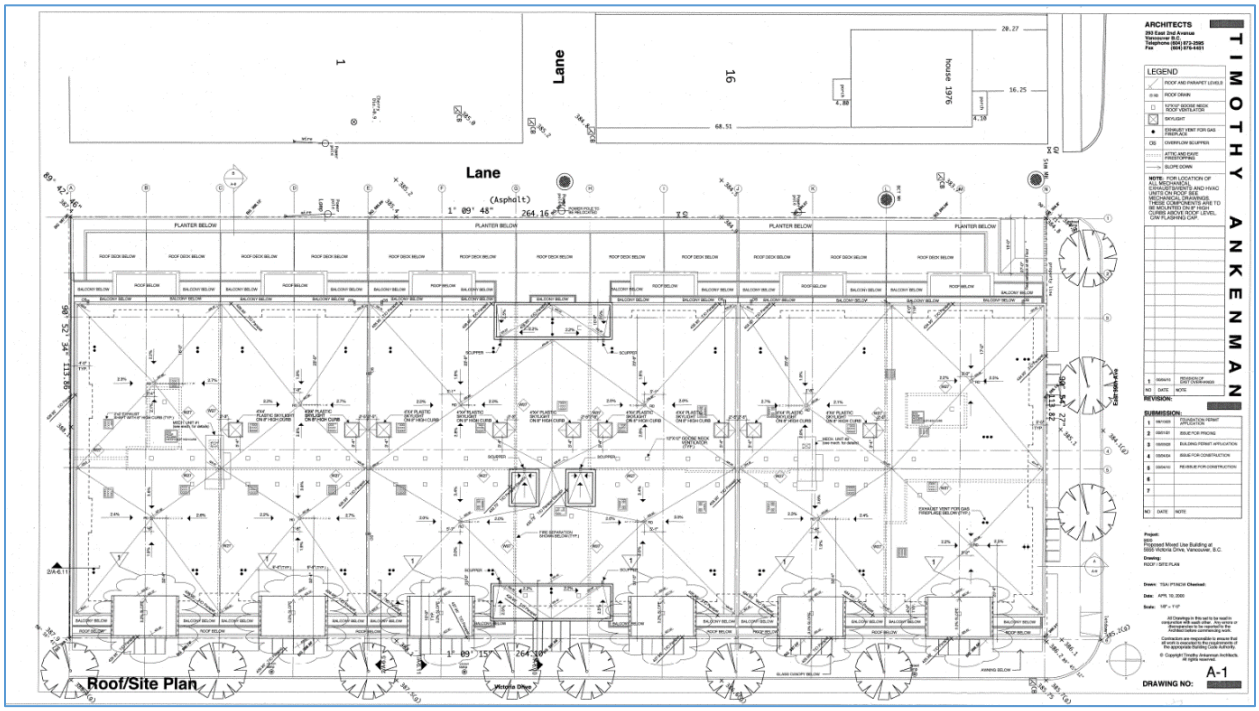
The property was inspected for the purposes of preparing this report on September 16, 2019, by Terry Dowle, AACI, P.App., RI, CRP. The inspection included a visual on-site inspection of the reserve components, where practical, as per the requirements of the Act.

2.2 Building Plans

The architectural plans and strata plan were used for quantifying the components and other improvements. There were complete architectural drawings (electronic documents) for the development and the available drawings were in good condition. Some quantities were estimated on site or measured off the plans and are considered estimates.

Building Plans Example





2.3 Property Data

The following data have been calculated using dimensions taken from the available plans and observed during the inspection of the buildings and improvements. The estimates below are for reference purposes only.

Site Area	30,060 square feet
Building Coverage	21,811 square feet
Building Height	42 feet (three storeys)
Gross Floor Area	90,916 square feet
Occupancy	99 units

2.4 Sections

The subject strata corporation has one distinct governing body with one set of financials. It has not been organized into legally distinct sections. Therefore, one set of funding models has been created, pertaining to the entire strata corporation. For more information about sections please see Appendix D.

2.5 Development End of Life

A development can reach the end of its economic life long before it physically deteriorates to an unusable condition. The end of its economic life occurs when the property’s redevelopment value exceeds its existing value. No repairs or replacements should be made or accounted for after the end of the development’s economic life. Therefore, the strata’s reserve fund contributions will decrease until the contributions become zero by the end of the development’s life.

An End of Life date more than 50 years away does not often make a significant difference to the 30-year projections. Even an End of Life date in 30 years, though it drastically changes the 30-year projections, tends to make no significant difference to our recommendation for the annual contributions in the next three years, which are the purpose of this report.

In determining whether to set an End of Life date for the subject property, the consultant has relied upon standard age/life averages, CHOA information bulletins, and personal experience in building analysis. When appropriate, the strata council and management will be consulted to determine whether it is helpful to set an End of Life date.

End of Life date: no date set

2.6 Bylaws and Governing Documents Review

The consultant has reviewed the bylaws and governing documents as amended to date. The review has found them to be typical with the following important notes:

Repair and Maintenance
The bylaws are typical in terms of which items are the strata corporation’s responsibilities to repair and maintain. The bylaws are the basis for determining which items to consider as reserve components.

The subject bylaws describe the responsibilities of the owners and of the strata corporation with regards to funding reserve components under Division 2. (8) – Repair and Maintenance of property by Strata Corporation.

The strata corporation must repair and maintain all of the following:
(a) common assets of the strata corporation;
(b) common property that has not been designated as limited common property;
(c) limited common property, but the duty to repair and maintain it is restricted to
(i) repair and maintenance that in the ordinary course of events occurs less often than once a year, and
(ii) the following, no matter how often the repair or maintenance ordinarily occurs:
(A) the structure of a building;
(B) the exterior of a building;
(C) chimneys, stairs, balconies and other things attached to the exterior of a building;
(D) doors, windows and skylights (including the casings, the frames and the sills of such doors, windows and skylights) on the exterior of a building or that front on the common property;
(E) fences, railings and similar structures that enclose patios, balconies and yards;

Division 1 – Repair and Maintenance of property by Owner:

(1) An owner must repair and maintain the owner's strata lot, except for repair and maintenance that is the responsibility of the strata corporation under these bylaws.
(2) An owner who has the use of limited common property must repair and maintain it, except for repair and maintenance that is the responsibility of the strata corporation under these bylaws.

The reserve components are described further in Appendix E.

The non-reserve components (items not accounted for in this report) forming part of the common and/or limited common property, as per the bylaws and our discussions with the property’s representatives, are as follows:

- None noted

For further details, please refer to the original governing documents as amended to date.

2.7 Previous Depreciation Reports

The Strata Manager provided a previous Depreciation Report completed in 2014 by Normac Appraisals Ltd. NLD reviewed this report in conjunction with the preparation of the Depreciation Report.

2.8 Historical Financial Analysis

The consultant has examined financial statements for the strata corporation for its operations from Sep 2018–Aug 2020. The budget was provided by Associa BC Inc.

The reserve fund balance as of September 1st, 2019 was $437,069. The strata corporation has budgeted regular contributions of $24,029 for this fiscal year, which is an average per unit per month of $20. Please note that the average monthly contribution is calculated based on the number of strata lots; actual fees and levies will be based on relative unit entitlement.

We recommend that separate General Ledger codes are used for each component to facilitate the reserve fund update process. We also recommend that all reserve expenditures be taken from reserve accounts.

Historical Financial Analysis

Chez Victoria

	Sep 2018–Aug 2019	Sep 2019–Aug 2020
Opening Balance	**420,218**	**437,069**
Reserve Fund Income		
Reserve Fund Contributions	16,851	24,029
Special Assessment		
Transfer From Operating		
Other Income		
Interest Income		10,490
Total Cash Resources	**437,069**	**471,588**
Reserve Fund Expenditures		
	Building - Structural and Architectural	
1	Substructure and Underground Garage	
2	Wall Assemblies - Metal Lap Siding	
3	Wall Assemblies - Structural Brick Siding	
4	Commercial Storefront	
5	Window Assemblies - Aluminum Frame	
6	Overhead Parkade Gate	
7	Exterior Door Assemblies	
8	Interior Door Assemblies - Wood	
9	Interior Door Assemblies - Metal	
10	Caulking	
11	Stairs - Interior	
12	Balcony Construction - Concrete	
13	Terraces - Concrete Pavers	
14	Balcony Railings	
15	Canopy - Fabric	
16	Canopy - Metal	
17	Soffits	
18	Roof Assembly - Bituminous	
19	Roof Access Hatch	
20	Skylights	
	Building - Finishes and Decoration	
21	Exterior Finishes - Parking Paint and Markings	
22	Interior Finishes - Paint	
23	Balcony Waterproofing	
24	Interior Flooring - Carpet	
25	Lobby Renovation	
26	Elevator Cab Renovation	

	Building - Mechanical Systems		
27	HVAC - Natural Gas Boiler		
28	HVAC - Heat Pump		
29	HVAC - Rooftop Unit		
30	HVAC - Fan Exhaust System		
31	HVAC Distribution - Ductwork for RTU		
32	Domestic Water - Water Heater		
33	Domestic Water Distribution - Building		
34	Domestic Water Distribution - Subsurface		
35	Sprinkler System		
36	Sump Pumps		
37	Elevator Modernization - Hydraulic		
	Building - Electrical Systems		
38	Electrical Service and Distribution		
39	Fire Detection System		
40	Gas Sensor		
41	Access Entry System		
42	Video Surveillance System		
43	Lighting - Interior		
44	Lighting - Parkade		
45	Lighting - Exterior		
	Building - Amenities		
46	Mailboxes		
47	Bicycle Storage		
	Common Site Improvements		
48	Landscaping		
49	Exterior Railings - Metal		
	Miscellaneous		
	Total Expenditures		
	Closing Balance	**437,069**	**471,588**

All values in $CAD

3. Component Details

3.1 Component Descriptions

This report includes each existing building and site component that has shared responsibility and will require replacement or major repairs less often than once per year.

Component Descriptions may be found in Appendix E. Each component analysis typically includes the following information:

- Pictures
- Component Description
- Condition Analysis
- Reserve Fund Expenditure History
- Life Cycle Analysis
- Potential Deterioration
- Funding Analysis (including Current Repair or Replacement Costs)
- Suggested Maintenance

3.2 Life Cycle Analysis

Each component’s next replacement date occurs at the end of its Remaining Life, which is defined as the difference between its Effective Age and its Lifespan. Subsequent replacements are made assuming the component lasts its full lifespan again.

The **Effective Age** is a subjective, observed age for each reserve component. It differs from the component’s actual age when it is performing better or worse than expected. The Effective Age is subject to change due to numerous factors and will not necessarily increase proportional to its actual age. It is chosen considering the following factors:

- Actual age of component
- Observed performance compared to expectations
- Reported problems
- Maintenance history
- Repair and replacement history
- Client’s intentions
- Functional obsolescence
- Coordination and practicality of replacement scheduling

The **Lifespan** is an average life expectancy for each reserve component. It is chosen considering the following factors:

- Type of component
- Material
- Utilization
- Workmanship
- Quality
- Manufacturer’s recommendation
- CMHC Capital Replacement Planning Manual: Life Expectancy Guidelines
- Contractors’ experience
- Functional obsolescence
- Required standards
- Environmental factors
- Regular maintenance
- Preventive maintenance
- Observed condition
- Client’s risk tolerance

3.3 Current Cost Estimates

The cost to replace any component is variable. It depends on the scope of work, the quality of construction, the construction market, personal contacts, client risk-tolerance, and many other factors. While we must choose an exact cost for our funding models, we recognize that the actual cost paid can differ greatly from that amount, depending on how those factors are addressed.

Cost estimates are typically calculated using the current year RSMeans Commercial Renovation Cost Data, modified as to time, location and quality of construction. They are based on our investigation, observation, analysis, and extensive experience performing depreciation reports. All costs are estimates and should be regarded as a prediction rather than a recommendation.

Here is how some of the major factors in estimating the Repair and Replacement Costs are addressed:

Scope of Work

Cost estimates are based on a like-for-like replacement (when it makes sense), including demolition and disposal, major repair or replacement of the component (labour, materials, and equipment), special construction requirements, safety installations, limited access, reuse of salvageable materials, clean-up costs, contingencies, and contractor profit and overhead.

Quality of construction

Cost estimates are based on quality materials as required under current building code regulations, using contractors' prices, union labour, and current construction techniques. When possible and desirable, the replacement quality is matched to the original quality of construction.

Replacement Cost Factors

The costs of repairs and replacements of many reserve components are higher than original building costs. When constructing a new building, contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with removal costs, additional safety precautions, and care for existing occupants.

Tax

All cost estimates include the 5% Goods and Services Tax (GST).

Contingency

All cost estimates include an individual contingency allowance to reflect uncertainties in the final costing and timing of work. This number typically varies from 5% to 25% depending on the overall expense of the component, the potential for latent defects, and the potential for additional costs.

Budget Provisions

It is frequently infeasible to forecast the scope of repairs or replacements of various reserve components, particularly major components such as the foundation and substructure, domestic water plumbing, and electrical systems. A percentage of the total cost is budgeted for components that we do not expect to require a complete replacement in any single year, called a Budget Percentage. This percentage reflects our interpretation of cost on the balance of probabilities (the average). Please not that this may differ from the most likely cost given several scenarios (the mode).

4. Economic Forecasting

This depreciation report relies heavily on our long-term economic predictions of inflation and interest rates. While actual economic conditions will certainly be different than our forecasts, we are confident that our estimates are reasonable and valuable.

Inflation and interest rates may vary year-to-year and must be periodically reviewed to ensure their relevance and accuracy. We conduct our economic analysis based on long-term conditions to eliminate short-term volatility.

Construction Costs

Construction costs increase over time at a different rate than standard Consumer Price Index (CPI) inflation. We have modified all our estimated costs by applying a localized construction cost inflation rate in line with their replacement dates.

We use a construction inflation rate of 2.9%. Please see Appendix F for a detailed explanation of our construction inflation analysis.

Interest Rates

Interest earned on money in the reserve fund can significantly lower reserve contributions. We have applied interest each year to the closing balances in our funding models.

We use an interest rate of 2.4%. Please see Appendix G for a detailed explanation of our interest rate analysis.

CPI Inflation

Owners save money to replace components that have not yet failed. The amount they contribute toward any given component should stay the same year-to-year, in terms of purchasing power. To achieve this, we increase annual contributions by a localized CPI inflation rate.

We use a CPI inflation rate of 1.8%. Please see Appendix H for a detailed explanation of our CPI inflation analysis.

5. Funding Models

5.1 Benchmark Analysis

The Benchmark Analysis shows the ideal opening balance and the ideal annual reserve fund contribution for this fiscal year. These hypothetical numbers are generated by equitably dividing the cost to replace a component over its lifespan, taking inflation and interest into account. For a detailed explanation of how this is calculated, please refer to Appendix I.

The Benchmark Analysis is used to evaluate the reserve fund’s performance and recommend equitable funding plans.

Please note the following definitions associated with the table on the next page.

Estimated Current Cost

The estimated cost to repair or replace each component today, after the Budget Percentage has been applied.

Projected Next Cost

The forecasted cost to repair or replace each component when it needs to be replaced.

Ideal Closing Balance

The accumulated balance that would be saved for each component given ideal annual contributions.

Ideal Annual Contribution

The annual contribution that splits the cost of each component equally across its lifespan, taking interest and inflation into account.

Relative Contribution Weight

The proportion of each component’s Ideal Annual Contributions to the total.

Benchmark Analysis

Chez Victoria
For Sep 2019 to Aug 2020

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

	Reserve Components	Expected Lifespan (yrs)	Effective Age (yrs)	Next Budgeted Replacement	Estimated Current Cost	Projected Next Cost	Ideal Closing Balance	Ideal Annual Contribution	Relative Contribution Weight
	Building - Structural and Architectural								
1	Substructure and Underground Garage	35	19	2036	$ 99,173	$ 156,690	$ 65,483	$ 3,095	4%
2	Wall Assemblies - Metal Lap Siding	50	19	2051	$ 39,652	$ 96,193	$ 20,567	$ 972	1%
3	Wall Assemblies - Structural Brick Siding	25	19	2026	$ 13,423	$ 15,935	$ 11,486	$ 543	1%
4	Commercial Storefront	25	19	2026	$ 22,684	$ 26,928	$ 19,410	$ 917	1%
5	Window Assemblies - Aluminum Frame	30	19	2031	$ 166,452	$ 227,959	$ 123,372	$ 5,830	7%
6	Overhead Parkade Gate	22	19	2023	$ 22,352	$ 24,354	$ 21,236	$ 1,004	1%
7	Exterior Door Assemblies	25	19	2026	$ 5,002	$ 5,938	$ 4,281	$ 202	0%
8	Interior Door Assemblies - Wood	35	19	2036	$ 16,410	$ 25,928	$ 10,836	$ 512	1%
9	Interior Door Assemblies - Metal	40	19	2041	$ 5,597	$ 10,203	$ 3,361	$ 159	0%
10	Caulking	12	8	2024	$ 2,146	$ 2,406	$ 1,696	$ 184	0%
11	Stairs - Interior	40	19	2041	$ 5,813	$ 10,596	$ 3,490	$ 165	0%
12	Balcony Construction - Concrete	40	19	2041	$ 82,400	$ 150,193	$ 49,476	$ 2,338	3%
13	Terraces - Concrete Pavers	20	15	2025	$ 34,428	$ 39,718	$ 29,234	$ 1,748	2%
14	Balcony Railings	25	15	2030	$ 65,645	$ 87,368	$ 46,354	$ 2,771	3%
15	Canopy - Fabric	18	12	2026	$ 10,662	$ 12,658	$ 8,238	$ 612	1%
16	Canopy - Metal	35	12	2043	$ 19,635	$ 37,896	$ 8,898	$ 661	1%
17	Soffits	30	10	2040	$ 6,943	$ 12,298	$ 3,035	$ 268	0%
18	Roof Assembly - Bituminous	25	19	2026	$ 384,782	$ 456,780	$ 329,258	$ 15,560	19%
19	Roof Access Hatch	30	18	2032	$ 3,826	$ 5,392	$ 2,715	$ 135	0%
20	Skylights	30	19	2031	$ 8,762	$ 12,000	$ 6,494	$ 307	0%
	Building - Finishes and Decoration								
21	Exterior Finishes - Parking Paint and Markings	4	1	2023	$ 1,660	$ 1,809	$ 868	$ 433	1%
22	Interior Finishes - Paint	16	10	2026	$ 74,269	$ 88,166	$ 54,623	$ 4,821	6%
23	Balcony Waterproofing	15	10	2025	$ 30,045	$ 34,662	$ 23,388	$ 2,064	3%
24	Interior Flooring - Carpet	15	10	2025	$ 39,560	$ 45,638	$ 30,794	$ 2,718	3%
25	Lobby Renovation	15	1	2034	$ 6,225	$ 9,289	$ 945	$ 471	1%
26	Elevator Cab Renovation	22	15	2027	$ 12,771	$ 15,600	$ 10,013	$ 599	1%
	Building - Mechanical Systems								
27	HVAC - Natural Gas Boiler	25	1	2044	$ 20,894	$ 41,494	$ 2,057	$ 1,025	1%
28	HVAC - Heat Pump	17	14	2023	$ 89,628	$ 97,654	$ 82,651	$ 5,286	6%
29	HVAC - Rooftop Unit	20	1	2039	$ 89,628	$ 154,289	$ 10,609	$ 5,289	6%
30	HVAC - Fan Exhaust System	15	1	2034	$ 5,743	$ 8,570	$ 872	$ 435	1%
31	HVAC Distribution - Ductwork for RTU	30	10	2040	$ 14,523	$ 25,726	$ 6,349	$ 560	1%
32	Domestic Water - Water Heater	12	1	2031	$ 20,344	$ 27,862	$ 3,772	$ 1,880	2%
33	Domestic Water Distribution - Building	25	16	2029	$ 109,498	$ 141,626	$ 81,517	$ 4,573	6%
34	Domestic Water Distribution - Subsurface	12	5	2027	$ 8,045	$ 9,827	$ 4,337	$ 712	1%
35	Sprinkler System	35	10	2045	$ 58,088	$ 118,705	$ 22,622	$ 1,997	2%
36	Sump Pumps	10	1	2029	$ 2,034	$ 2,631	$ 445	$ 222	0%
37	Elevator Modernization - Hydraulic	25	19	2026	$ 89,947	$ 106,778	$ 76,968	$ 3,637	4%
	Building - Electrical Systems								
38	Electrical Service and Distribution	30	16	2034	$ 50,091	$ 74,744	$ 32,301	$ 1,812	2%
39	Fire Detection System	15	10	2025	$ 5,009	$ 5,778	$ 3,899	$ 344	0%
40	Gas Sensor	7	4	2023	$ 4,552	$ 4,960	$ 3,399	$ 672	1%
41	Access Entry System	15	1	2034	$ 18,125	$ 27,045	$ 2,752	$ 1,372	2%
42	Video Surveillance System	7	1	2026	$ 2,504	$ 2,973	$ 765	$ 382	0%
43	Lighting - Interior	25	19	2026	$ 33,983	$ 40,341	$ 29,079	$ 1,374	2%
44	Lighting - Parkade	20	15	2025	$ 10,151	$ 11,711	$ 8,620	$ 515	1%
45	Lighting - Exterior	20	15	2025	$ 3,323	$ 3,834	$ 2,822	$ 169	0%
	Building - Amenities								
46	Mailboxes	30	15	2035	$ 5,193	$ 7,974	$ 3,176	$ 190	0%
47	Bicycle Storage	20	10	2030	$ 5,199	$ 6,919	$ 3,155	$ 278	0%
	Common Site Improvements								
48	Landscaping	5	1	2024	$ 1,559	$ 1,748	$ 657	$ 327	0%
49	Exterior Railings - Metal	30	15	2035	$ 9,020	$ 13,850	$ 5,517	$ 330	0%
	TOTAL RESERVES				**$1,837,400**	**$2,549,633**	**$1,277,890**	**$ 82,470**	**100%**

All costs in $CAD

5.2 Reserve Fund Expenditures

This section contains 30 years of forecasted expenditures from the reserve fund, broken down by component. This includes regular expenditures and may also include one-time expenditures. Regular expenditures are calculated by increasing the estimated current cost with a construction inflation factor. One-time expenditures are more short-term and subjective; they are based on the results of our investigation and do not repeat after they occur.

Please note that these expenditures are forecasts, intended to be more predictive than prescriptive. These expenditures are used primarily to help set a reasonable reserve fund contribution schedule. Actual expenditures should occur as they are deemed necessary and no effort should be made to match this schedule.

Projected Expenditures

Chez Victoria

Construction Inflation Rate 2.9%

	Reserve Components	Lifespan (yrs)	Effective Age (yrs)	Current Cost	Section Responsibility	Sep 2019–Aug 2020	Sep 2020–Aug 2021	Sep 2021–Aug 2022	Sep 2022–Aug 2023	Sep 2023–Aug 2024	Sep 2024–Aug 2025	Sep 2025–Aug 2026	Sep 2026–Aug 2027	Sep 2027–Aug 2028	Sep 2028–Aug 2029	Sep 2029–Aug 2030	Sep 2030–Aug 2031	Sep 2031–Aug 2032	Sep 2032–Aug 2033	Sep 2033–Aug 2034	Sep 2034–Aug 2035
1	Substructure and Underground Garage	35	19	99,173	100%																
2	Wall Assemblies - Metal Lap Siding	50	19	39,652	100%																
3	Wall Assemblies - Structural Brick Siding	25	19	13,423	100%							15,900									
4	Commercial Storefront	25	19	22,684	100%							26,900									
5	Window Assemblies - Aluminum Frame	30	19	166,452	100%												228,000				
6	Overhead Parkade Gate	22	19	22,352	100%				24,400												
7	Exterior Door Assemblies	25	19	5,002	100%							5,900									
8	Interior Door Assemblies - Wood	35	19	16,410	100%																
9	Interior Door Assemblies - Metal	40	19	5,597	100%																
10	Caulking	12	8	2,146	100%					2,400											
11	Stairs - Interior	40	19	5,813	100%																
12	Balcony Construction - Concrete	40	19	82,400	100%																
13	Terraces - Concrete Pavers	20	15	34,428	100%						39,700										
14	Balcony Railings	25	15	65,645	100%											87,400					
15	Canopy - Fabric	18	12	10,662	100%							12,700									
16	Canopy - Metal	35	12	19,635	100%																
17	Soffits	30	10	6,943	100%																
18	Roof Assembly - Bituminous	25	19	384,782	100%							456,800									
19	Roof Access Hatch	30	18	3,826	100%													5,400			
20	Skylights	30	19	8,762	100%												12,000				
21	Exterior Finishes - Parking Paint and Markings	4	1	1,660	100%				1,800				2,000				2,300				2,500
22	Interior Finishes - Paint	16	10	74,269	100%							88,200									
23	Balcony Waterproofing	15	10	30,045	100%						34,700										
24	Interior Flooring - Carpet	15	10	39,560	100%						45,600										
25	Lobby Renovation	15	1	6,225	100%															9,300	
26	Elevator Cab Renovation	22	15	12,771	100%								15,600								
27	HVAC - Natural Gas Boiler	25	1	20,894	100%																
28	HVAC - Heat Pump	17	14	89,628	100%				97,700												
29	HVAC - Rooftop Unit	20	1	89,628	100%																
30	HVAC - Fan Exhaust System	15	1	5,743	100%															8,600	
31	HVAC Distribution - Ductwork for RTU	30	10	14,523	100%																
32	Domestic Water - Water Heater	12	1	20,344	100%												27,900				
33	Domestic Water Distribution - Building	25	16	109,498	100%										141,600						
34	Domestic Water Distribution - Subsurface	12	5	8,045	100%								9,800								
35	Sprinkler System	35	10	58,088	100%																
36	Sump Pumps	10	1	2,034	100%										2,600						
37	Elevator Modernization - Hydraulic	25	19	89,947	100%							106,800									
38	Electrical Service and Distribution	30	16	50,091	100%															74,700	
39	Fire Detection System	15	10	5,009	100%						5,800										
40	Gas Sensor	7	4	4,552	100%				5,000							6,100					
41	Access Entry System	15	1	18,125	100%															27,000	
42	Video Surveillance System	7	1	2,504	100%							3,000							3,600		
43	Lighting - Interior	25	19	33,983	100%							40,300									
44	Lighting - Parkade	20	15	10,151	100%						11,700										
45	Lighting - Exterior	20	15	3,323	100%						3,800										
46	Mailboxes	30	15	5,193	100%																8,000
47	Bicycle Storage	20	10	5,199	100%											6,900					
48	Landscaping	5	1	1,559	100%					1,700					2,000					2,300	
49	Exterior Railings - Metal	30	15	9,020	100%																13,800
	Total Expenditures					**-**	**-**	**-**	**128,800**	**4,200**	**141,300**	**756,500**	**27,500**	**-**	**146,300**	**100,300**	**270,100**	**5,400**	**3,600**	**122,000**	**24,400**

All values in $CAD, rounded to the nearest hundred

Projected Expenditures, Continued

Chez Victoria

	Reserve Components	Lifespan (yrs)	Effective Age (yrs)	Current Cost	Section Responsibility	Sep 2035–Aug 2036	Sep 2036–Aug 2037	Sep 2037–Aug 2038	Sep 2038–Aug 2039	Sep 2039–Aug 2040	Sep 2040–Aug 2041	Sep 2041–Aug 2042	Sep 2042–Aug 2043	Sep 2043–Aug 2044	Sep 2044–Aug 2045	Sep 2045–Aug 2046	Sep 2046–Aug 2047	Sep 2047–Aug 2048	Sep 2048–Aug 2049	Sep 2049–Aug 2050
1	Substructure and Underground Garage	35	19	99,173	100%	156,700														
2	Wall Assemblies - Metal Lap Siding	50	19	39,652	100%															
3	Wall Assemblies - Structural Brick Siding	25	19	13,423	100%															
4	Commercial Storefront	25	19	22,684	100%															
5	Window Assemblies - Aluminum Frame	30	19	166,452	100%															
6	Overhead Parkade Gate	22	19	22,352	100%										45,700					
7	Exterior Door Assemblies	25	19	5,002	100%															
8	Interior Door Assemblies - Wood	35	19	16,410	100%	25,900														
9	Interior Door Assemblies - Metal	40	19	5,597	100%						10,200									
10	Caulking	12	8	2,146	100%	3,400												4,800		
11	Stairs - Interior	40	19	5,813	100%						10,600									
12	Balcony Construction - Concrete	40	19	82,400	100%						150,200									
13	Terraces - Concrete Pavers	20	15	34,428	100%										70,400					
14	Balcony Railings	25	15	65,645	100%															
15	Canopy - Fabric	18	12	10,662	100%									21,200						
16	Canopy - Metal	35	12	19,635	100%								37,900							
17	Soffits	30	10	6,943	100%					12,300										
18	Roof Assembly - Bituminous	25	19	384,782	100%															
19	Roof Access Hatch	30	18	3,826	100%															
20	Skylights	30	19	8,762	100%															
21	Exterior Finishes - Parking Paint and Markings	4	1	1,660	100%				2,900				3,200				3,600			
22	Interior Finishes - Paint	16	10	74,269	100%							139,300								
23	Balcony Waterproofing	15	10	30,045	100%					53,200										
24	Interior Flooring - Carpet	15	10	39,560	100%					70,100										
25	Lobby Renovation	15	1	6,225	100%														14,300	
26	Elevator Cab Renovation	22	15	12,771	100%														29,300	
27	HVAC - Natural Gas Boiler	25	1	20,894	100%									41,500						
28	HVAC - Heat Pump	17	14	89,628	100%					158,800										
29	HVAC - Rooftop Unit	20	1	89,628	100%				154,300											
30	HVAC - Fan Exhaust System	15	1	5,743	100%														13,200	
31	HVAC Distribution - Ductwork for RTU	30	10	14,523	100%					25,700										
32	Domestic Water - Water Heater	12	1	20,344	100%								39,300							
33	Domestic Water Distribution - Building	25	16	109,498	100%															
34	Domestic Water Distribution - Subsurface	12	5	8,045	100%				13,800											
35	Sprinkler System	35	10	58,088	100%										118,700					
36	Sump Pumps	10	1	2,034	100%				3,500										4,700	
37	Elevator Modernization - Hydraulic	25	19	89,947	100%															
38	Electrical Service and Distribution	30	16	50,091	100%															
39	Fire Detection System	15	10	5,009	100%					8,900										
40	Gas Sensor	7	4	4,552	100%		7,400							9,000						
41	Access Entry System	15	1	18,125	100%														41,500	
42	Video Surveillance System	7	1	2,504	100%					4,400							5,400			
43	Lighting - Interior	25	19	33,983	100%															
44	Lighting - Parkade	20	15	10,151	100%										20,700					
45	Lighting - Exterior	20	15	3,323	100%										6,800					
46	Mailboxes	30	15	5,193	100%															
47	Bicycle Storage	20	10	5,199	100%															12,300
48	Landscaping	5	1	1,559	100%				2,700					3,100					3,600	
49	Exterior Railings - Metal	30	15	9,020	100%															
	Total Expenditures					**186,000**	**7,400**	**-**	**177,200**	**333,400**	**171,000**	**139,300**	**80,400**	**74,800**	**262,300**	**-**	**9,000**	**4,800**	**106,400**	**12,300**

All values in $CAD, rounded to the nearest hundred

5.3 30-Year Reserve Fund Projection

The 30-Year Reserve Fund Projection recommends a funding plan and shows forecasted cash flows in detail. It contains an abridged Benchmark Analysis for each year, comparing it to the recommended plan to analyze deficiency of the fund. Please note the following definitions.

Opening Balance

The reserve fund position at the beginning of each fiscal year. This includes any monetary resources marked for reserve purposes and may include multiple accounts, including accounts that are inaccessible due to investing strategies.

Recommended Annual Contribution

The total recommended annual reserve fund contribution each year, excluding interest.

Special Assessment

The amount required each year to maintain the reserve fund’s Minimum Balance (set at minBalAdqt1 in this model for the current fiscal year). A Special Assessment is a one-time, unique contribution to the reserve fund.

Interest Income

Expected interest from all reserve fund investments (assumes that all expenditures of the given year occur before any interest is earned).

Closing Balance

The reserve fund position at the end of each fiscal year, carried forward to the next year.

Ideal Annual Contribution

The annual contribution that splits the cost of each component equally across its lifespan, taking interest and inflation into account. The first year’s value matches the Benchmark Analysis’ Ideal Annual Contribution.

Ideal Closing Balance

The accumulated balance that would be saved for each component given ideal annual contributions. The first year’s value matches the Benchmark Analysis’ Ideal Closing Balance.

Reserve Fund Deficiency (Surplus)

The difference between the Closing Balance and the Ideal Closing Balance.

DCQ Score

The Deficiency/Contribution Quotient, a stable measure of reserve fund performance. See section 5.4 for details.

Reserve Fund Projection—Adequate Funding Model

Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

Cashflow	Sep 2019–Aug 2020	Sep 2020–Aug 2021	Sep 2021–Aug 2022	Sep 2022–Aug 2023	Sep 2023–Aug 2024	Sep 2024–Aug 2025	Sep 2025–Aug 2026	Sep 2026–Aug 2027	Sep 2027–Aug 2028	Sep 2028–Aug 2029	Sep 2029–Aug 2030	Sep 2030–Aug 2031	Sep 2031–Aug 2032	Sep 2032–Aug 2033	Sep 2033–Aug 2034	Sep 2034–Aug 2035
Opening Balance	**437,100**	**471,600**	**517,900**	**583,200**	**541,900**	**645,000**	**622,000**	**-**	**88,000**	**209,000**	**186,500**	**214,000**	**73,400**	**202,800**	**341,000**	**365,400**
Reserve Fund Income																
Recommended Annual Contribution	24,000	35,000	52,800	76,600	94,400	106,300	112,200	115,500	118,800	122,300	125,800	129,500	133,200	137,100	141,100	145,100
Special Assessment							**22,200**									
Transfer From Operating																
Other Income																
Interest Income	10,500	11,300	12,400	10,900	12,900	12,100			2,100	1,500	2,100		1,600	4,800	5,300	8,200
Total Cash Resources	**471,600**	**517,900**	**583,200**	**670,600**	**649,200**	**763,400**	**756,500**	**115,500**	**209,000**	**332,700**	**314,300**	**343,500**	**208,200**	**344,700**	**487,400**	**518,700**
Reserve Fund Expenditures																
Total Expenditures	**-**	**-**	**-**	**128,800**	**4,200**	**141,300**	**756,500**	**27,500**	**-**	**146,300**	**100,300**	**270,100**	**5,400**	**3,600**	**122,000**	**24,400**
Closing Balance	**471,600**	**517,900**	**583,200**	**541,900**	**645,000**	**622,000**	**-**	**88,000**	**209,000**	**186,500**	**214,000**	**73,400**	**202,800**	**341,000**	**365,400**	**494,300**
Deficiency Analysis																
Ideal Annual Contribution	82,500	84,000	85,500	88,500	90,100	93,400	103,900	106,000	107,900	111,600	114,800	120,000	122,200	124,500	128,100	130,700
Ideal Closing Balance	1,277,900	1,392,500	1,511,400	1,504,300	1,626,300	1,613,900	981,800	1,083,300	1,217,300	1,208,300	1,249,300	1,122,700	1,266,400	1,417,600	1,454,800	1,595,500
Reserve Fund Deficiency (Surplus)	**806,300**	**874,600**	**928,200**	**962,400**	**981,200**	**991,900**	**981,800**	**995,300**	**1,008,300**	**1,021,800**	**1,035,300**	**1,049,400**	**1,063,600**	**1,076,500**	**1,089,500**	**1,101,200**
Actual/Ideal Contributions	**29%**	**42%**	**62%**	**87%**	**105%**	**114%**	**108%**	**109%**	**110%**	**110%**	**110%**	**108%**	**109%**	**110%**	**110%**	**111%**
DCQ Score	**23.4**	**18.9**	**14.2**	**11.0**	**9.1**	**8.4**	**7.3**	**8.6**	**8.3**	**8.3**	**8.1**	**8.1**	**7.9**	**7.6**	**7.4**	**7.2**

All values in $CAD, rounded to the nearest hundred

Adequate Funding Model, Continued

Chez Victoria

Cashflow	Sep 2035–Aug 2036	Sep 2036–Aug 2037	Sep 2037–Aug 2038	Sep 2038–Aug 2039	Sep 2039–Aug 2040	Sep 2040–Aug 2041	Sep 2041–Aug 2042	Sep 2042–Aug 2043	Sep 2043–Aug 2044	Sep 2044–Aug 2045	Sep 2045–Aug 2046	Sep 2046–Aug 2047	Sep 2047–Aug 2048	Sep 2048–Aug 2049	Sep 2049–Aug 2050
Opening Balance	**494,300**	**465,100**	**622,400**	**795,400**	**795,800**	**641,000**	**653,600**	**703,900**	**821,000**	**951,800**	**899,300**	**1,119,600**	**1,341,800**	**1,579,600**	**1,725,100**
Reserve Fund Income															
Recommended Annual Contribution	149,400	153,700	158,100	162,700	167,500	172,300	177,300	182,400	187,700	193,200	198,800	204,500	210,500	216,600	222,900
Special Assessment															
Transfer From Operating															
Other Income															
Interest Income	7,400	11,000	14,900	14,800	11,100	11,300	12,300	15,000	17,900	16,500	21,600	26,700	32,100	35,400	41,100
Total Cash Resources	**651,100**	**629,800**	**795,400**	**973,000**	**974,400**	**824,600**	**843,200**	**901,300**	**1,026,600**	**1,161,500**	**1,119,600**	**1,350,800**	**1,584,400**	**1,831,600**	**1,989,100**
Reserve Fund Expenditures															
Total Expenditures	**186,000**	**7,400**	**-**	**177,200**	**333,400**	**171,000**	**139,300**	**80,400**	**74,800**	**262,300**	**-**	**9,000**	**4,800**	**106,400**	**12,300**
Closing Balance	**465,100**	**622,400**	**795,400**	**795,800**	**641,000**	**653,600**	**703,900**	**821,000**	**951,800**	**899,300**	**1,119,600**	**1,341,800**	**1,579,600**	**1,725,100**	**1,976,800**
Deficiency Analysis															
Ideal Annual Contribution	135,300	137,800	140,300	144,900	151,300	156,100	160,500	164,300	168,200	174,300	177,400	180,700	184,000	188,500	192,100
Ideal Closing Balance	1,578,700	1,746,800	1,929,100	1,938,800	1,795,300	1,819,400	1,880,900	2,008,100	2,147,900	2,105,200	2,333,100	2,560,600	2,801,200	2,947,900	3,198,200
Reserve Fund Deficiency (Surplus)	**1,113,600**	**1,124,500**	**1,133,600**	**1,143,000**	**1,154,300**	**1,165,800**	**1,177,000**	**1,187,200**	**1,196,100**	**1,205,900**	**1,213,500**	**1,218,700**	**1,221,500**	**1,222,800**	**1,221,400**
Actual/Ideal Contributions	**110%**	**111%**	**113%**	**112%**	**111%**	**110%**	**110%**	**111%**	**112%**	**111%**	**112%**	**113%**	**114%**	**115%**	**116%**
DCQ Score	**7.1**	**6.8**	**6.5**	**6.4**	**6.5**	**6.4**	**6.2**	**6.0**	**5.8**	**5.7**	**5.5**	**5.3**	**5.0**	**4.9**	**4.6**

All values in $CAD, rounded to the nearest hundred

5.3 Cash Flow Analysis

This section includes Cash Flow Table summaries of the recommendations of the 30-Year Reserve Fund Projection and graphs to represent the same information visually. We have included both a nominal (actual dollar) summary and a real dollar (adjusted for CPI inflation) summary.

The **Nominal Table** shows the actual dollar amounts that are forecasted and recommended. This is useful for planning and setting reserve fund contributions. The strata corporation should follow the Nominal Cash Flow Table for setting reserve fund contributions.

The **Real Dollar Table** shows dollar amounts adjusted for inflation. This is useful for understanding the expenditures and contributions in terms of purchasing power. This table is not intended to be followed when setting reserve fund contributions: it is for illustration purposes only.

Please note the following definition.

Average Monthly Contribution per Unit

Each year’s recommended contribution divided by twelve and divided by the total number of strata units. This represents an approximate monthly contribution, although actual contributions will vary depending on unit entitlement.

Nominal Cash Flow—Adequate Funding

Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Assessments	Interest Income	Projected Expenditures	Closing Balance
2020	437,069	24,029	20	-	10,490	-	471,588
2021	471,588	35,000	29	-	11,318	-	517,906
2022	517,906	52,820	44	-	12,430	-	583,155
2023	583,155	76,580	64	-	10,905	128,777	541,864
2024	541,864	94,400	79	-	12,905	4,154	645,015
2025	645,015	106,280	89	-	12,088	141,341	622,042
2026	622,042	112,220	94	22,235	-	756,497	-
2027	-	115,474	97	-	-	27,455	88,019
2028	88,019	118,823	100	-	2,112	-	208,955
2029	208,955	122,269	103	-	1,504	146,273	186,455
2030	186,455	125,815	106	-	2,067	100,347	213,990
2031	213,990	129,463	109	-	-	270,094	73,359
2032	73,359	133,218	112	-	1,631	5,392	202,816
2033	202,816	137,081	115	-	4,780	3,631	341,046
2034	341,046	141,057	119	-	5,258	121,974	365,386
2035	365,386	145,147	122	-	8,184	24,373	494,345
2036	494,345	149,356	126	-	7,400	186,008	465,093
2037	465,093	153,688	129	-	10,985	7,401	622,365
2038	622,365	158,145	133	-	14,937	-	795,446
2039	795,446	162,731	137	-	14,838	177,179	795,836
2040	795,836	167,450	141	-	11,099	333,392	640,993
2041	640,993	172,306	145	-	11,280	170,992	653,587
2042	653,587	177,303	149	-	12,343	139,299	703,934
2043	703,934	182,445	154	-	14,966	80,363	820,981
2044	820,981	187,736	158	-	17,908	74,806	951,819
2045	951,819	193,180	163	-	16,549	262,272	899,277
2046	899,277	198,782	167	-	21,583	-	1,119,642
2047	1,119,642	204,547	172	-	26,655	9,011	1,341,833
2048	1,341,833	210,479	177	-	32,089	4,779	1,579,622
2049	1,579,622	216,583	182	-	35,356	106,439	1,725,123
2050	1,725,123	222,864	188	-	41,109	12,257	1,976,839

All values in $CAD

Real Dollar Cash Flow—Adequate Funding

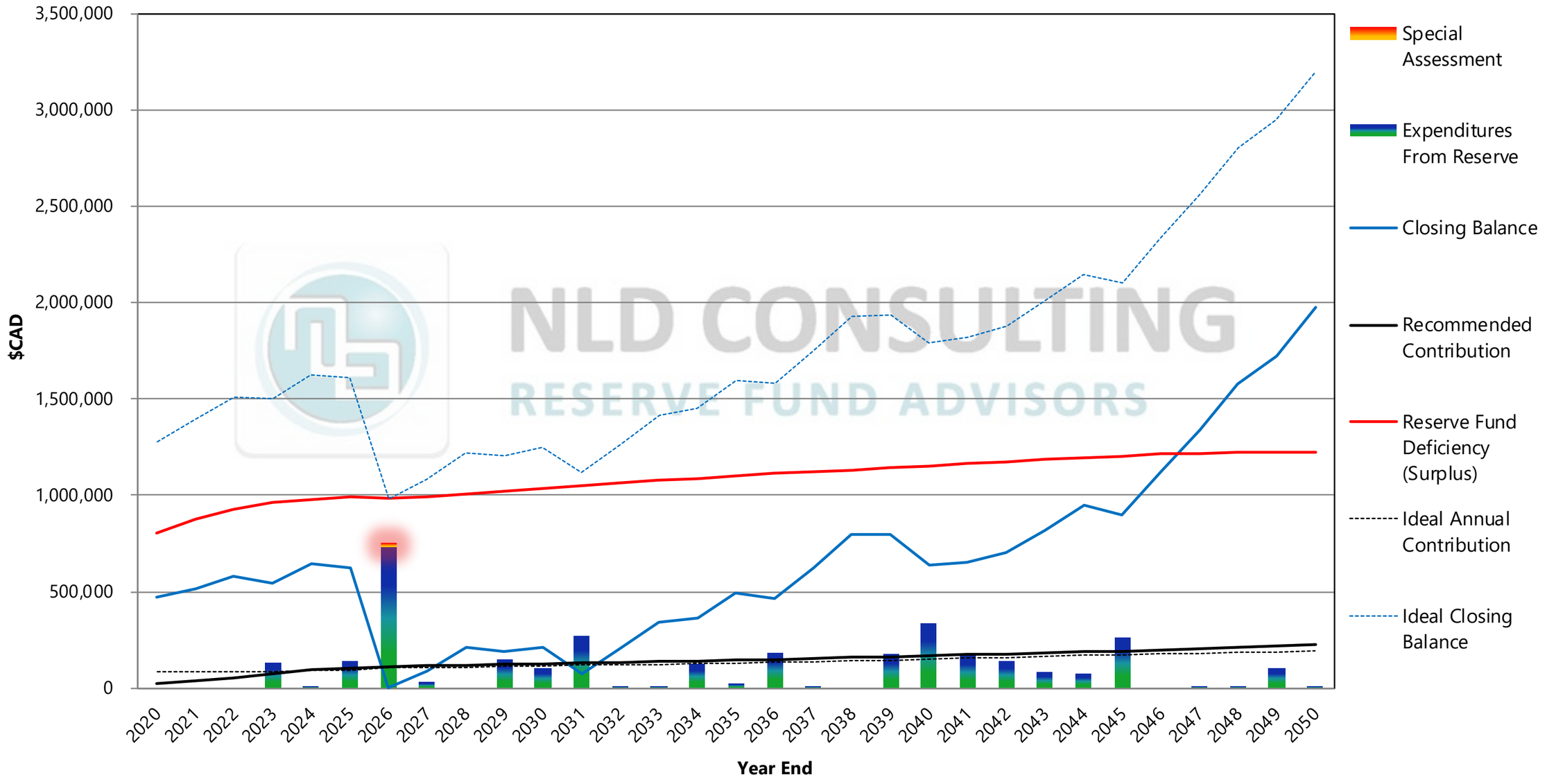
Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

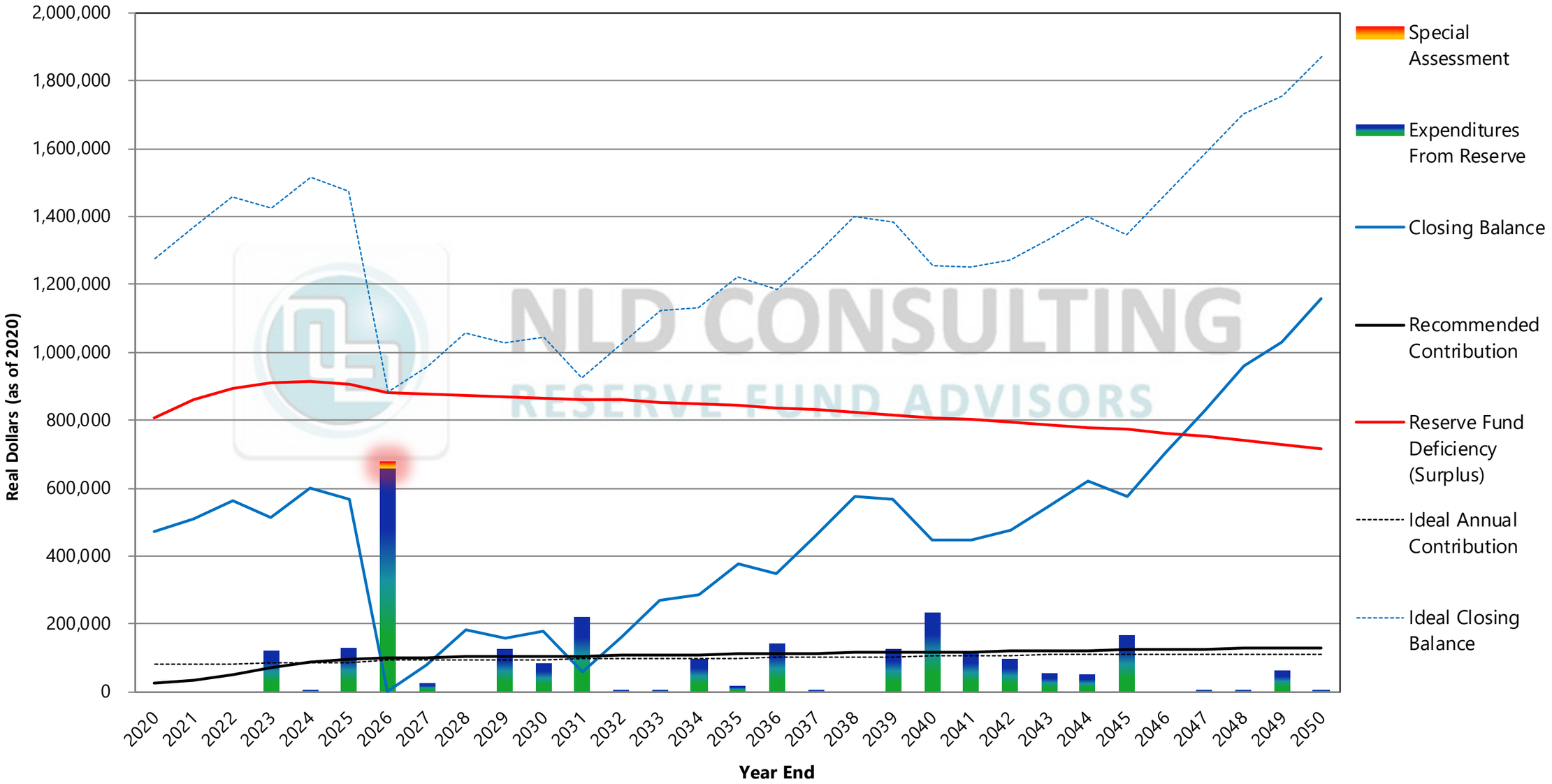
Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Assessments	Interest Income	Projected Expenditures	Closing Balance
2020	437,069	24,029	20	-	10,490	-	471,588
2021	463,249	34,381	29	-	11,118	-	508,748
2022	499,753	50,969	43	-	11,994	-	562,715
2023	552,766	72,589	61	-	10,337	122,066	513,626
2024	504,544	87,898	74	-	12,016	3,868	600,590
2025	589,971	97,210	82	-	11,057	129,279	568,959
2026	558,899	100,829	85	19,978	-	679,705	-
2027	-	101,918	86	-	-	24,232	77,686
2028	76,313	103,019	87	-	1,832	-	181,163
2029	177,960	104,133	88	-	1,281	124,576	158,798
2030	155,990	105,258	89	-	1,729	83,951	179,026
2031	175,860	106,395	90	-	-	221,968	60,288
2032	59,222	107,545	91	-	1,317	4,353	163,730
2033	160,835	108,707	92	-	3,791	2,880	270,453
2034	265,671	109,881	92	-	4,096	95,017	284,632
2035	279,599	111,069	93	-	6,263	18,650	378,280
2036	371,591	112,269	95	-	5,563	139,820	349,603
2037	343,422	113,482	96	-	8,111	5,465	459,550
2038	451,424	114,708	97	-	10,834	-	576,967
2039	566,765	115,948	98	-	10,573	126,242	567,043
2040	557,016	117,201	99	-	7,768	233,346	448,640
2041	440,707	118,467	100	-	7,755	117,563	449,366
2042	441,420	119,747	101	-	8,336	94,080	475,424
2043	467,017	121,041	102	-	9,929	53,316	544,671
2044	535,040	122,349	103	-	11,671	48,752	620,309
2045	609,341	123,671	104	-	10,595	167,903	575,704
2046	565,524	125,007	105	-	13,573	-	704,104
2047	691,654	126,358	106	-	16,466	5,566	828,912
2048	814,256	127,723	108	-	19,473	2,900	958,552
2049	941,603	129,104	109	-	21,076	63,447	1,028,335
2050	1,010,152	130,499	110	-	24,071	7,177	1,157,545

All values in $CAD, adjusted for CPI inflation

Adequate Funding Schedule



Adequate Funding Schedule (Real Dollars)



5.4 Deficiency Analysis

The Deficiency Analysis focuses on the current fiscal year. It is a comparison between the actual reserve fund balance and the Benchmark Analysis.

The Benchmark Analysis indicates how much money would be in the reserve fund if the strata corporation had contributed the same amount each year (taking interest and inflation into account), leaving the strata on pace to fully fund each component. Thus, the deficiency is the amount of money the strata corporation will raise before the end of the building’s economic life.

It is important to realize that most strata corporations in British Columbia will show a benchmark deficiency in their funding to varying degrees. This is typical of reserve fund balances. The deficiency can be resolved through special assessments, higher contributions than the ideal annual contributions, and/or getting longer lifespans on the components than predicted. The contributions for each component go into one fund, so the strata corporation can often maintain a deficiency without special assessments indefinitely by “borrowing” money from newer components to pay for the replacement of older ones.

Please note the following definitions associated with the table on the next page:

Budgeted Reserve Fund Contribution

The approved annual contribution to the reserve fund.

Special Assessments

An estimation of the amount collected and to be collected on top of the Current Budgeted Reserve Fund Contribution, as a one-time fee.

Estimated Expenditures

Costs incurred and expected to be incurred on reserve fund components.

Estimated Reserve Fund Deficiency

The difference between the reserve fund’s closing balance and the Benchmark’s Closing Balance

Deficiency/Contribution Quotient

A stable measure of reserve fund performance. See below for details.

Deficiency Analysis

Chez Victoria
For the current fiscal year, Sep 2019–Aug 2020

Deficiency Calculation

Opening Balance	**$**	**437,069**
Budgeted Reserve Fund Contribution	$	24,029
Special Assessments	$	-
Transfer From Operating	$	-
Other Income	$	-
Interest Income	$	10,490
Less: Estimated Expenditures	$	-
Projected Closing Balance	**$**	**471,588**
Less: Ideal Closing Balance	$	1,277,890
Estimated Reserve Fund Deficiency	**$**	**806,302**

DCQ Calculation

806,302 / (24,029+10,490)	
Deficiency / Contribution Quotient	**23.4**

Deficiency/Contribution Quotient (DCQ)

The DCQ is a funding score for a given year. It is a stable measurement of the relative size of your contributions compared to your reserve fund deficiency. A strata corporation that is prioritizing reserve fund contributions will see a decreasing DCQ, though their deficiency may be increasing. A strata corporation with no deficiency has a DCQ of zero. Essentially, the DCQ measures how much effort is being made to save for future reserve fund expenditures.

This formula is simply a given year’s closing balance Deficiency including Outstanding Loan Balance, if any (D), divided by the same year’s contributions, including interest (C), or D/C.

Here is a rough guide to discerning what this DCQ means for your reserve fund.

DCQ greater than 40

Indicative of a strata corporation that has not prioritized reserve fund contributions—though it is still possible that they proactively maintain their building through different funding methods.

DCQ between 15 and 40

Normal for strata corporations that have begun to prioritize their reserve fund contributions within the last handful of years. It is also normal for corporations that have not had much time to accumulate a deficiency.

DCQ between 0 and 15

Relatively stable and unlikely to need emergency funding, though it is still possible to incur a special assessment with a low DCQ.

DCQ equals 0

The reserve is fully funded at its ideal Benchmark balance. This is also the development’s position at the exact beginning and end of its economic life.

DCQ less than 0

The reserve fund is overfunded and, while very stable, should move towards a DCQ of zero to place greater emphasis on the equity of reserve contributions year-to-year.

The DCQ is not affected by location, time, or building type, and is useful for comparing buildings with themselves over time and with other buildings. However, most reserve consultants use differing methodology, assumptions, and algorithms when developing their funding plans, particularly when calculating deficiency. Thus, the DCQ should only be used to compare different strata corporations when their depreciation report has been conducted by the same firm using the same methodology.

6. Recommendations

NLD Consulting – Reserve Fund Advisors’ recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund.

1. The strata corporation is under no obligation to follow the recommendations in this report.
2. The strata corporation should prepare and implement a long-term reserve fund strategy.
3. Major repairs and replacements should be recorded in, and funded from, a reserve fund account. Reserve expenditures should be recorded in the general ledger using individual ledger codes for each component.
4. The reserve fund contribution should be increased to $35,000 per annum in the year Sep 2020–Aug 2021, and thereafter by the recommendations in section 5.2 each subsequent year.
5. The reserve fund should be fully invested in guaranteed long-term securities per the strata property act, at the maximum available rate.
6. The strata corporation should make such expenditures as necessary to maintain the property in optimum condition.
7. The strata corporation should review this report every year to ensure that the underlying assumptions are still valid and that the estimates remain current.
8. The strata corporation should update the depreciation report at least every three years, as per the regulations of the strata property act, unless future regulation requires an alternate schedule of updates.

Appendix A—Qualifications

Terry Dowle, AACI, P.App., RI, CRP

NLD Consulting – Reserve Fund Advisors

Education

Langara Community College
- Realty Appraisal Program 1989
- Real Estate Management 1989
- Real Estate Sales and Marketing 1991
- Business Communications 1995

University of British Columbia, Faculty of Commerce – Real Estate Division
- Advanced Real Estate Management 1997
- Real Estate Agent (9.15) 1997

University of British Columbia, Sauder School of Business
- BUSI – Foundations of Real Estate Appraisal 2005

Real Estate Institute of Canada
- Certified Reserve Planner Program 2011
- Ethics and Business Practice Curriculum 2011

Designations and Certificates

- Certified Reserve Planner – Real Estate Institute of Canada 2011
- RI - Real Estate Institute of British Columbia 1998
- Agent 9.15 – Real Estate Council of British Columbia 1998
- AACI – Accredited Appraiser of the Canadian Institute 1995
- P.App. – Professional Appraiser 1995
- Sales Agent – Real Estate Council of British Columbia 1994

Professional Experience

Royal LePage – Commercial Appraisal Division 1989 – 1991
- Real Estate Consulting and Appraisal of IC&I properties

Campbell & Pound (1961) Ltd. 1991 – 1996
- Real Estate Consulting and Appraisal of IC&I properties

Niemi LaPorte & Dowle Appraisals Ltd. 1996 – Present
- Real Estate Consulting and Appraisal of IC&I properties
- Management of Staff
- Development of Business

Niemi LaPorte & Dowle Whistler Appraisal Group Ltd. 1999 – Present
- Real Estate Consulting and Appraisal of IC&I properties
- Management of Staff
- Development of Business

Niemi LaPorte & Dowle Appraisals Victoria 2011 – Present
Real Estate Consulting and Appraisal of IC&I properties
Management of Staff
Development of Business

NLD Consulting – Reserve Fund Advisors 2011 – Present
Depreciation Report Consulting
Management of Staff
Development of Business

Publications & Volunteer Services

Vancouver Chapter Executive – AICBC 2001 – Present
Past Chair
Past Secretary for 10 years

BC Association of the Appraisal Institute of Canada

Current – President (2019-2020 Term)
Past 1st Vice President, & Finance Chair

Seminar Presenter – Langara Community College 2002
Valuation of Leaky Condo's

Provincial Board of Examiners - BCAIC 2003 – Present
Designated interviewer – BDI/STARS

Memberships

Professional Association of Managing Agents	2010 – Present
Condominium Home Owners Association	2010 – Present
Strata Property Agents of BC	2010 – Present
Expropriation Association of BC.	2010 – Present
Real Estate Institute of Canada	2010 – Present
Mortgage Investment Brokers Association of BC.	2008 – Present
Real Estate Institute of BC	1998 – Present
Mortgage Brokers Association of BC.	1998 – Present
Appraisal Institute of Canada	1989 – Present

Court Experience

Supreme Court of British Columbia
Assessment Appeal Board of BC
Court of Revision

Depreciation Report/Reserve Fund Study Clients

24/7 Strata Management
Ascent Management Real Estate Corp.
AWM Alliance Real Estate Group Ltd.
Bayside Property Services Ltd.
Baywest Management Corp.
BC Housing
Bradshaw Strata Management Ltd.
Brydges Property Management
C & C Property Group Ltd.
Citybase Management Ltd.
Colyvan Pacific Real Estate Management Services Ltd.
Crossroads Management Ltd.
Dodwell Realty and Strata Management Ltd.
Dorset Realty Group Canada Ltd.
Fairfax Management
FirstService Residential
Globe Property Management
Homelife Peninsula Property Management
Hutton Condominium Services Ltd.
I.J.M. Properties Ltd.
Imperial Properties Corp.
iStrata Property
Leonis Management & Consultants Ltd.
Maple Leaf 1st Realty Ltd.
Martello Property Services Inc.
Northwest Strata Management
Ocean Bay Management Ltd.
Pacific Quorum Properties Inc.
Pacifica First Management Ltd.
Paragon Realty Corp.
Peterson Group
Polygon Ltd.
Profile Properties Ltd.
R. Jang & Associates Ltd.
Rancho Management Services (BC) Ltd.
Re/Max Property Management Services
Richmond Caring House (Non-profit)
Self-Managed Condominiums/Stratas
Stevenson Management Services Ltd.
The Wynford Group
Trilogy Management Services Ltd.
Winnipeg Rentals Inc.
WRM Strata Management & Real Estate Services Ltd.

Appendix B—Assumptions and Limiting Conditions

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct. Further, the strata bylaws and architectural plan provided must be assumed to be correct and complete, as must any financial statements, AGM and/or SGM minutes, and budgets.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were provided in whole or in part (as available) for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. 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.

The reserve components were assessed visually. No intrusive or destructive testing, specialized imaging, or aerial inspections of elevated areas has been undertaken. The consultant(s) accept no liability for conditions not visible at the time of the building and site review. If further investigation of specific components is required by the client, the services of an expert specializing in the particular building system/component is recommended.

Measurements and quantities are taken either on-site during inspection as approximations or directly from plans where available. Where electronic plans/drawings are made available, quantity take-offs are completed using Planswift professional plan management software. The consultant(s) accept no liability for the use of dimensions taken from the above sources for the purposes of quantifying reserve components.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. Current cost estimates are primarily based on the current year RSMeans Commercial Renovation Cost Data. This data is modified using percentage factors to reflect perceived local and site specific conditions and may also include a contingency factor based on the overall confidence in the costs relative to the specific component. Applicable taxes are included in these costs. The intent of these cost estimates is to generate a realistic planning guideline, and it is likely that actual costs will vary from this number based on several factors. These include the supply/demand of contractors at the time replacements occur as well as the potential for changes in construction methods and materials over time.

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of reserve components and our experience gained from observing buildings, with projections made over a 30-year period. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, at least every three years.

A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The consultant is not qualified to design specific repair, replacement or maintenance plans. Recommendations regarding repairs, replacements and maintenance are general in nature and are intended to provide guidance for long-range financial planning only. In all cases of major repairs or replacements, qualified design professionals should be retained to provide a specific design. In all cases, the maintenance directions provided by the manufacturer or installer of any specific component should be followed.

The estimates herein must not be extracted or used in conjunction with any other depreciation report and may be invalid if so used. Additionally, the BC Strata Property Act requires the strata to include a copy of the depreciation report, where applicable. The user is cautioned to request any copies of this report directly from the author to ensure the report is complete, current, and authentic. Electronic copies should include a digital signature of the author.

NLD Consulting uses Notarius™ Digital Signatures which are ISO 27001:2005 certified. No responsibility is accepted where a claim arises from a copy of this report which has either been distributed by a 3rd party, or is not originally or digitally signed.

The client to whom this report is addressed may use it in deliberations affecting the subject strata corporation only, and in so doing, the report must not be abstracted; it must be used in its entirety. Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the client without the written consent of the author, and in any event, only with the proper qualifications.

The consultant(s) are not liable for the failure of any sale to close, nor for any owner(s) failure to obtain financing, mortgage insurance, nor structure/contents insurance as a result of information contained in this report. The consultant(s) have no authority to compel any action on the part of the Strata Corporation and can accept no responsibility for the corporation’s actions or failures to act.

All personal information supplied for the purposes of preparation of this report will remain within our organization and will not be shared with any external entity unless prior permission is given. Your personal information will not be sold, distributed or published in any manner whatsoever.

NLD Consulting – Reserve Fund Advisors takes privacy very seriously. We collect personal information to better serve our customers, for security reasons, and to provide customers and potential customers with information about our services. We would like to have a lifelong relationship of good service with our customers, and for that reason we may retain personal information provided for as long as necessary to provide our services and respect our obligations to governmental agencies and other third parties. The information will remain confidential to NLD Consulting, to businesses working for us, and to any organization that acquires part or all of our business, provided that they agree to comply with our privacy policy. By accepting our report, you are agreeing to maintain the confidentiality and privacy of any personal information contained herein and to comply in all material respects with the contents of our Privacy Policy.

The Personal Information Protection Act (PIPA) of British Columbia sets out requirements for how organizations may collect, use, disclose and secure personal information. The preparation of each report and/or retention of records is subject to the requirements of PIPA. Written authorization in advance must be requested to reproduce or use the report in any form by and means, graphic, electronic or mechanical, including photocopying, recording, typing or information storage and retrieval, which must be done in conformity with PIPA and the Privacy Policy. For further information on the Act, contact the office of the Information & Privacy Commissioner for British Columbia, or access the Act through the website: http://www.oipc.bc.ca/

The consultant(s) maintain a reasonable level of insurance relative to industry standards to cover errors and omissions with per-claim and per-year limits. The consultant(s) liability related to this report is limited to the maximum per-claim value available at the time a potential claim is made.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

Appendix C—Strata Property Act & Regulation Excerpt

Strata Property Act [SBC 1998] Chapter 43, Part 6, Division 1, Section 94: Depreciation Report

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

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

(a) For the first time,

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

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

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

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

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

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

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

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

Strata Property Regulation [amended up to B.C. Reg. 68/2014, July 16, 2014] Part 6.2: Depreciation Report

(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.

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.

Appendix D—Sections

Sections

In some jurisdictions, strata corporations can be split into legally distinct sections with each section representing the interests of its respective members. A section operates independent of other sections in matters that relate solely to the section. Each section can elect a council while the strata council administers functions which relate to the operations of the entire strata corporation.

Only specific and distinct types of lots can form sections, such as residential and non-residential lots comprising a single corporation, or non-residential lots of a single corporation that are used for significantly different purposes. Residential lots may only divide into apartments, townhouses, and detached houses.

If a strata corporation is operating under several sections, this report prepares a unique forecast and budget for each section, as well as one for any combination of sections that have shared responsibility for the components described within this report. This helps each section budget independently of the others as they see fit. If the strata corporation could benefit from operating under separate sections we will recommend that to the client, but we will prepare our report in conjunction with current practices so that it is practical to implement.

With respect to matters relating solely to one section, the section is a corporation and has the same powers as the strata corporation to:

- Establish its own operating fund and reserve fund for common expenses of the section, including expenses relating to limited common property designated for the exclusive use of all the lots in that section.
- Prepare a section budget and require section owners to pay fees and special levies for expenditures authorized by the section.
- Enter contracts in the name of the section.
- Sue or arbitrate in the name of the section.
- Acquire and dispose of land and other property in the name of or on behalf of the section.
- Enforce bylaws, regulations, and rules.

Separate sections within a strata corporation may establish their own operating fund and reserve fund for common expenses that relate exclusively to that section.

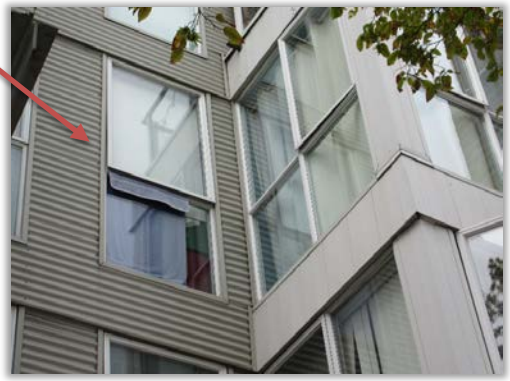
Appendix E—Reserve Component Descriptions and Analyses

Component Page Index

Component 1		Substructure and Underground Garage

Description	This component accounts for major repairs to the below-grade portions of the property. This includes the foundation walls and parkade: the footings, basement floors, walls, parkade ceilings, columns, and courtyard membrane.	
	Quantity	1,225 LF
	Current Job Cost	$99,173
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	35 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	16 years
Funding Analysis	**Work**	Non-structural cracks can sometimes be injected with a sealant. We have budgeted for periodic structural stabilization work, spot replacement of damaged concrete, underdrain repairs, waterproofing, and membrane replacement. This includes excavation and compacted backfilling.
	Budget	A budget equal to 5% of the estimated total cost is provided for significant expenditures every 35 years.
Potential Deterioration	One of the most common problems with the substructure is cracking. Water and road salt can penetrate the surface of the concrete to the rebar. Hydraulic pressure caused by poor drainage and shifting could also cause concrete cracking. The membrane can be damaged by cracked concrete, wear and tear, and material breakdown due to age.	
Suggested Maintenance	Regular visual inspection of the walls, columns, and slab edges for signs of cracking, damage, spalling, efflorescence, debris collection, and grading that slopes towards the foundation walls. Regular application of waterproof membranes, chloride extraction, re-alkalisation, and crack repair may extend the substructure's life.	

Component 2		Wall Assemblies - Metal Lap Siding



Description	This component accounts for the metal siding envelope system. This system includes the building frame, sheathing, building paper, insulation, and metal siding.	
	Quantity	5,200 SF
	Current Job Cost	$39,652
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	50 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	31 years
Funding Analysis	**Work**	Remove and dispose of all or damaged metal siding. Repair damaged building frame and sheathing. Replace building paper and insulation as needed. Install new metal siding system, work-site clean up, and any special safety preparation and precautions as required.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 50 years.
Potential Deterioration	Includes corrosion, fading, warping, and denting. Contributing factors include impact damage and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of siding for corrosion, impact damage, cracking, warping, fading, debris build up, and environmental damages. Clean, caulk, and repair as required.	

Component 3		Wall Assemblies - Structural Brick Siding
		
Description	This component accounts for the structural brick wall system. This system includes the brick wall, backer rod and sealant for the control joints, as well as the shelf-angles and flashing.	
	Quantity	3,500 SF
	Current Job Cost	$13,423
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. Some evidence of efflorescence noted on bricks.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Re-point bricks: clean and clear loose mortar, replace damaged bricks, install new mortar, then tool to a concave surface to draw water away from the bricks.
	Budget	A budget equal to 7% of the estimated total cost is provided for significant expenditures every 25 years.
Potential Deterioration	Includes water damage, mortar joint deterioration, cracking, and crumbling. Contributing factors include physical damage, subsurface shifting, and damage from environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of brick siding for brittle/missing/crumbling mortar, as well as discolored/pitted/split bricks. Clean, re-point, seal, and repair as required.	

Component 4		Commercial Storefront
		
Description	This component accounts for the non-structural exterior commercial storefront assembly. This includes the metal frame, insulated glass units, caulking, and storefront doors with standard hardware.	
	Quantity	350 SF
	Current Job Cost	$22,684
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. Some areas are showing minor impact damage, however this does not appear to have compromised the area.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years
	Effective Age	19 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Remove and dispose of damaged storefront sections. Spot repairs to any damaged tube framing. Install new window walls with new caulking, work-site clean up, and any special safety preparation and precautions as required. Window wall systems may require re-caulking before the windows fail.
	Budget	We have allowed for a full replacement of this component every 25 years.
Potential Deterioration	Includes impact damage, deterioration of the seals, and hardening/cracking of the caulking. Contributing factors include physical damage, subsurface shifting, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of the window walls for signs of impact damage, failed seals, and brittle caulking. Clean and caulk as required.	

Component 5		Window Assemblies - Aluminum Frame

Description	This component accounts for the exterior aluminum-frame windows. This includes the frame, hardware, casing, and aluminum windows.	
	Quantity	277 Windows
	Current Job Cost	$166,452
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. Gate and motor were in working order at time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	11 years
Funding Analysis	**Work**	Remove and dispose of damaged window assemblies, repairs to or replacement of the frame, casing, and hardware as required, and installation of new windows. Appropriate safety preparation and precautions as required.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 30 years.
Potential Deterioration	Includes impact damage, failure or deterioration of the seals, failure of the opening mechanism, and wear-and-tear. Contributing factors include physical damage, seal deterioration, failed caulking, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure. Failure of the seals can cause fogging and moisture on the inner panes of the window.	
Suggested Maintenance	Regular visual inspection of the windows for signs of seal failure, water penetration, and impact damage. Clean, seal, caulk, and lubricate the tracks and hinges as required.	

Component 6		Overhead Parkade Gate

Description	This component accounts for the parkade's entrance gate. This excludes the remote openers but includes the gate, operating mechanism, tracks, rollers, and associated hardware.	
	Quantity	5 Openings
	Current Job Cost	$22,352
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	22 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	3 years
Funding Analysis	**Work**	Remove and replace damaged metal door components as required.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 22 years.
Potential Deterioration	Includes impact damage, wear-and-tear, electronic failure, mechanical failure, and water damage. Contributing factors include physical damage, debris accumulation, subsurface shifting, and damage from environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of the door and tracks/rollers. Lubricate and clean as required.	

Component 7		Exterior Door Assemblies

Description	This component accounts for the common-element exterior doors. This includes the doors and all associated hardware.	
	Quantity	41 Openings
	Current Job Cost	$5,002
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Remove and replace damaged door system components as required or desired.
	Budget	A budget equal to 25% of the estimated total cost is provided for significant expenditures every 25 years.
Potential Deterioration	Includes impact damage, misalignment, failure to latch, corrosion, fading, warping, and other aesthetic degradation. Contributing factors include excessive force, wear-and-tear, physical damage, subsurface shifting, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of the door and hardware. Clean and paint as required.	

Component 8		Interior Door Assemblies - Wood

Description	This component accounts for the common-element interior wooden doors. This includes the doors, frames, and all associated hardware.	
	Quantity	78 Openings
	Current Job Cost	$16,410
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. Some doors are showing wear, but this is considered cosmetic.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	35 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	16 years
Funding Analysis	**Work**	Remove and replace damaged door system components as required or desired.
	Budget	A budget equal to 25% of the estimated total cost is provided for significant expenditures every 35 years.
Potential Deterioration	Includes impact damage, misalignment, failure to latch, and aesthetic degradation. Contributing factors include wear-and-tear, physical damage, excessive force, and subsurface shifting.	
Suggested Maintenance	Regular visual inspection of the door and hardware. Clean and paint as required.	

Component 9		Interior Door Assemblies - Metal

Description	This component accounts for the common-element interior metal doors. This includes the doors, frames, and all associated hardware.	
	Quantity	24 Openings
	Current Job Cost	$5,597
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	40 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	21 years
Funding Analysis	**Work**	Remove and replace damaged door system components as required or desired.
	Budget	A budget equal to 15% of the estimated total cost is provided for significant expenditures every 40 years.
Potential Deterioration	Includes impact damage, misalignment, failure to latch, and aesthetic degradation. Contributing factors include wear-and-tear, physical damage, excessive force, and subsurface shifting.	
Suggested Maintenance	Regular visual inspection of the door and hardware. Clean and paint as required.	

Component 10		Caulking

Description	This component accounts for the common-element caulking found around the windows, exterior doors, and some trim.	
	Quantity	800 LF
	Current Job Cost	$2,146
Condition Analysis	Based on a partial visual inspection, this component appears to be in fair condition for its age. No major deficiencies were noted or reported at the time of inspection. Caulking should be checked regular, there are areas where dirt and mould are gathering.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	12 years (Budget Provision)
	Effective Age	8 years
	Remaining Lifespan	4 years
Funding Analysis	**Work**	Remove and replace failed caulking as required. Appropriate safety preparation and precautions as required.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 12 years.
Potential Deterioration	Includes hardening, cracking, shrinking, and powdering of the caulking surface. Contributing factors include environmental factors such as temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual and tactile inspection of the exterior caulking. Replace as required.	

Component 11		Stairs - Interior

Description	This component accounts for the interior stair system. This includes an allowance for repairs as necessary to the support posts, stringers, risers, tread, landings, railing system, and associated hardware.	
	Quantity	5 Flights
	Current Job Cost	$5,813
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. A review of each riser as not completed, however no softness or damage was noted during the walk through.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	40 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	21 years
Funding Analysis	**Work**	Replace or repair damaged stair components as required.
	Budget	A budget equal to 12% of the estimated total cost is provided for significant expenditures every 40 years.
Potential Deterioration	Includes impact damage, cracking, splitting, warping, water damage, infestation, and wear-and-tear. Contributing factors include physical damage, subsurface shifting, debris accumulation, and environmental factors such as temperature changes and humidity.	
Suggested Maintenance	Regular visual inspection of stairs for listing, movement, soft boards, cracks, excessive creaking, loose treads, loose railings, water damage, and infestation. Clean, seal, and repair as required.	

Component 12		Balcony Construction - Concrete
		
Description	This component accounts for the common-element balcony structure. This includes sounding, marking, cutting, removing concrete to expose the rebar, reinforcing, bonding the rebar, placing concrete, consolidating, screening, floating, finishing, and spraying a curing compound.	
	Quantity	4,235 SF
	Current Job Cost	$82,400
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. There was a buildup of debris on several balconies. These areas should be cleared regularly.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	40 years
	Effective Age	19 years
	Remaining Lifespan	21 years
Funding Analysis	**Work**	Remove and dispose of existing assembly, repairs or replacement as required. Appropriate safety preparation and precautions as required.
	Budget	We have allowed for a full replacement of this component every 40 years.
Potential Deterioration	Includes impact damage, cracking, spalling, rebar corrosion, and water damage. Contributing factors include physical damage, subsurface shifting, debris accumulation, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of balcony for debris build-up, cracking, spalling, corrosion, and water damage. Clean, seal, and repair as required.	

Component 13		Terraces - Concrete Pavers

Description	This component accounts for the roof deck system over occupied living space. This includes an allowance for repairs as necessary to the structural roof decking, insulation, roof membrane system, flashing, concrete block supports, and concrete blocks.	
	Quantity	4,310 SF
	Current Job Cost	$34,428
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	20 years (Budget Provision)
	Effective Age	15 years
	Remaining Lifespan	5 years
Funding Analysis	**Work**	Remove pavers and supports. Remove and dispose of roof membrane system, insulation, and damaged roof decking components. Repair the structural roof decking as required. Install and taper roof deck insulation boards. Install new roof membrane system. Install concrete blocks and supports, using salvageable material if possible.
	Budget	A budget equal to 25% of the estimated total cost is provided for significant expenditures every 20 years.
Potential Deterioration	Includes membrane failure, cracking, water damage, and wear-and-tear. Contributing factors include physical damage, subsurface shifting, debris accumulation, missing or failed flashing and caulking, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of terrace for debris build-up, membrane damage, water pooling, and interior water damage. Repairs as required.	

Component 14		Balcony Railings

Description	This component accounts for the common-element balcony railing systems, including all associated fasteners and hardware.	
	Quantity	800 LF
	Current Job Cost	$65,645
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years (Budget Provision)
	Effective Age	15 years
	Remaining Lifespan	10 years
Funding Analysis	**Work**	Remove and replace failed balcony railings. Appropriate safety preparation and precautions as required.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 25 years.
Potential Deterioration	Includes breakage, water damage, loosening of fasteners, wear-and-tear, and aesthetic degradation. Contributing factors include physical damage, debris accumulation, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular inspection of railings for debris build-up, impact damage, water damage, and loose fasteners. Clean, seal, and repair as required.	

Component 15		Canopy - Fabric

Description	This component accounts for the fabric canopy system. This includes the fabric, frame, and associated hardware.	
	Quantity	15 Canopies
	Current Job Cost	$10,662
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	18 years (Budget Provision)
	Effective Age	12 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Remove and replace existing canopy assembly. The entire system can be replaced, the fabric can be replaced, or the fabric can be repaired.
	Budget	A budget equal to 33% of the estimated total cost is provided for significant expenditures every 18 years.
Potential Deterioration	Includes impact damage, tearing, corrosion, fastener failure, and water damage. Contributing factors include physical damage, wear-and-tear, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection for impact damage, tearing, corrosion, and fastener deterioration. Clean and repair as required.	

Component 16		Canopy - Metal

Description	This component accounts for the metal canopy system. This includes the canopy, frame, and associated hardware.	
	Quantity	9 Canopies
	Current Job Cost	$19,635
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	35 years (Budget Provision)
	Effective Age	12 years
	Remaining Lifespan	23 years
Funding Analysis	**Work**	Remove and replace existing canopy assembly.
	Budget	A budget equal to 20% of the estimated total cost is provided for significant expenditures every 35 years.
Potential Deterioration	Includes impact damage, fading, corrosion, fastener failure, and water damage. Contributing factors include physical damage, debris accumulation, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection for impact damage, corrosion, and fastener deterioration. Clean, seal/paint, and repair as required.	

Component 17		Soffits
		
Description	This component accounts for the soffits, also known as the eaves.	
	Quantity	5,390 SF
	Current Job Cost	$6,943
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years (Budget Provision)
	Effective Age	10 years
	Remaining Lifespan	20 years
Funding Analysis	**Work**	Remove and replace damaged soffits. Appropriate safety preparation and precautions as required.
	Budget	A budget equal to 15% of the estimated total cost is provided for significant expenditures every 30 years.
Potential Deterioration	Includes impact damage, heat damage, water damage, fading, warping, and cracking. Contributing factors include physical damage and environmental factors such as extreme temperature changes, rain, snow, and wind exposure.	
Suggested Maintenance	Regular visual inspection for damage and missing sections. Clean and repair as required.	

Component 18		Roof Assembly - Bituminous
		
Description	This component accounts for the modified bituminous membrane roofing system. This includes the cap sheet, base sheet, insulation, flashing, and an allowance for replacement of roof-openings such as vents.	
	Quantity	23,100 SF
	Current Job Cost	$384,782
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. There are areas of discoloration and water pooling. Due to the age, regular inspections are recommended.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years
	Effective Age	19 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Remove and replace existing roofing assembly. Appropriate safety preparation and precautions as required.
	Budget	We have allowed for a full replacement of this component every 25 years.
Potential Deterioration	Includes impact damage, water damage, cracking, blistering, alligatoring, and wear-and-tear. Contributing factors include physical damage, debris accumulation, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of roof for leaks, cracking, blistering, alligatoring, and debris accumulation. Clean and repair as required.	

Component 19		Roof Access Hatch

Description	This component accounts for the roof access hatch. This includes the cover, hatch, curb, and insulation.	
	Quantity	2 Hatches
	Current Job Cost	$3,826
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years
	Effective Age	18 years
	Remaining Lifespan	12 years
Funding Analysis	**Work**	Remove and replace existing hatch assembly. Appropriate safety preparation and precautions as required.
	Budget	We have allowed for a full replacement of this component every 30 years.
Potential Deterioration	Includes impact damage, corrosion, seal/curb deterioration, hinge/spring deterioration, opening-mechanism failure, and water damage. Contributing factors include physical damage, wear-and-tear, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection for leaks, corrosion, and mechanism deterioration. Clean, tighten, lubricate, and repair as required.	

Component 20		Skylights

Description	This component accounts for the skylight systems, including the skylight units, curbs, and associated hardware.	
	Quantity	9 Each
	Current Job Cost	$8,762
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years
	Effective Age	19 years
	Remaining Lifespan	11 years
Funding Analysis	**Work**	Remove and replace existing skylight assembly. Take care to pull back roofing flashing and material. Appropriate safety preparation and precautions as required.
	Budget	We have allowed for a full replacement of this component every 30 years.
Potential Deterioration	Includes impact damage, cracking, failed seals, mechanism failure, and water damage. Contributing factors include physical damage, seal deterioration, wear-and-tear, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection for impact damage, leaks, failed seals, corrosion, and mechanism deterioration. Clean and repair as required.	

Component 21		Exterior Finishes - Parking Paint and Markings

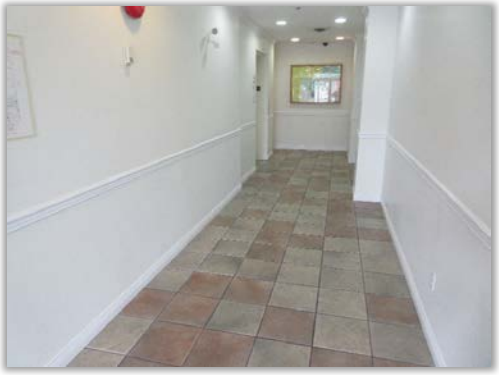
Description	This component accounts for the common-element pavement markings.	
	Quantity	121 Stalls
	Current Job Cost	$1,660
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	4 years
	Effective Age	1year
	Remaining Lifespan	3 years
Funding Analysis	**Work**	Repaint existing markings as required or desired.
	Budget	We have allowed for a full replacement of this component every 4 years.
Potential Deterioration	Includes chipping, fading, and obfuscation. Contributing factors include wear-and-tear, impact damage, debris accumulation, chemical damage (particularly from de-icing chemicals), and environmental factors such as temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular inspection of the markings for visibility. Inspect, clean, and repaint as required.	

Component 22		Interior Finishes - Paint
		
Description	This component accounts for the interior paint finish.	
	Quantity	31,700 SF
	Current Job Cost	$74,269
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	16 years
	Effective Age	10 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Surface preparation, painting, and clean-up.
	Budget	We have allowed for a full replacement of this component every 16 years.
Potential Deterioration	Includes impact damage, stains, markings, fading, and water damage. Contributing factors include physical damage, wear-and-tear, and environmental factors such as temperature changes, humidity, and sun exposure. Painting may also be done for aesthetic reasons.	
Suggested Maintenance	Regular visual inspection for aesthetic quality. Clean, touch-up, and repaint as required or desired.	

Component 23		Balcony Waterproofing
		
Description	This component accounts for the balcony waterproofing membrane.	
	Quantity	8,470 SF
	Current Job Cost	$30,045
Condition Analysis	Based on a partial visual inspection, this component appears to be in fair condition for its age. No major deficiencies were noted or reported at the time of inspection. Areas of pooling water and drainage should be monitored.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	15 years
	Effective Age	10 years
	Remaining Lifespan	5 years
Funding Analysis	**Work**	Remove old membrane. Prepare balcony surface. Re-install metal flashing. Install vinyl membrane with liquid adhesive and hot-air welding.
	Budget	We have allowed for a full replacement of this component every 15 years.
Potential Deterioration	Includes impact damage, delamination, fading, cracking, bubbling, wear-and-tear, and water damage. Contributing factors include physical damage, debris accumulation, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection for delamination, fading, cracking, bubbling, and water damage. Clean, patch, and repair as required.	

Component 24		Interior Flooring - Carpet
		
Description	This component accounts for the interior common-area carpet flooring.	
	Quantity	4,300 SF
	Current Job Cost	$39,560
Condition Analysis	Based on a visual inspection, this component appears to be in fair condition for its age. A number of areas where stained and showing signs of wear.	
Reserve History	**Year of Acquisition**	2009
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	15 years
	Effective Age	10 years
	Remaining Lifespan	5 years
Funding Analysis	**Work**	Remove and replace the damaged carpet or the entire carpet, including the carpet pad, depending on the extent and cause of the damage.
	Budget	We have allowed for a full replacement of this component every 15 years.
Potential Deterioration	Includes fading, matting, colour-loss, wear-and-tear, wrinkles, ripples, stains, burns, strong odors, and lack of padding support. Contributing factors include physical damage, water damage, spills, debris accumulation, and damage from environmental factors such as temperature changes, humidity, and sun exposure. Carpet may also be replaced for aesthetic reasons.	
Suggested Maintenance	Regular inspection of the carpet for deterioration and odors. Vacuum, clean, and repair as required.	

Component 25		Lobby Renovation



Description	This component accounts for periodic renovations to the common-area lobby. This includes the flooring, lighting, finish, furniture, and décor.	
	Quantity	265 SF
	Current Job Cost	$6,225
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2019
	Work Completed	Lobby was repainted in 2019.
	Dollars Spent	$2,483 + $861 reported.
Life Cycle Analysis	**Expected Lifespan**	15 years (Budget Provision)
	Effective Age	1year
	Remaining Lifespan	14 years
Funding Analysis	**Work**	Renovate the lobby components as desired.
	Budget	A budget equal to 75% of the estimated total cost is provided for significant expenditures every 15 years.
Potential Deterioration	Includes impact damage, water damage, wear-and-tear, aesthetic degradation, discoloration, stains, and fading. Contributing factors include physical damage, debris accumulation, changing preferences, and damage from environmental factors such as temperature changes, humidity, and sun exposure.	
Suggested Maintenance	Regular inspection for damage and to assess aesthetic quality. Clean and repair as required.	

Component 26		Elevator Cab Renovation

Description	This component accounts for periodic renovations to the interior of the elevator cabs. This includes the flooring, wall panels, ceiling, lighting, and railings. This component does not include safety features or mechanical/electrical components within the elevator enclosure.	
	Quantity	2 Cabs
	Current Job Cost	$12,771
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	22 years
	Effective Age	15 years
	Remaining Lifespan	7 years
Funding Analysis	**Work**	Renovate the elevator cab components as desired.
	Budget	We have allowed for a full replacement of this component every 22 years.
Potential Deterioration	Includes impact damage, water damage, wear-and-tear, and aesthetic degradation. Contributing factors include physical damage (usually from moving items in and out), debris accumulation, changing preferences, and damage from environmental factors such as temperature changes and humidity.	
Suggested Maintenance	Regular inspection for damage and to assess aesthetic quality. Clean and repair as required.	

Component 27		HVAC - Natural Gas Boiler
		
Description	This component accounts for the natural gas boiler. This includes the insulating jacket, standard controls, burner, safety controls, breech, trim, fittings, and valves. This excludes the piping and the rest of the heating distribution system, which is accounted for separately in this report.	
	Quantity	1 Boiler
	Current Job Cost	$20,894
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. The boiler is an RBI Water Heater, Model #HBN 1260E-029, Serial #110022356	
Reserve History	**Year of Acquisition**	2017
	Work Completed	Boiler relief valve was replaced in 2016, boiler replaced in 2017
	Dollars Spent	$2,754 & $15,195
Life Cycle Analysis	**Expected Lifespan**	25 years
	Effective Age	1year
	Remaining Lifespan	24 years
Funding Analysis	**Work**	Remove and replace the failing boiler.
	Budget	We have allowed for a full replacement of this component every 25 years.
Potential Deterioration	Includes valve, tubing, burner, and fastener failure, leaks, mineral build-up, decreased heating ability, noisy operation, and debris accumulation. Contributing factors include wear-and-tear, corrosion, overheating, insufficient maintenance, excessive pressure in the system, and environmental factors such as extreme temperatures.	
Suggested Maintenance	Regular inspection of the boiler for signs of failure, according to the manufacturer's recommendations. Flush tank, clean, remove sediment, remove lime scale, oil circulating pump, and test as required.	

Component 28		HVAC - Heat Pump
		
Description	This component accounts for the common-element heat pump. This includes the compressor, heat exchangers, valves, controller, filter, sensors, and associated components. This excludes the refrigerant piping and Air Handling Units, which are accounted for separately in this report.	
	Quantity	19 Systems
	Current Job Cost	$89,628
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	17 years
	Effective Age	14 years
	Remaining Lifespan	3 years
Funding Analysis	**Work**	Remove and replace the failing unit. Small repairs and replacements are expected towards the end of the unit's life.
	Budget	We have allowed for a full replacement of this component every 17 years.
Potential Deterioration	Includes rising energy costs, corrosion, compressor failure, heat exchanger failure, valve failure, condenser failure, and controls failure. Contributing factors include wear-and-tear, impact damage, debris accumulation, leaks, overheating, insufficient maintenance, insufficient efficiency, and environmental factors such as temperature changes, humidity, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular inspection by a certified contractor. Be alert to unpleasant odors, unusual temperatures, unusual humidity, excessive moisture, short cycles, and increasing system noise. Inspect, clean, change filters, and repair as required.	

Component 29		HVAC - Rooftop Unit
		
Description	This component accounts for the Rooftop Unit (RTU). This includes the AC system, heating system, and ventilation system all contained in the same rooftop cabinet. This does not include the ductwork system, which is accounted for in the HVAC distribution component.	
	Quantity	2 Units
	Current Job Cost	$89,628
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. Make is EngA. Model DJE40/O, Serial #S57060-MUA (1 / 2)	
Reserve History	**Year of Acquisition**	2017
	Work Completed	Strata allocated $62k in 2017 for replacement
	Dollars Spent	$54,875 quoted by PML
Life Cycle Analysis	**Expected Lifespan**	20 years (Budget Provision)
	Effective Age	1year
	Remaining Lifespan	19 years
Funding Analysis	**Work**	Remove and replace the failing boiler.
	Budget	A budget equal to 75% of the estimated total cost is provided for significant expenditures every 20 years.
Potential Deterioration	Includes rising energy costs, corrosion, compressor failure, condenser failure, valve failure, evaporator failure, heating failure, piping failure, and controls failure. Contributing factors include wear-and-tear, impact damage, debris accumulation, scale accumulation, leaks, overheating, insufficient maintenance, insufficient efficiency, and environmental factors such as temperature changes, humidity, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular inspection by a certified contractor. Be alert to falling efficiency, unusual temperatures, unusual humidity, unpleasant odors, excessive moisture, poor airflow, increasing outages, increasing oil consumption, and increasing system noise. Inspect, test, clean, and repair as required.	

Component 30		HVAC - Fan Exhaust System

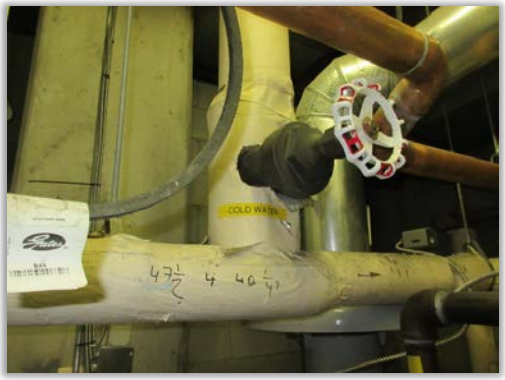
Description	This component accounts for the parkade exhaust fans.	
	Quantity	1 System
	Current Job Cost	$5,743
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. It was assumed the fan was operational.	
Reserve History	**Year of Acquisition**	2016
	Work Completed	Repairs to the system in 2016
	Dollars Spent	$555
Life Cycle Analysis	**Expected Lifespan**	15 years (Budget Provision)
	Effective Age	1year
	Remaining Lifespan	14 years
Funding Analysis	**Work**	Remove and replace the failed fan parts as required.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 15 years.
Potential Deterioration	Includes corrosion, high operating costs, air leakage, motor failure, fan failure, and controls failure. Contributing factors include wear-and-tear, physical damage, frequent start-ups, overheating, debris accumulation, and environmental factors such as extreme temperatures and humidity.	
Suggested Maintenance	Regular inspection of the fans for adequate performance. Service and repair as required.	

Component 31		HVAC Distribution - Ductwork for RTU

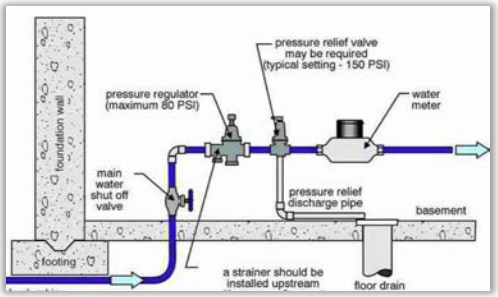
Description	This component accounts for the HVAC distribution system. This includes the plenum, ductwork, duct connections, GRDs (grilles, registers, and diffusers), and thermostats.	
	Quantity	2 Systems
	Current Job Cost	$14,523
Condition Analysis	We were not able to visually inspect this component. No major deficiencies were reported at the time of inspection, so we assume it to be in average condition for its age.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years (Budget Provision)
	Effective Age	10 years
	Remaining Lifespan	20 years
Funding Analysis	**Work**	Remove and replace ductwork, GRDs, and thermostats as required.
	Budget	A budget equal to 25% of the estimated total cost is provided for significant expenditures every 30 years.
Potential Deterioration	Includes failed seams, corrosion, noisy operation, and debris accumulation. Contributing factors include wear-and-tear, vibration, condensation, blockages, thermal stress, insufficient maintenance, and environmental factors such as temperature changes and humidity.	
Suggested Maintenance	Regular inspection of accessible ductwork, GRDs, and thermostats for signs of failure. Clean and repair as required.	

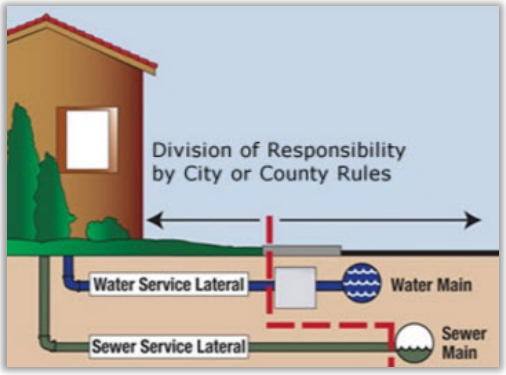
Component 32		Domestic Water - Water Heater

Description	This component accounts for the common-element water heaters. This includes the tanks, heating components, and controls. This excludes the piping, fittings, valves, and vents, which are accounted for separately in the Domestic Water Distribution component.	
	Quantity	2 Tanks
	Current Job Cost	$20,344
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. The tanks are AEO Smith. Serial #3634M002878 & 1616M000102	
Reserve History	**Year of Acquisition**	2016
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	12 years
	Effective Age	1year
	Remaining Lifespan	11 years
Funding Analysis	**Work**	Remove and replace the failing water heater.
	Budget	We have allowed for a full replacement of this component every 12 years.
Potential Deterioration	Includes corrosion, leaks, heater failure, and decreased heating ability. Contributing factors include wear-and-tear, water corrosivity, mineral build-up, debris accumulation, overheating, insufficient maintenance, and environmental factors such as extreme temperatures and humidity.	
Suggested Maintenance	Regular inspection of the water heater for corrosion, leaks, unusual noises, and sulphurous odors. Replace anode rod before it fails, flush tank, de-scale, clean, test, and repair as required.	

Component 33		Domestic Water Distribution - Building
		
Description	This component accounts for the interior common-element domestic water distribution system. This includes risers, pumps, branch lines, valves, and backflow preventers for both the supply and removal of hot and cold water.	
	Quantity	1 System
	Current Job Cost	$109,498
Condition Analysis	We were not able to visually inspect this component. No major deficiencies were reported at the time of inspection, so we assume it to be in average condition for its age.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years (Budget Provision)
	Effective Age	16 years
	Remaining Lifespan	9 years
Funding Analysis	**Work**	Notify residents of work scope, disruption, and timeline. Access relevant areas while causing minimal damage. Replace damaged water supply components (usually with PEX) or, if water damage is frequent and severe, repipe most or all of the property to prevent further damage from occurring. Test system. Repair any damage and clean work areas.
	Budget	A budget equal to 10% of the estimated total cost is provided for significant expenditures every 25 years.
Potential Deterioration	Includes pipe leaks and bursts, connection failure, pump failure, and valve failure. Contributing factors include impact damage, turbulence, the chemical makeup of supplied water (acidic water, hard water, highly chlorinated water, and chemical drain cleaners can sometimes cause deterioration), vibration and stress, and environmental factors such as extreme temperatures.	
Suggested Maintenance	Regular inspection for leaks (unusually high water bill, drips, pools, damp spots, discolouration, stains, dimpling, or flaking), unusual sounds (banging or knocking), water colour (brown or yellow is often a sign of decaying pipes, especially if the pipe has not been used for some time), low or inconsistent water pressure, and odors. Test and repair as required.	

Component 34	Domestic Water Distribution - Subsurface





Description	This component accounts for the subsurface common-element domestic water distribution system, both for the supply and removal of domestic water.	
	Quantity	1 System
	Current Job Cost	$8,045
Condition Analysis	We were not able to visually inspect this component. No major deficiencies were reported at the time of inspection, so we assume it to be in average condition for its age.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	12 years (Budget Provision)
	Effective Age	5 years
	Remaining Lifespan	7 years
Funding Analysis	**Work**	Video inspection and internal cleaning, if possible. More significant damage will need the following: surface removal, excavation, damaged-pipe section removal, pipe bedding installation, pipe installation, backfill and compaction, and surface restoration.
	Budget	A budget equal to 10% of the estimated total cost is provided for significant expenditures every 12 years.
Potential Deterioration	Includes leaks, cracks, clogs, and connection failure. Contributing factors include impact damage, vibration and stress, debris accumulation, tree root damage, and environmental factors such as extreme temperatures.	
Suggested Maintenance	Regular inspection for leaks (unusually high water bill, pools, damp spots, low spots, dead grass/plants), low or inconsistent water pressure, and odors. Scope, flush, and repair as required.	

Component 35		Sprinkler System
		
Description	This component accounts for the wet sprinkler system. This includes piping, pipe tees, valves, alarms, sprinkler heads, connections, and associated components.	
	Quantity	1 System
	Current Job Cost	$58,088
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. Labels indicate regular inspection undertaken by Fire Department.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	Air compressor replaced in 2017
	Dollars Spent	$2,575
Life Cycle Analysis	**Expected Lifespan**	35 years (Budget Provision)
	Effective Age	10 years
	Remaining Lifespan	25 years
Funding Analysis	**Work**	Inspect and test system regularly to comply with local regulations. Do all work as required or recommended by the inspector. Remove and replace failing components.
	Budget	A budget equal to 15% of the estimated total cost is provided for significant expenditures every 35 years.
Potential Deterioration	Includes corrosion, pipe leaks and bursts, connection failure, and mechanical failure. Contributing factors include impact damage, wear-and-tear, the presence of oxygen in the pipes, and environmental factors such as extreme temperatures.	
Suggested Maintenance	Regular inspection as required or recommended by the inspector. Test, purge oxygen from the lines, minimize fresh water ingress, monitor corrosion, and repair as required. In some cases, pre-filling the system with nitrogen before filling with water can increase the life expectancy of the pipes threefold.	

Component 36		Sump Pumps

Description	This component accounts for the common-element sump pumps. This includes the sump pump system but excludes the sump pit/tank.	
	Quantity	1 Pump
	Current Job Cost	$2,034
Condition Analysis	We were not able to visually inspect this component. No major deficiencies were reported at the time of inspection, so we assume it to be in average condition for its age.	
Reserve History	**Year of Acquisition**	2017
	Work Completed	Sump pump repairs in 2017
	Dollars Spent	$2,152
Life Cycle Analysis	**Expected Lifespan**	10 years (Budget Provision)
	Effective Age	1year
	Remaining Lifespan	9 years
Funding Analysis	**Work**	Remove failed sump pump components and replace as required.
	Budget	A budget equal to 75% of the estimated total cost is provided for significant expenditures every 10 years.
Potential Deterioration	Includes wear-and-tear, pipe damage, gasket deterioration, motor failure, bent impellers, electrical failure, and corrosion. Contributing factors include physical damage, water damage, debris accumulation, infrequent pump usage, having the motor run when there is no water to pump, and environmental factors such as extreme temperatures.	
Suggested Maintenance	Regular inspection for continual operation, failure to operate, odors, unusual sounds (such as sucking air, rattling, or grinding), and water accumulation. Remove debris, clean, test, and repair as required.	

Component 37		Elevator Modernization - Hydraulic

Description	This component accounts for major elevator modernization projects. The scope of work will depend in part on technological improvements over the life of the elevator.	
	Quantity	1 Elevator
	Current Job Cost	$89,947
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection. Elevator was operational with no noticeable issues at time of inspection. Regular logs apparent.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Consult with certified elevator repair technicians. Repair and update the various elevator components according to the recommendations of the technicians.
	Budget	A budget equal to 40% of the estimated total cost is provided for significant expenditures every 25 years.
Potential Deterioration	Includes hydraulic leaks, motor failure, controller failure, electrical failure (relays, contractors, windings, computer processors, and buttons), and mechanical breakdown (bearings, gears, valves, pumps, and door operators). Contributing factors include wear-and-tear, debris accumulation, corrosion, obsoletion, and environmental factors such as extreme temperatures and humidity.	
Suggested Maintenance	Regular inspection as required by law or recommended by technicians. Maintain and repair the elevator as recommended.	

Component 38		Electrical Service and Distribution

Description	This component accounts for the common-element electrical service and distribution system. This includes wiring, service panels, breakers, switches, receptacles, and various electrical accessories.	
	Quantity	1 System
	Current Job Cost	$50,091
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years (Budget Provision)
	Effective Age	16 years
	Remaining Lifespan	14 years
Funding Analysis	**Work**	Remove and replace the various electrical components as required or desired.
	Budget	A budget equal to 15% of the estimated total cost is provided for significant expenditures every 30 years.
Potential Deterioration	Includes component failure, wire degradation, wire insulation failure, loosening of connections, and insufficient power. Contributing factors include wear-and-tear, usage, load demand, debris accumulation, corrosion, increased power demands, and environmental factors such as extreme temperatures, humidity, and ventilation.	
Suggested Maintenance	Regular inspection of electrical equipment and systems to determine maintenance requirements and priorities. Inspect, test, service, and repair as required.	

Component 39		Fire Detection System

Description	This component accounts for the fire detection and notification system. This includes initiating devices, relays, conduits, wiring, panels, and fire equipment.	
	Quantity	1 System
	Current Job Cost	$5,009
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	15 years (Budget Provision)
	Effective Age	10 years
	Remaining Lifespan	5 years
Funding Analysis	**Work**	Repair or replace the various components as required or recommended by qualified fire inspectors.
	Budget	A budget equal to 20% of the estimated total cost is provided for significant expenditures every 15 years.
Potential Deterioration	Includes component failure, wire degradation, electrical failure, impact damage, and functional obsolescence. Contributing factors include wear-and-tear, usage, debris accumulation, corrosion, physical damage, technological improvements, building code changes, and environmental factors such as extreme temperatures, humidity, and ventilation.	
Suggested Maintenance	Regular inspection and testing of the fire alarm system as required or recommended. Service and repair as required or recommended.	

Component 40		Gas Sensor
		
Description	This component accounts for the common-element gas sensors.	
	Quantity	5 Sensors
	Current Job Cost	$4,552
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	7 years
	Effective Age	4 years
	Remaining Lifespan	3 years
Funding Analysis	**Work**	Remove and replace the expiring gas sensors.
	Budget	We have allowed for a full replacement of this component every 7 years.
Potential Deterioration	Includes fuel cell deterioration due to wear-and-tear. Gas sensors should be replaced before their expiration date.	
Suggested Maintenance	Regular testing of the sensors. Inspect and replace as required.	

Component 41		Access Entry System

Description	This component accounts for the common-element access entry system. This includes the intercom terminal and door-release system.	
	Quantity	1 System
	Current Job Cost	$18,125
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2016
	Work Completed	System upgraded in 2016 by Blue Mountain Tech.
	Dollars Spent	Intercom unit replacement estimated at $6,200
Life Cycle Analysis	**Expected Lifespan**	15 years (Budget Provision)
	Effective Age	1year
	Remaining Lifespan	14 years
Funding Analysis	**Work**	Remove and replace failing access control systems as required or replace as desired for upgraded security. Integrate the new system with the connected components where possible.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 15 years.
Potential Deterioration	Includes impact damage, electrical failure, component degradation, and functional obsolescence. Contributing factors include wear-and-tear, physical damage, technological improvements, and environmental factors such as extreme temperatures and humidity.	
Suggested Maintenance	Regular inspection of the system for vandalism. Be alert to complaints of system failures. Inspect and repair as required.	

Component 42		Video Surveillance System

Description	This component accounts for the surveillance system. This includes the cameras, software, and hardware.	
	Quantity	1 System
	Current Job Cost	$2,504
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2018
	Work Completed	New system installed in 2018/2019
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	7 years (Budget Provision)
	Effective Age	1year
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Remove and replace the surveillance components as required or desired.
	Budget	A budget equal to 75% of the estimated total cost is provided for significant expenditures every 7 years.
Potential Deterioration	Includes impact damage, electrical failure, component degradation, and functional obsolescence. Contributing factors include wear-and-tear, physical damage, corrosion, technological improvements, and environmental factors such as extreme temperatures, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular inspection of the system for component failure and vandalism. Service and repair as required.	

Component 43		Lighting - Interior

Description	This component accounts for the interior common-area lighting. This includes the fixtures and a small allowance for box and wiring costs.	
	Quantity	200 Lights
	Current Job Cost	$33,983
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	25 years (Budget Provision)
	Effective Age	19 years
	Remaining Lifespan	6 years
Funding Analysis	**Work**	Remove and replace failed lighting components as required or desired.
	Budget	A budget equal to 60% of the estimated total cost is provided for significant expenditures every 25 years.
Potential Deterioration	Includes impact damage, electrical component failure, and water damage. Contributing factors include physical damage, power surges, usage, and damage from environmental factors such as temperature changes and humidity. Fixtures may also be replaced due to functional obsolescence or for aesthetic reasons.	
Suggested Maintenance	Regular visual inspection of the fixtures for damage. Regular replacement of bulbs as required. Limit on/off cycles.	

Component 44		Lighting - Parkade

Description	This component accounts for the lighting in the underground parking area. This includes the fixtures and a small allowance for box and wiring costs.	
	Quantity	97 Lights
	Current Job Cost	$10,151
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	20 years (Budget Provision)
	Effective Age	15 years
	Remaining Lifespan	5 years
Funding Analysis	**Work**	Remove and replace failed lighting components as required or desired.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 20 years.
Potential Deterioration	Includes impact damage, electrical component failure, and water damage. Contributing factors include physical damage, power surges, usage, and damage from environmental factors such as temperature changes and humidity. Fixtures may also be replaced due to functional obsolescence or for aesthetic reasons.	
Suggested Maintenance	Regular visual inspection of the fixtures for damage. Regular replacement of bulbs as required. Limit on/off cycles.	

Component 45		Lighting - Exterior

Description	This component accounts for the common-element exterior lighting. This includes the fixtures and a small allowance for box and wiring costs.	
	Quantity	150 Lights
	Current Job Cost	$3,323
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	20 years (Budget Provision)
	Effective Age	15 years
	Remaining Lifespan	5 years
Funding Analysis	**Work**	Remove and replace failed lighting components as required or desired.
	Budget	A budget equal to 15% of the estimated total cost is provided for significant expenditures every 20 years.
Potential Deterioration	Includes impact damage, electrical component failure, and water damage. Contributing factors include physical damage, power surges, usage, and damage from environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure. Fixtures may also be replaced due to functional obsolescence or for aesthetic reasons.	
Suggested Maintenance	Regular visual inspection of the fixtures for damage. Regular replacement of bulbs as required. Limit on/off cycles.	

Component 46		Mailboxes

Description	This component accounts for the mailboxes.	
	Quantity	104 Mailboxes
	Current Job Cost	$5,193
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years (Budget Provision)
	Effective Age	15 years
	Remaining Lifespan	15 years
Funding Analysis	**Work**	Remove and replace the failed mailboxes.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 30 years.
Potential Deterioration	Includes impact damage and corrosion. Contributing factors include physical damage, wear-and-tear, and environmental factors such as temperature changes and humidity.	
Suggested Maintenance	Regular inspection of the mailboxes for deterioration and vandalism. Clean and repair as required.	

Component 47		Bicycle Storage

Description	This component accounts for the bicycle racks.	
	Quantity	124 Bikes
	Current Job Cost	$5,199
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	20 years (Budget Provision)
	Effective Age	10 years
	Remaining Lifespan	10 years
Funding Analysis	**Work**	Remove and replace the failing bicycle racks.
	Budget	A budget equal to 50% of the estimated total cost is provided for significant expenditures every 20 years.
Potential Deterioration	Includes impact damage, loosening of fasteners, and corrosion. Contributing factors include physical damage, wear-and-tear, and environmental factors such as temperature changes and humidity.	
Suggested Maintenance	Regular inspection of the bicycle racks for deterioration. Tighten fasteners, clean, and repair as required.	

Component 48		Landscaping

Description	This component accounts for the common-element landscaping. This excludes any routine maintenance that is covered by the operating fund.	
	Quantity	1 Allowace
	Current Job Cost	$1,559
Condition Analysis	Based on a partial visual inspection, this component appears to be in good condition. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	5 years (Budget Provision)
	Effective Age	1year
	Remaining Lifespan	4 years
Funding Analysis	**Work**	Regrade as necessary. Replace or repair dead and damaged vegetation. Top up beds. Change landscaping for aesthetic purposes.
	Budget	A budget equal to 10% of the estimated total cost is provided for significant expenditures every 5 years.
Potential Deterioration	Includes poor grading, impact damage, and wear-and-tear. Contributing factors include physical damage, subsurface shifting, debris accumulation, lack of maintenance, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of landscaping for deterioration and poor grading. Regular landscaping maintenance as required.	

Component 49		Exterior Railings - Metal

Description	This component accounts for the common-element exterior metal railings.	
	Quantity	310 LF
	Current Job Cost	$9,020
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.	
Reserve History	**Year of Acquisition**	2000
	Work Completed	None noted or reported
	Dollars Spent	N/A
Life Cycle Analysis	**Expected Lifespan**	30 years (Budget Provision)
	Effective Age	15 years
	Remaining Lifespan	15 years
Funding Analysis	**Work**	Remove and replace railing as required or desired.
	Budget	A budget equal to 25% of the estimated total cost is provided for significant expenditures every 30 years.
Potential Deterioration	Includes impact damage, breakage, corrosion, wear-and-tear, and leaning. Contributing factors include physical damage, subsurface shifting, debris accumulation, lack of maintenance, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.	
Suggested Maintenance	Regular visual inspection of railing for deterioration. Clean and repair as required.	

Appendix F—Construction Cost Inflation

We use a Construction Cost Inflation rate to forecast future replacement costs for the subject property. This rate is developed using a blended rate from Statistics Canada and Marshall & Swift / Boeckh (MSB) data. The Statistics Canada data predict a localized rate based on the building’s usage, while the MSB data predicts a localized rate based on the materials used to construct the building. We use the average of the two in our funding models.

Statistics Canada

These data come from two tables: The Price Indexes of Apartment and Non-Residential Building Construction Table (PIANRBC) and The Building Construction Price Indexes Table (BCPI). The former was discontinued in 2017 and replaced with the latter.

The BCPI divides its residential data into high-rise apartment buildings, low-rise apartment buildings, single-detached houses, and townhouses. The only residential data that PIANRBC has is lumped into one category called Apartments.

The indexes relate to both general and trade contractors’ work and exclude the cost of land, land assembly, design, development, and real estate fees.

Ideally, we would have enough data to use the BCPI on its own; however, we must the PIANRBC data to fill in the missing data from 1992 to 2017. Data prior to 1992 were not used due to the significant change in inflation policy in 1992, as outlined in Appendix H.

We obtained data on the price indexes of Low-Rises construction in Vancouver from 2017 to 2019. We calculated the average annual increase in construction inflation since 1992 and use this as our long-term construction inflation rate in this report.

The average expected annual rate of Low-Rises Construction Cost Inflation in Vancouver for the next 30 years is 3.25%.

Marshall & Swift / Boeckh (MSB)

These data come from quarterly Time-Location Multipliers for principal Canadian cities. These multipliers express how the construction costs of specific types of buildings have changed over time in specific cities.

Each building has its own unique combination of basic costs. MSB uses 83 basic types of costs necessary to build workable weighted schedules, comprising 19 building trades and 64 material types.

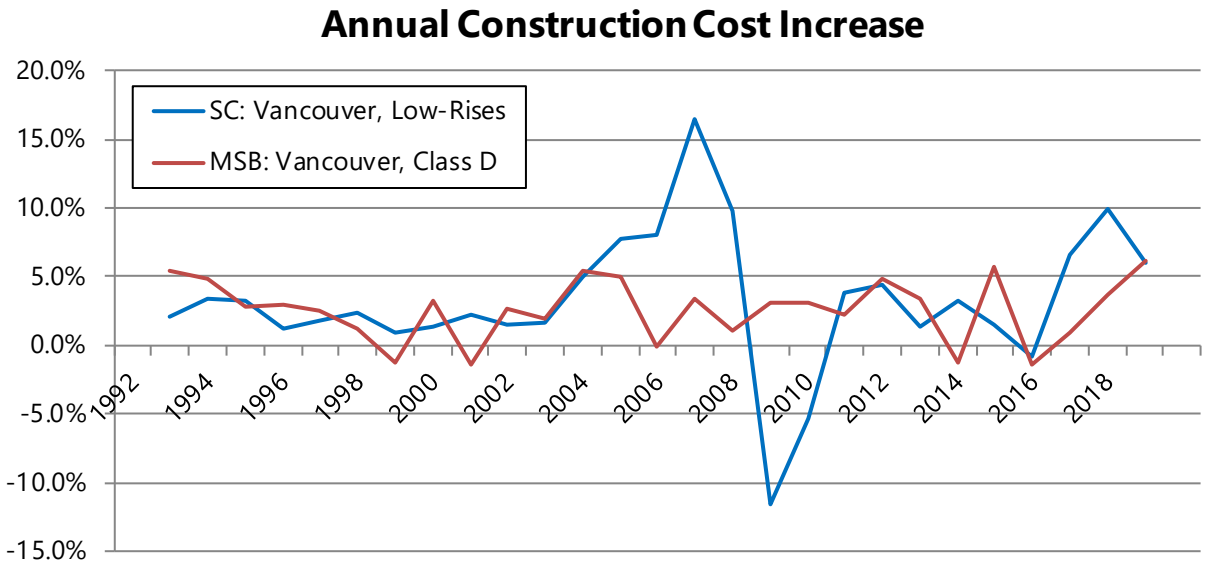
The subject property is classified as a Class D building. We obtained comparative cost multipliers for those buildings in Vancouver from 1992 to 2019. The following table describes Class D buildings.

Class	Frame	Floor	Roof	Walls
D	Wood or steel studs in bearing wall, full or partial open wood or steel frame, primarily combustible construction.	Wood or steel floor joists or concrete slab on grade.	Wood or steel joists with wood or steel deck. Concrete plank.	Almost any material except bearing or curtain walls of solid masonry or concrete. Generally combustible construction.

The average expected annual rate of Construction Cost Inflation for Class D buildings in Vancouver, BC for the next 30 years is 2.57%.

Conclusion

The following graph illustrates the annual construction cost change from both the Statistics Canada and MSB data.



The following table summarizes our adjusted values for average annual construction cost increases for the next 30 years.

Predicted Long-Term Construction Inflation	
Statistics Canada	3.25%
MSB	2.57%
Average	**2.9%**

We have rounded this average to the nearest 0.1% to highlight the uncertainty in long-term economic forecasting. We have adopted a rate of 2.9% for annual construction inflation in calculating the future replacement costs.

Appendix G—Interest Rates

We are not financial planners and cannot advise you how to best invest your money; it is strongly recommended that you consult an investment professional. Long-term economic forecasting is imprecise at best.

Reserve fund investments must be directly or indirectly guaranteed by governments; strata corporations must invest in qualified low-risk investments. They often invest in Guaranteed Investment Certificates (GICs), so that is where we focus our study. We are specifically looking at flexible GICs, which allow the investor to withdraw some or all their funds before the maturity date at no penalty; they typically offer modest returns and maximum flexibility. We have conducted a historical study of a sample of cashable GICs with the goal of projecting their average expected return over the next 30 years.

The ideal method of determining a likely rate of return on a strata corporation’s investments is to review at least thirty years of performance of the corporation’s investments, provided that the investments have been prudently invested. In the likely absence of such data, the reserve fund planner must select a rate which can take into consideration factors such as management policies, historical investment returns, current market trends, and long-term expected rates.

We obtained historical Bank of Canada GIC interest rates with 1-, 3-, and 5-year terms since 1983. These GICs are presumably “fixed-rate,” meaning that you cannot withdraw your money until the end of the investment term, without the loss of the accrued interest.

We also obtained historical interest rates on three various one-year flexible GICs, where you can withdraw your money whenever you want and still earn some interest up to that point. Ideally, we would have liked to look at more GICs than this. However, these were the only rates we could find in Canada that have existed and have kept records since before the year 2000. For example, TD Bank’s one-year cashable GIC only has data going to mid-2011 but seems to track closely with RBC’s rates. Tangerine has data for a one-year non-flexible GIC going back to 2007, although their rates are consistently higher than any others we have seen.

The flexible GICs that we use are listed below. All have a $1,000 minimum investment.

- Coast Capital Savings (CCS) 1-year redeemable GIC
  - Redeemable any time with full accrued interest after 30 days
- Royal Bank of Canada (RBC) 1-year cashable GIC
  - Redeemable anytime with full interest after 30 days
- Royal Bank of Canada (RBC) 1-year redeemable GIC
  - Reduced rate if redeemed before maturity

Ideally, we would like to start our dataset from 1992 when predicting future interest rates because that was the year that Canada focused on keeping inflation around 2%, as outlined in Appendix H. That would also keep our data internally consistent. While data on the Bank of Canada’s fixed-rate GICs are available that far back, data on the flexible GICs are not, so we use the Bank of Canada’s rates to estimate what the flexible rates would have been had they existed since 1992.

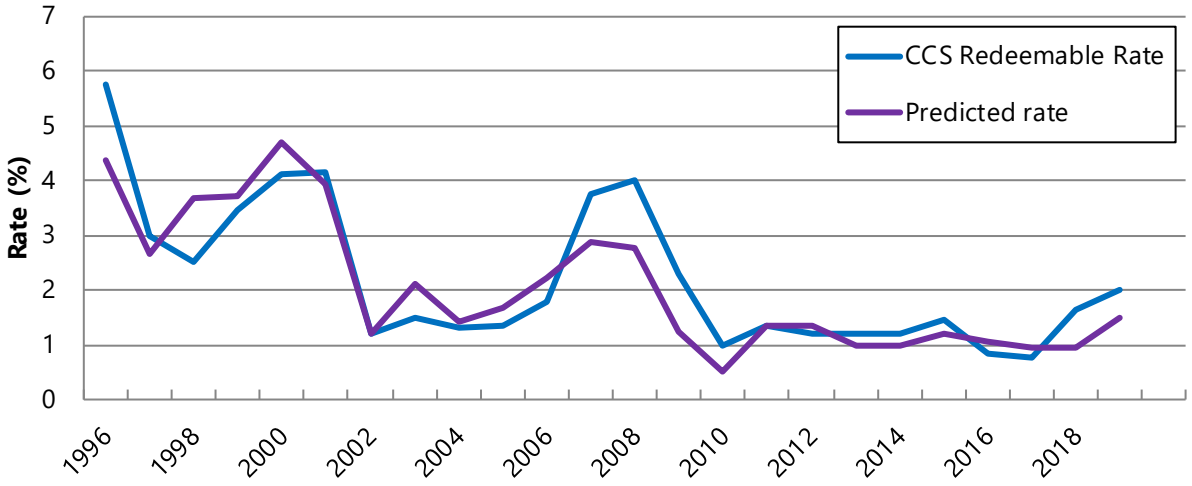
We compare each of the three flexible rates to the Bank of Canada rates to create three algorithms that use the Bank of Canada rates to predict each of the three flexible rates.

The formula for each predicted rate is determined as follows: the Bank of Canada’s three rates are multiplied by weighted factors for each year with available flexible GIC rate data and added to a constant. The weighted factors are all greater than zero and sum to one. The constant and weighted factors are determined such that the average deviation is minimized.

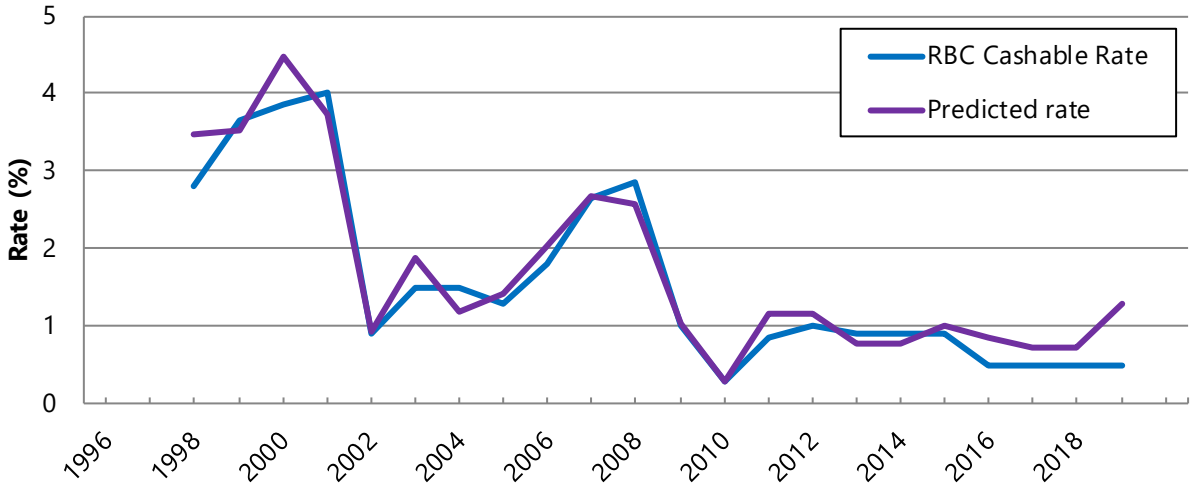
Note that while this predictive formula uses multi-year fixed-rate GIC rates, it is only predictive of the flexible one-year GIC that it is matching.

The following charts illustrate the strength of the predicted rate for each flexible GIC; this predictive formula is later applied to the Bank of Canada’s posted rates to fill in the missing data back to 1992.

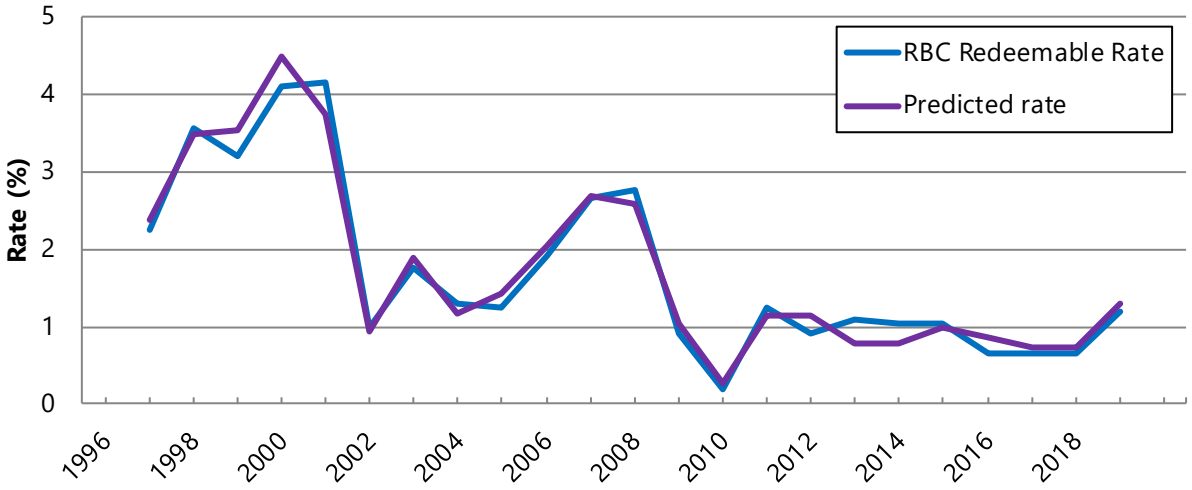
Strength of the CCS Predicted Rate



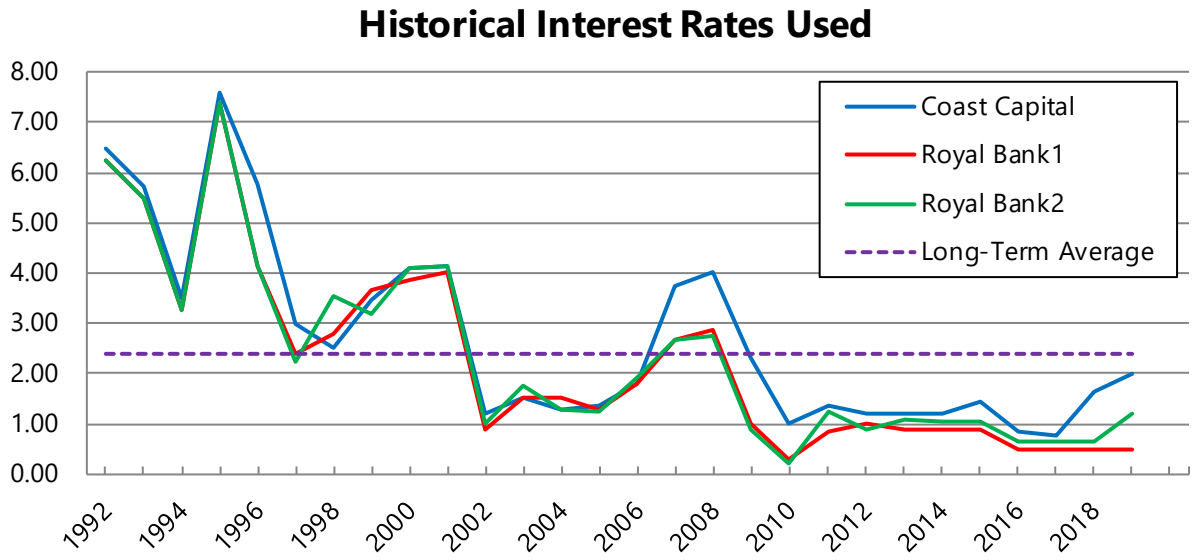
Strength of the RBC Cashable Predicted Rate



Strength of the RBC Redeemable Predicted Rate



The following graph illustrates each of the flexible GICs together. Predictive data are used where there are no actual data. The chart also shows the long-term average rate, using all three rates in the calculation.



These rates are clearly volatile. While any predicted rate will almost certainly be wrong from year to year, our long-term average rate has value. It represents our best guess at long-term flexible GIC rates; in other words, we find it as likely that the actual average flexible GIC rate over the next 30 years will be lower than this rate as it will be higher.

The following chart numerically illustrates our calculated Long-Term Average Flexible GIC rate.

Predicted Long-Term Flexible GIC Rates	
CCS	2.72%
RBC Cashable	2.27%
RBC Redeemable	2.36%
Average	**2.4%**

We have selected a **conservative 2.4%** interest rate in calculating the future investment performance of the strata corporation’s reserve fund. This rate has been rounded and is intentionally nonspecific to highlight the uncertainty in long-term economic forecasting. It is conservative because it assumes that strata councils need extremely high levels of flexibility in their investments, and because it averages the rates from available banks rather than choosing the highest.

The entire balance of the reserve fund does not need to always be available. Therefore, it is likely that the interest rates the reserve fund planner can obtain will be higher than the one-year cashable GIC rates. Prudent reserve fund investing requires that investments are reasonably matched with anticipated reserve fund expenditures, ensuring reserve fund liquidity. Therefore, funds should often be invested in a laddered portfolio which ensures that reserve funds are available when needed.

Some management companies will direct all their business to one financial institution to negotiate favourable interest rates for all their clients. This approach may benefit smaller corporations and is an important consideration when selecting an appropriate interest rate.

The benchmark calculations and the reserve fund projections assume that reserve fund contributions are constantly and continuously invested. However, it also assumes that all expenditures occur at the beginning of the year and reserve fund deposits occur at the end of the year. This contributes to the conservative nature of the calculated interest rate.

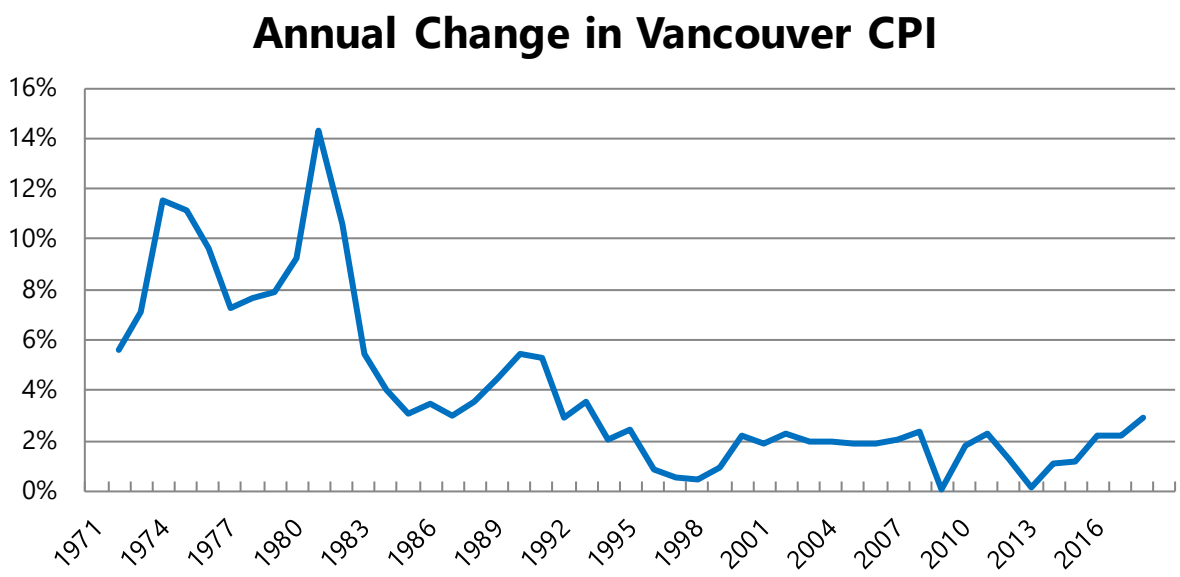
NOTE: We suggest a review of the long-term interest rate on every update.

Appendix H—Consumer Price Index (CPI) Inflation

We use a Consumer Price Index (CPI) Inflation rate to aid in recommending fair contributions. For a detailed explanation of its use in this report please refer to Appendix I.

We have selected data from Statistics Canada for Vancouver, which is the most fitting region that has available localized inflation data. Data are available from 1971 to 2018; however, inflation data collected prior to 1992 are likely poor predictors of future inflation. In 1991 the Government of Canada and the Bank of Canada set a goal to reduce national inflation from about 5% to 2% by 1995. Although national inflation climbed close to 7% in 1991, it dropped to 1.6% in 1992 because of government intervention. Since then, the goal has been to keep national inflation between 1% and 3% with an average of 2%. To reflect this important change in inflation policy, we have elected to limit our analysis to CPI data since 1992.

The following graph illustrates how inflation in Vancouver has changed since 1971.



The average expected annual rate of CPI increase in Vancouver, BC for the next 30 years is 1.8%.

The rate is rounded to highlight the imprecise nature of economic forecasting.

Appendix I—Funding Future Components

Funding Principles

An appropriate funding model requires a payment schedule that is both equitable and practical. Ideally, everyone would pay for each component as they use it: when you buy into a strata you would pay your share of the cost of the land and the non-reserve components, and then you would constantly pay small amounts towards reserve components every day as you enjoy their benefits. This would lower the price of the property both upon purchase and upon sale. While this is arguably the most equitable solution for owners, the developer is not going to accept a lower price and it is obviously impractical to the point of impossible.

Another equitable solution is to pay for the current value of the reserve components while funding repairs and replacements as they occur: when you buy into a strata you pay your share of the cost of the land, non-reserve components, and all reserve components; when you sell, you get a price that includes the new value of the components. Over time each component’s value decreases, although it increases when you fund a new repair or replacement. This is, in its simplest form, what tends to occur without government legislation. It is also impractical because every time a component needs even the most minor repair or replacement it causes a special assessment.

We have conducted this report on the funding principal that current owners must save for future repairs and replacements, because component expenditures must be reserved for before they occur. This means that even though buyers pay for the value of existing components while also saving for future components, they are returned the value of the future components as they use them or when they sell the property. When they buy, they technically also purchase a portion of the reserve fund—the money in that fund will offset the cost of the current reserve components.

Owners do not save for component repairs or replacements that occur after a building’s End of Life date; this reduces the strata’s annual reserve fund contributions and eventually eliminates the reserve fund balance entirely. While owners are not compensated for the value of future components at the end of a building’s life, neither have they paid for those components. This funding model fosters equitable sale prices, incentivizes owners to properly maintain the property, and creates a stable payment schedule.

Given the level of uncertainty in economic forecasting, even reserve funds with ideal balances and ideal contributions will not be perfectly equitable. Earlier owners bear too much of the cost when repairs are cheaper or later than expected and when interest rates or CPI inflation is higher than expected. Our benchmark model features rates, timelines, and costs that we feel distribute equal risk of overpaying to earlier owners and later owners.

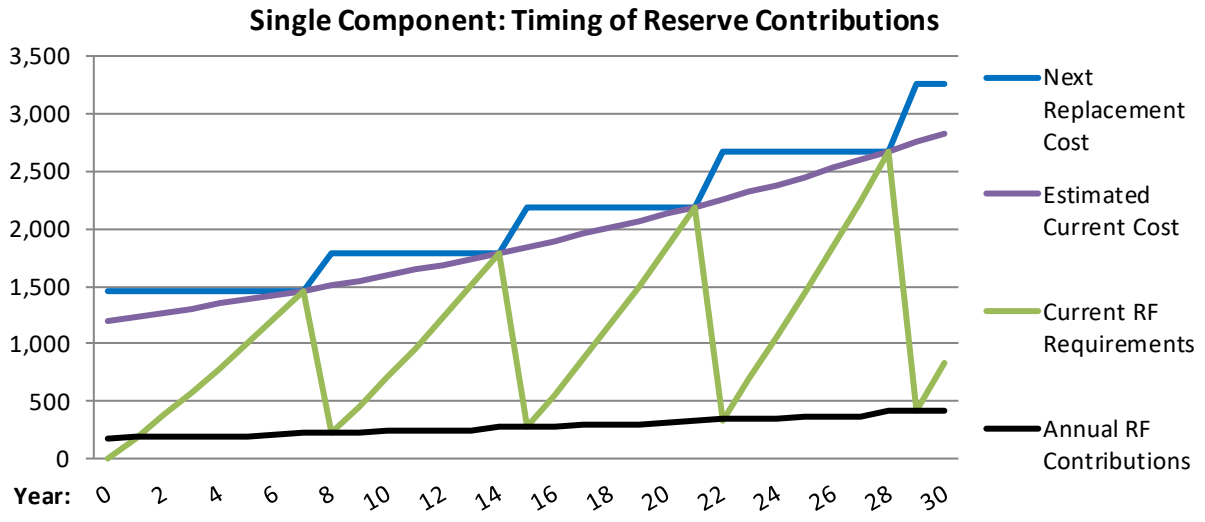
At any given time, current owners should be saving towards each component’s next replacement rather than towards all its replacements during the life of the building, or worse, towards those expenditures that happen to fall in an arbitrary time period. This protects against price

fluctuations and, in the likely case where construction inflation differs from CPI inflation, ensures a more equitable payment schedule. Also, component quality tends to upgrade over time; it is not equitable for current owners to pay for higher quality future components that they will never use and never be compensated for when they sell.

Funding with No Reserve Fund Deficiency (Benchmark Model)

Creating an ideal funding plan for buildings with no existing deficiency is relatively straight-forward. We determine the average lifespan of each component, its effective age, and its estimated current replacement cost—how much it would cost to replace the component if it were done today. We create a replacement schedule, increasing the current replacement cost by the construction inflation rate every year to determine how much it will cost in future years to replace each component. To ensure that we have this amount in the Reserve Fund when we need it, we suggest saving an amount that, when increased each year by forecasted inflation and when combined with interest, exactly equals the estimated future cost of the replacement.

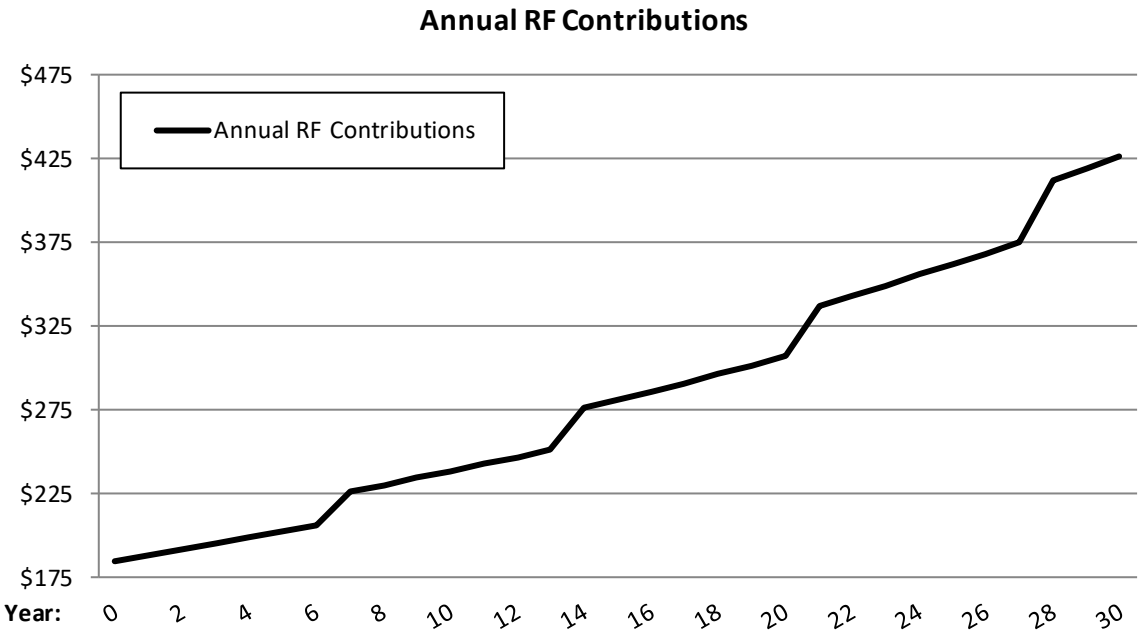
The graph below illustrates this with a hypothetical component that has an expected lifespan of seven years, an effective age of zero years, and an Estimated Current Cost of $1,200. The Estimated Current Cost increases by construction inflation (2.9%) every year. The Next Replacement Cost is equal to the Estimated Current Cost every seven years, during the years of replacement. The Current RF Requirements is a running total of the Annual RF Contributions plus interest on the previous year’s Current RF Requirements. The Annual RF Contributions are determined such that they increase with inflation every year, and when saved over the life of the component and combined with interest exactly equal the replacement cost in the years that the component is replaced.



This graph is explained numerically in the table below. Note that interest (2.4%) is calculated conservatively: annual contributions are assumed to occur at the end of the year, earning no interest in the year that they are made, and all replacements are assumed to occur at the beginning of the year, eliminating interest income in replacement years.

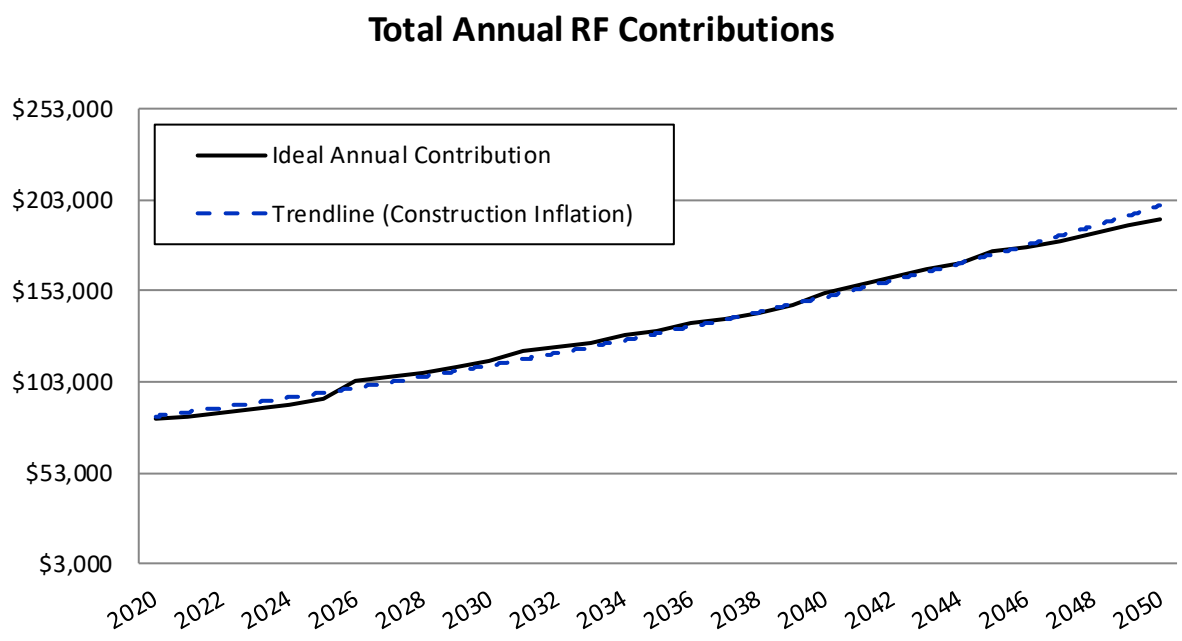
Year	Estimated Current Cost	Next Replacement Cost	Opening Balance Requirement	Annual RF Contributions	Interest	Closing Balance
0	1,200	1,466	0	185	0	185
1	1,235	1,466	185	188	4	377
2	1,271	1,466	377	192	9	578
3	1,307	1,466	578	195	14	787
4	1,345	1,466	787	199	19	1,004
5	1,384	1,466	1,004	202	24	1,231
6	1,425	1,466	1,231	206	30	1,466
7	1,466	1,466	1,466	226	0	226
8	1,508	1,791	226	230	5	461
9	1,552	1,791	461	234	11	706
10	1,597	1,791	706	238	17	961
11	1,643	1,791	961	243	23	1,227
12	1,691	1,791	1,227	247	29	1,503
13	1,740	1,791	1,503	251	36	1,791
14	1,791	1,791	1,791	276	0	276
15	1,843	2,187	276	281	7	563
16	1,896	2,187	563	286	14	863
17	1,951	2,187	863	291	21	1,174
18	2,008	2,187	1,174	296	28	1,499
19	2,066	2,187	1,499	302	36	1,836
20	2,126	2,187	1,836	307	44	2,187
21	2,187	2,187	2,187	337	0	337
22	2,251	2,672	337	343	8	688
23	2,316	2,672	688	349	17	1,054
24	2,383	2,672	1,054	355	25	1,434
25	2,452	2,672	1,434	362	34	1,831
26	2,523	2,672	1,831	368	44	2,243
27	2,597	2,672	2,243	375	54	2,672
28	2,672	2,672	2,672	412	0	412
29	2,749	3,264	412	419	10	840
30	2,829	3,264	840	427	20	1,287

The graph on the following page shows a closer look at the Annual RF Contributions. Note that each year’s payment increases by CPI’s inflation rate (1.8%), though there is a larger increase after each component replacement. Taken on average, the annual payments increase with construction inflation. Each year’s owners equitably save for the component’s next replacement cost in this model.



Adding the Annual RF Contributions from every component gives us the total amount that should be saved each year. Saving less than this amount causes or increases a reserve fund deficiency; saving more than this amount reduces an existing deficiency or causes a reserve fund surplus (ignoring extra or forgone interest).

The graph below illustrates how the summed total of all components’ Annual RF Contributions can change every year, using this property as an example. The payments change sporadically from year to year when construction inflation differs from total inflation, though the payments increase with construction inflation on average when the strata is saving for the replacement of all components in any given year. In a year where a component’s next replacement date is after the end of the building’s life (or in the case of a non-repeating cost), that component requires no additional funding and the total required annual contribution may be less than the previous year’s required contribution.



Funding an Existing Reserve Fund Deficiency

When a strata corporation has historically under-contributed to their Reserve Fund, they are left with a Reserve Fund Deficiency that can often be very large. This deficiency must always be funded by the end of the building’s economic life. Common ways to make up the deficiency include special assessments, reserve fund contributions that exceed regularly required amounts, above-average maintenance (which increases components’ lives), below-average quality standards, and shrewd contracting (which lowers replacement costs). This study focuses specifically on special assessments and reserve fund contributions; management practices will dictate the success of other deficiency-funding options.

Funding models must be both equitable and practical; equity refers to how much of the deficiency is funded in each future year, while practicality refers to the likelihood that the funding plan is followed. As mentioned earlier, the reserve fund deficiency only decreases in years where more money is contributed than what is required under a model with no deficiency, plus the additional interest that a fully funded model would have earned due to its higher closing balance. This can come from regular annual contributions, one-time transfers, and special assessments.

Our Minimum Funding Model (Appendix J) illustrates what will happen if the strata corporation makes no funding changes other than increasing the contributions by CPI inflation while meeting legislative requirements. Adequate Funding (Recommended model, Section 5) balances equity and practicality by providing a funding model with few or no special assessments, depending on the property’s upcoming expenditures. Full Funding (Appendix J) puts more emphasis on

eliminating the existing reserve fund deficiency within 30 years while incurring no special assessments, if feasible, with less concern for the practicality of the funding model.

We take several factors into consideration when creating financial plans to fund a historical deficiency. While it may seem equitable to make next year’s contributions at least as high as they would be under a no-deficiency model, this can often necessitate increasing the Reserve Fund Budget by a prohibitively large factor. Our models propose funding options that balance the need for large payment increases with the need for advanced notice about large payment increases. We also attempt to reduce the annual payments by spreading the deficiency’s repayment over as many years as possible, given the life of the building; however, this strategy can lead to a greater risk of special assessments. We balance the need for lower annual payments with the need for stable payment schedules.

We recommend updating this report either after a significant change to the component information and funding schedule or after three years, whichever comes first. We recommend following the Adequate Funding Model for the next three years, provided there are no significant unexpected expenditures or contributions.

Appendix J—Alternate Funding Models

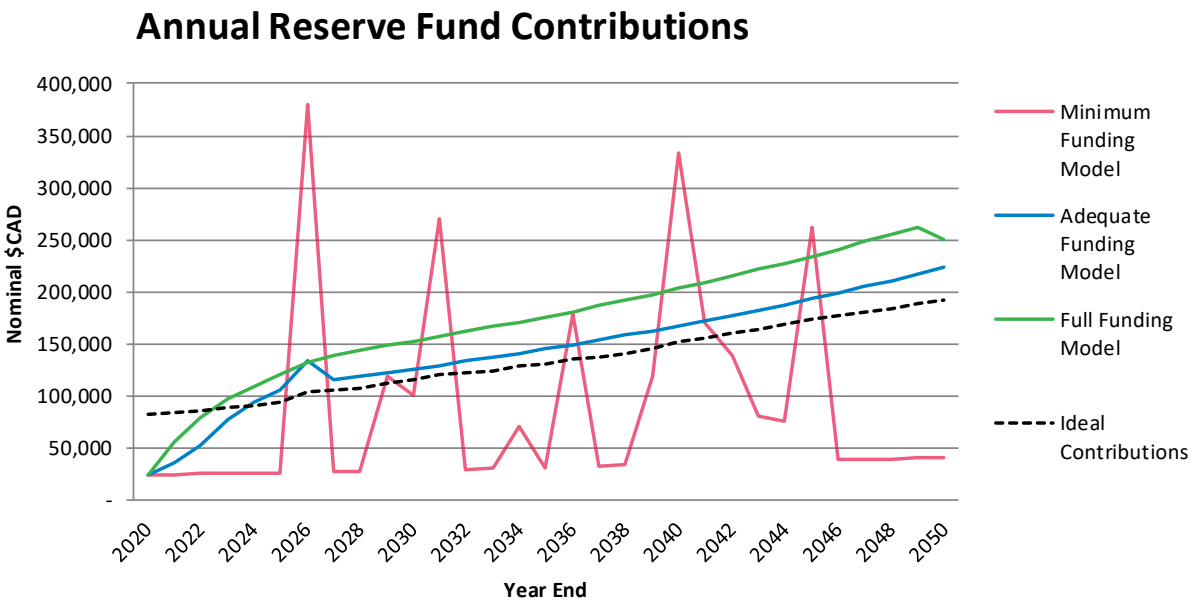
Three Funding models are proposed in this report and have been named as follows: Minimum Funding, Adequate Funding, and Full Funding. Adequate Funding is our recommended model and can be found in Section 5 of this report; Minimum and Full Funding are in this appendix. Each model outlines a different way of funding the upcoming reserve expenditures.

The Minimum Funding Model follows the greater of either the minimum legislated requirements or the current funding contributions with increases following CPI inflation projections. It often relies heavily on special assessments.

The Adequate Funding Model balances equity and practicality but may still result in a risk of special assessments. It is developed in partnership with the strata’s representatives.

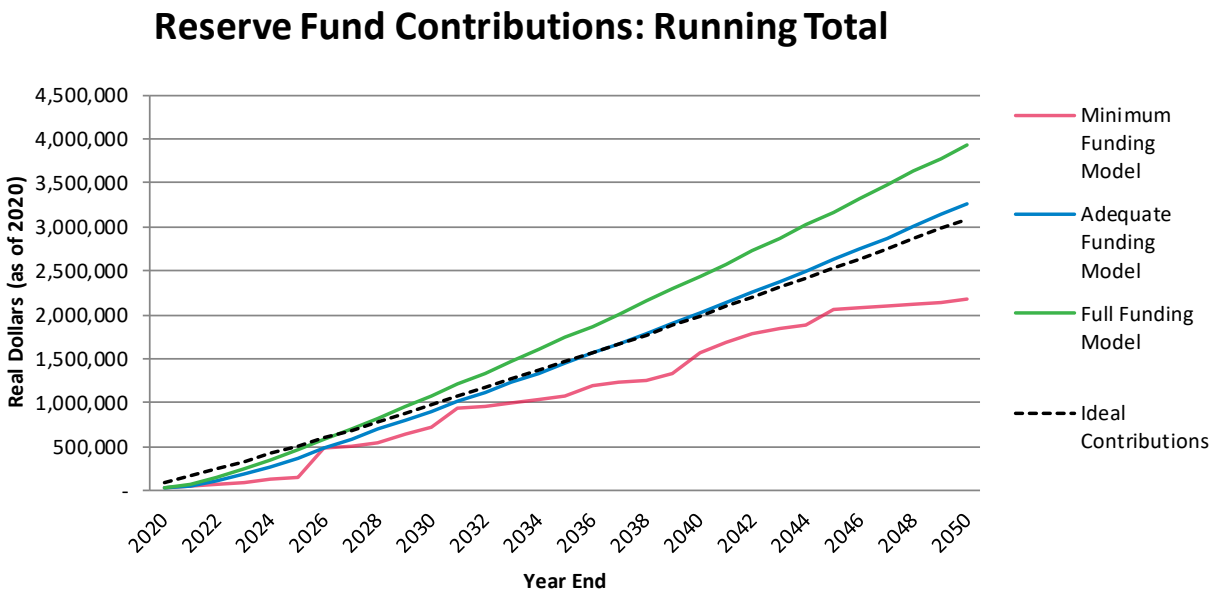
The Full Funding Model favours equitable payments in a risk-averse manner, with the goal of attaining eventual full funding and minimizing the risk of special assessments.

The following graph shows the proposed annual contributions of all three funding models (regular contributions and special assessments combined) over the 30-year projection period:



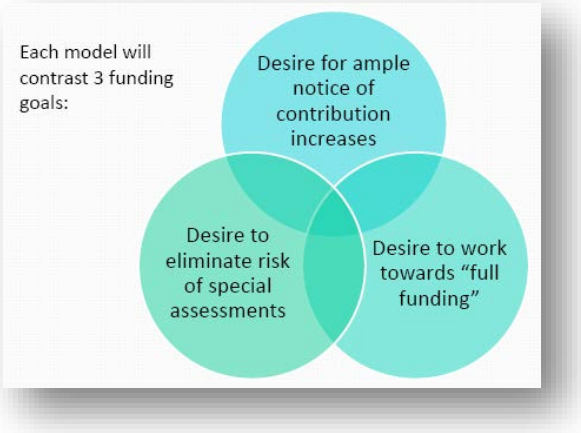
Ignoring interest, each funding model contributes the exact same amount over the life of the building (although it has been our experience that buildings with less money in their reserve fund often make decisions to repair or replace their components in such a way as to pay more in the long-term). Due to foregone interest, however, the model that has the greatest deficiency for the longest time (the Minimum Funding Model) will pay the most by the end of the building’s life.

The following graph shows a running total of strata reserve contributions in nominal dollars. Note that although the Minimum Funding Model can show the lowest total expenditure in any given year, it will pay the most by the end of the building's life due to foregone interest.



Each of the funding model options address the requirement to fund future reserve component repairs/replacements, with the emphasis balanced between the following 3 factors:

1. The desire to provide ample notice to owners with regards to annual reserve fund contribution increases;
2. The desire to provide funding that avoids or eliminates the likelihood of future special assessments;
3. The desire to equitably balance the burden of future funding, including any accrued deficiency which must eventually be eliminated, between future owners in the short, medium, and long term.



The **"Minimum Funding Model"** follows minimum of 25% of the annual operating budget. Where the current funding exceeds these bare minimum requirements, this model will follow the current reserve funding contributions, increasing with CPI inflation. Minimum legislated funding has often been the approach adopted by many corporations in BC prior to the depreciation report requirements. Following this model places all the emphasis on factor 1 (desire for ample notice of contribution increases), with no consideration for factor 2 or 3 (desire to eliminate risk of

special assessments and to work towards full funding). Further, this model typically has a very high risk of special assessments in the future—this is a common symptom of minimum funding. Additionally, the increasing reserve fund deficiency will need to be paid back (typically through special assessments). It is important to remember that there can be no reserve fund deficiency by the end of building life, therefore steps towards reducing the deficiency should occur far in advance of end of life.

The **"Adequate Funding Model"** attempts to balance all 3 factors, giving consideration for adequate notice of significant contribution increases, limiting the risk of substantial special assessments where possible, and addressing the reserve fund deficiency in an equitable manner so as not to unfairly burden the near-term future owners with an inordinate share of the accrued deficiency repayment. Over time, as actual replacements occur sooner or later than proposed and costs are greater or less than proposed, the adequate funding model will need updating (at the legislated three-year intervals). As the intent of this model is to provide for adequate funds in any given year to meet the financial obligations of that particular year, this updated information will require the adequate funding contributions to be adjusted from time to time.

The **"Full Funding Model"** focuses primarily on factors 2 and 3, which minimizes the likelihood of special assessments and reaches full funding by the end of the 30-year projection, but usually does not address factor 1 (desire for ample notice of contribution increases) effectively. It can often recommend fees that are prohibitively high. This funding model will typically see the most drastic short-term increases in annual reserve contributions to avoid significant special assessments and eliminate the built-up reserve fund deficiency over time. One drawback of this model is that it risks over-funding if the projections are found to overstate the actual replacement costs, if the actual replacement dates occur later than the proposed dates in the 30-year projection, or both. This can place an unfair financial burden on future owners in certain years, although this is only likely to become apparent once the projection period has run its course.

The following pages contain a 30-Year Reserve Fund Projection and both a nominal and real dollar Cash Flow Table for both the Minimum and the Full Funding Models. For a breakdown of expenditures by component, please refer to Section 5.2.

Reserve Fund Projection—Minimum Funding Model

Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

Cashflow	Sep 2019–Aug 2020	Sep 2020–Aug 2021	Sep 2021–Aug 2022	Sep 2022–Aug 2023	Sep 2023–Aug 2024	Sep 2024–Aug 2025	Sep 2025–Aug 2026	Sep 2026–Aug 2027	Sep 2027–Aug 2028	Sep 2028–Aug 2029	Sep 2029–Aug 2030	Sep 2030–Aug 2031	Sep 2031–Aug 2032	Sep 2032–Aug 2033	Sep 2033–Aug 2034	Sep 2034–Aug 2035
Opening Balance	**437,100**	**471,600**	**507,400**	**544,400**	**451,000**	**483,400**	**376,500**	**-**	**-**	**27,700**	**-**	**-**	**-**	**24,400**	**51,500**	**-**
Reserve Fund Income																
Recommended Annual Contribution	24,000	24,500	24,900	25,400	25,800	26,300	26,700	27,200	27,700	28,200	28,700	29,200	29,800	30,300	30,800	31,400
Special Assessment							**353,200**	**200**		**90,300**	**71,600**	**240,900**			**39,600**	
Transfer From Operating																
Other Income																
Interest Income	10,500	11,300	12,200	10,000	10,700	8,200	-	-	-	-	-	-	-	500	-	-
Total Cash Resources	**471,600**	**507,400**	**544,400**	**579,800**	**487,500**	**517,900**	**756,500**	**27,500**	**27,700**	**146,300**	**100,300**	**270,100**	**29,800**	**55,200**	**122,000**	**31,400**
Reserve Fund Expenditures																
Total Expenditures	**-**	**-**	**-**	**128,800**	**4,200**	**141,300**	**756,500**	**27,500**	**-**	**146,300**	**100,300**	**270,100**	**5,400**	**3,600**	**122,000**	**24,400**
Closing Balance	**471,600**	**507,400**	**544,400**	**451,000**	**483,400**	**376,500**	**-**	**-**	**27,700**	**-**	**-**	**-**	**24,400**	**51,500**	**-**	**7,000**
Deficiency Analysis																
Ideal Annual Contribution	82,500	84,000	85,500	88,500	90,100	93,400	103,900	106,000	107,900	111,600	114,800	120,000	122,200	124,500	128,100	130,700
Ideal Closing Balance	1,277,900	1,392,500	1,511,400	1,504,300	1,626,300	1,613,900	981,800	1,083,300	1,217,300	1,208,300	1,249,300	1,122,700	1,266,400	1,417,600	1,454,800	1,595,500
Reserve Fund Deficiency (Surplus)	**806,300**	**885,100**	**967,000**	**1,053,300**	**1,142,900**	**1,237,400**	**981,800**	**1,083,300**	**1,189,600**	**1,208,300**	**1,249,300**	**1,122,700**	**1,242,000**	**1,366,000**	**1,454,800**	**1,588,500**
Actual/Ideal Contributions	**29%**	**29%**	**29%**	**29%**	**29%**	**28%**	**26%**	**26%**	**26%**	**25%**	**25%**	**24%**	**24%**	**24%**	**24%**	**24%**
DCQ Score	**23.4**	**24.7**	**26.1**	**29.8**	**31.3**	**35.9**	**2.6**	**39.5**	**42.9**	**10.2**	**12.5**	**4.2**	**41.7**	**44.4**	**20.7**	**50.6**

All values in $CAD, rounded to the nearest hundred

Minimum Funding Model, Continued

Chez Victoria

Cashflow	Sep 2035–Aug 2036	Sep 2036–Aug 2037	Sep 2037–Aug 2038	Sep 2038–Aug 2039	Sep 2039–Aug 2040	Sep 2040–Aug 2041	Sep 2041–Aug 2042	Sep 2042–Aug 2043	Sep 2043–Aug 2044	Sep 2044–Aug 2045	Sep 2045–Aug 2046	Sep 2046–Aug 2047	Sep 2047–Aug 2048	Sep 2048–Aug 2049	Sep 2049–Aug 2050
Opening Balance	**7,000**	**-**	**25,100**	**58,900**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,200**	**68,800**	**105,200**	**39,000**
Reserve Fund Income															
Recommended Annual Contribution	32,000	32,500	33,100	33,700	34,300	34,900	35,600	36,200	36,900	37,500	38,200	38,900	39,600	40,300	41,000
Special Assessment	**147,000**			**84,600**	**299,100**	**136,000**	**103,700**	**44,100**	**37,900**	**224,700**					
Transfer From Operating															
Other Income															
Interest Income	-	-	600	-	-	-	-	-	-	-	-	700	1,500	-	600
Total Cash Resources	**186,000**	**32,500**	**58,900**	**177,200**	**333,400**	**171,000**	**139,300**	**80,400**	**74,800**	**262,300**	**38,200**	**77,800**	**109,900**	**145,500**	**80,700**
Reserve Fund Expenditures															
Total Expenditures	**186,000**	**7,400**	**-**	**177,200**	**333,400**	**171,000**	**139,300**	**80,400**	**74,800**	**262,300**	**-**	**9,000**	**4,800**	**106,400**	**12,300**
Closing Balance	**-**	**25,100**	**58,900**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,200**	**68,800**	**105,200**	**39,000**	**68,400**

Deficiency Analysis															
Ideal Annual Contribution	135,300	137,800	140,300	144,900	151,300	156,100	160,500	164,300	168,200	174,300	177,400	180,700	184,000	188,500	192,100
Ideal Closing Balance	1,578,700	1,746,800	1,929,100	1,938,800	1,795,300	1,819,400	1,880,900	2,008,100	2,147,900	2,105,200	2,333,100	2,560,600	2,801,200	2,947,900	3,198,200
Reserve Fund Deficiency (Surplus)	**1,578,700**	**1,721,700**	**1,870,200**	**1,938,800**	**1,795,300**	**1,819,400**	**1,880,900**	**2,008,100**	**2,147,900**	**2,105,200**	**2,294,900**	**2,491,800**	**2,696,000**	**2,908,900**	**3,129,800**
Actual/Ideal Contributions	**23.6%**	**23.6%**	**23.6%**	**23.3%**	**22.7%**	**22.4%**	**22.2%**	**22.0%**	**21.9%**	**21.5%**	**21.5%**	**21.5%**	**21.5%**	**21.4%**	**21.4%**
DCQ Score	**8.8**	**52.9**	**55.4**	**16.4**	**5.4**	**10.6**	**13.5**	**25.0**	**28.7**	**8.0**	**60.1**	**62.9**	**65.5**	**72.2**	**75.1**

All values in $CAD, rounded to the nearest hundred

Nominal Cash Flow—Minimum Funding

Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Assessments	Interest Income	Projected Expenditures	Closing Balance
2020	437,069	24,029	20	-	10,490	-	471,588
2021	471,588	24,462	21	-	11,318	-	507,367
2022	507,367	24,902	21	-	12,177	-	544,446
2023	544,446	25,350	21	-	9,976	128,777	450,995
2024	450,995	25,806	22	-	10,724	4,154	483,372
2025	483,372	26,271	22	-	8,209	141,341	376,510
2026	376,510	26,744	23	353,242	-	756,497	-
2027	-	27,225	23	230	-	27,455	-
2028	-	27,715	23	-	-	-	27,715
2029	27,715	28,214	24	90,344	-	146,273	-
2030	-	28,722	24	71,625	-	100,347	-
2031	-	29,239	25	240,855	-	270,094	-
2032	-	29,765	25	-	-	5,392	24,373
2033	24,373	30,301	26	-	498	3,631	51,540
2034	51,540	30,846	26	39,588	-	121,974	-
2035	-	31,402	26	-	-	24,373	7,029
2036	7,029	31,967	27	147,013	-	186,008	-
2037	-	32,542	27	-	-	7,401	25,141
2038	25,141	33,128	28	-	603	-	58,873
2039	58,873	33,724	28	84,583	-	177,179	-
2040	-	34,331	29	299,061	-	333,392	-
2041	-	34,949	29	136,043	-	170,992	-
2042	-	35,578	30	103,721	-	139,299	-
2043	-	36,219	30	44,144	-	80,363	-
2044	-	36,871	31	37,935	-	74,806	-
2045	-	37,534	32	224,737	-	262,272	-
2046	-	38,210	32	-	-	-	38,210
2047	38,210	38,898	33	-	701	9,011	68,798
2048	68,798	39,598	33	-	1,536	4,779	105,154
2049	105,154	40,311	34	-	-	106,439	39,026
2050	39,026	41,036	35	-	642	12,257	68,448

All values in $CAD

Real Dollar Cash Flow—Minimum Funding

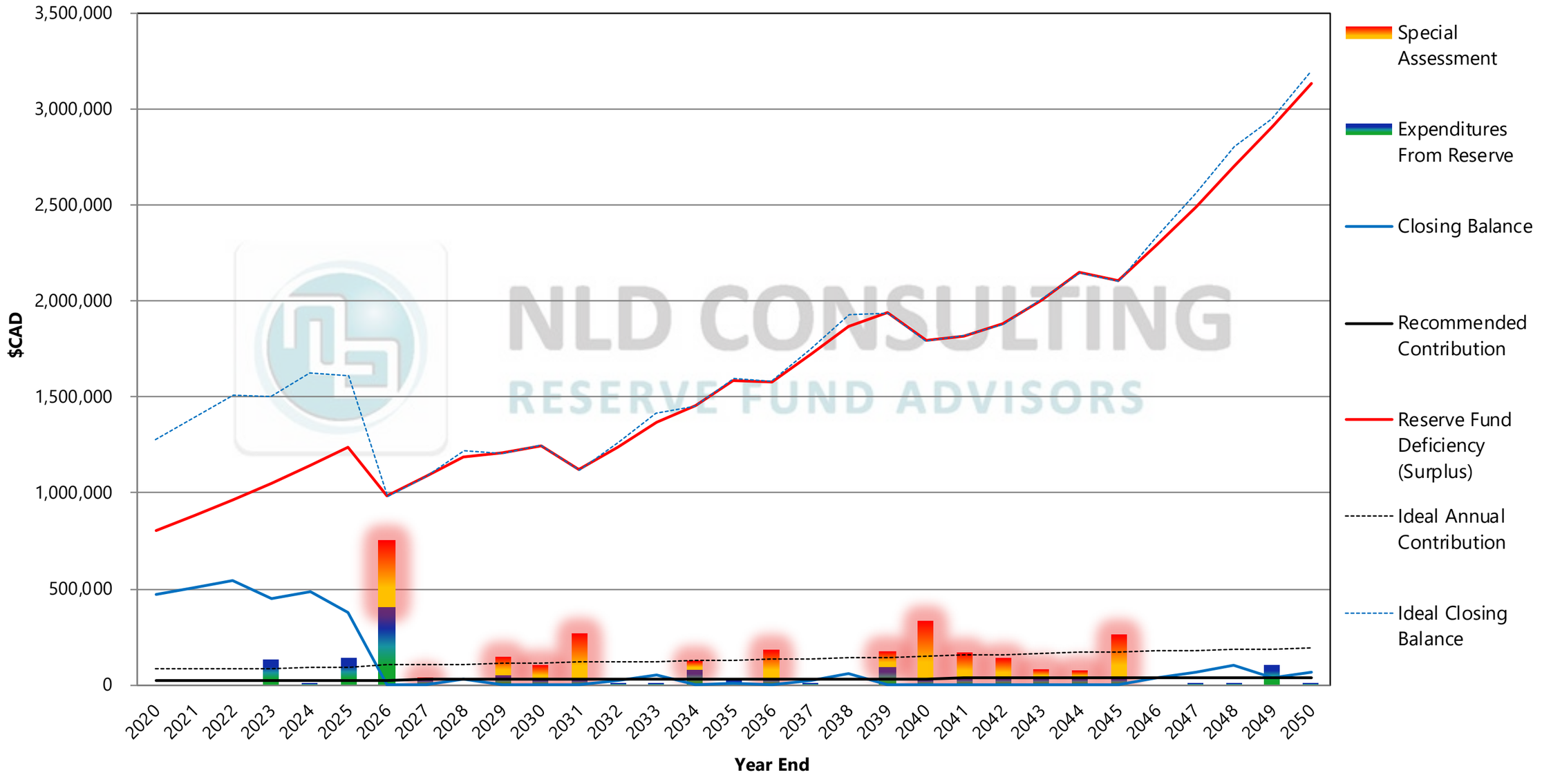
Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

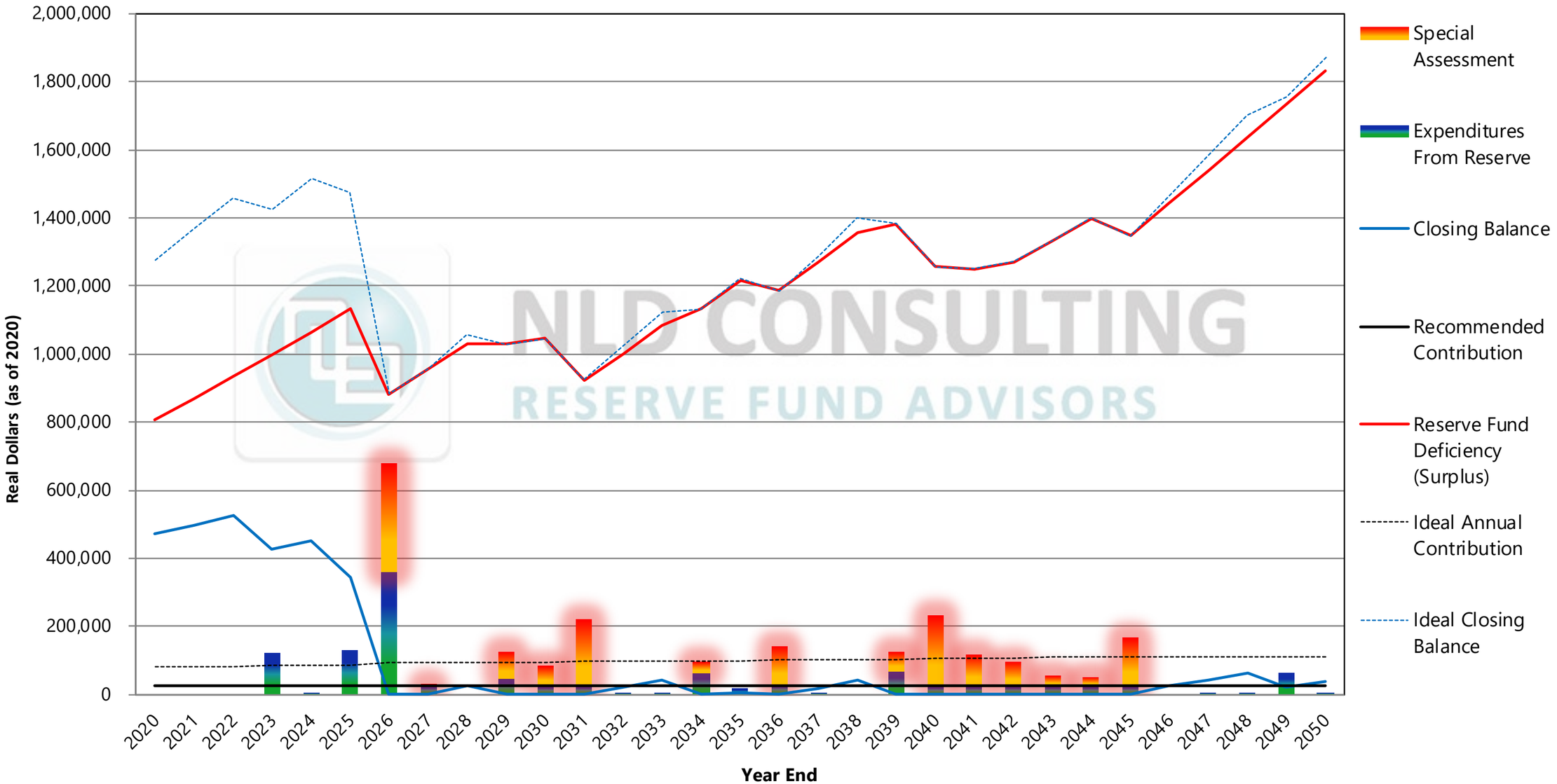
Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Assessments	Interest Income	Projected Expenditures	Closing Balance
2020	437,069	24,029	20	-	10,490	-	471,588
2021	463,249	24,029	20	-	11,118	-	498,396
2022	489,584	24,029	20	-	11,750	-	525,363
2023	516,073	24,029	20	-	9,456	122,066	427,493
2024	419,934	24,029	20	-	9,986	3,868	450,080
2025	442,122	24,029	20	-	7,508	129,279	344,380
2026	338,291	24,029	20	317,385	-	679,705	-
2027	-	24,029	20	203	-	24,232	-
2028	-	24,029	20	-	-	-	24,029
2029	23,604	24,029	20	76,943	-	124,576	-
2030	-	24,029	20	59,922	-	83,951	-
2031	-	24,029	20	197,939	-	221,968	-
2032	-	24,029	20	-	-	4,353	19,676
2033	19,328	24,029	20	-	395	2,880	40,872
2034	40,149	24,029	20	30,838	-	95,017	-
2035	-	24,029	20	-	-	18,650	5,379
2036	5,283	24,029	20	110,507	-	139,820	-
2037	-	24,029	20	-	-	5,465	18,564
2038	18,236	24,029	20	-	438	-	42,702
2039	41,947	24,029	20	60,266	-	126,242	-
2040	-	24,029	20	209,317	-	233,346	-
2041	-	24,029	20	93,534	-	117,563	-
2042	-	24,029	20	70,051	-	94,080	-
2043	-	24,029	20	29,287	-	53,316	-
2044	-	24,029	20	24,723	-	48,752	-
2045	-	24,029	20	143,874	-	167,903	-
2046	-	24,029	20	-	-	-	24,029
2047	23,604	24,029	20	-	433	5,566	42,500
2048	41,748	24,029	20	-	932	2,900	63,810
2049	62,681	24,029	20	-	-	63,447	23,263
2050	22,852	24,029	20	-	376	7,177	40,080

All values in $CAD, adjusted for CPI inflation

Minimum Funding Schedule



Minimum Funding Schedule (Real Dollars)



Reserve Fund Projection—Full Funding Model

Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

Cashflow	Sep 2019–Aug 2020	Sep 2020–Aug 2021	Sep 2021–Aug 2022	Sep 2022–Aug 2023	Sep 2023–Aug 2024	Sep 2024–Aug 2025	Sep 2025–Aug 2026	Sep 2026–Aug 2027	Sep 2027–Aug 2028	Sep 2028–Aug 2029	Sep 2029–Aug 2030	Sep 2030–Aug 2031	Sep 2031–Aug 2032	Sep 2032–Aug 2033	Sep 2033–Aug 2034	Sep 2034–Aug 2035
Opening Balance	**437,100**	**471,600**	**537,900**	**629,600**	**609,400**	**728,200**	**721,300**	**97,000**	**209,400**	**358,500**	**365,600**	**424,200**	**314,800**	**478,400**	**652,400**	**714,300**
Reserve Fund Income																
Recommended Annual Contribution	24,000	55,000	78,800	96,600	108,500	120,300	132,200	138,200	144,100	148,300	152,600	157,000	161,600	166,200	171,100	176,000
Special Assessment																
Transfer From Operating																
Other Income																
Interest Income	10,500	11,300	12,900	12,000	14,500	14,100		1,700	5,000	5,100	6,400	3,700	7,400	11,400	12,700	16,600
Total Cash Resources	**471,600**	**537,900**	**629,600**	**738,200**	**732,400**	**862,700**	**853,500**	**236,900**	**358,500**	**511,900**	**524,600**	**584,900**	**483,800**	**656,100**	**836,200**	**906,800**
Reserve Fund Expenditures																
Total Expenditures	**-**	**-**	**-**	**128,800**	**4,200**	**141,300**	**756,500**	**27,500**	**-**	**146,300**	**100,300**	**270,100**	**5,400**	**3,600**	**122,000**	**24,400**
Closing Balance	**471,600**	**537,900**	**629,600**	**609,400**	**728,200**	**721,300**	**97,000**	**209,400**	**358,500**	**365,600**	**424,200**	**314,800**	**478,400**	**652,400**	**714,300**	**882,500**
Deficiency Analysis																
Ideal Annual Contribution	82,500	84,000	85,500	88,500	90,100	93,400	103,900	106,000	107,900	111,600	114,800	120,000	122,200	124,500	128,100	130,700
Ideal Closing Balance	1,277,900	1,392,500	1,511,400	1,504,300	1,626,300	1,613,900	981,800	1,083,300	1,217,300	1,208,300	1,249,300	1,122,700	1,266,400	1,417,600	1,454,800	1,595,500
Reserve Fund Deficiency (Surplus)	**806,300**	**854,600**	**881,800**	**894,900**	**898,000**	**892,600**	**884,800**	**873,900**	**858,700**	**842,700**	**825,100**	**807,900**	**788,000**	**765,100**	**740,600**	**713,100**
Actual/Ideal Contributions	**29%**	**66%**	**92%**	**109%**	**120%**	**129%**	**127%**	**130%**	**133%**	**133%**	**133%**	**131%**	**132%**	**134%**	**133%**	**135%**
DCQ Score	**23.4**	**12.9**	**9.6**	**8.2**	**7.3**	**6.6**	**6.7**	**6.2**	**5.8**	**5.5**	**5.2**	**5.0**	**4.7**	**4.3**	**4.0**	**3.7**

All values in $CAD, rounded to the nearest hundred

Full Funding Model, Continued

Chez Victoria

Cashflow	Sep 2035–Aug 2036	Sep 2036–Aug 2037	Sep 2037–Aug 2038	Sep 2038–Aug 2039	Sep 2039–Aug 2040	Sep 2040–Aug 2041	Sep 2041–Aug 2042	Sep 2042–Aug 2043	Sep 2043–Aug 2044	Sep 2044–Aug 2045	Sep 2045–Aug 2046	Sep 2046–Aug 2047	Sep 2047–Aug 2048	Sep 2048–Aug 2049	Sep 2049–Aug 2050
Opening Balance	**882,500**	**894,300**	**1,094,600**	**1,312,600**	**1,360,100**	**1,254,400**	**1,318,300**	**1,422,400**	**1,595,500**	**1,784,800**	**1,793,400**	**2,077,500**	**2,366,200**	**2,673,300**	**2,891,100**
Reserve Fund Income															
Recommended Annual Contribution	181,100	186,400	191,800	197,300	203,100	209,000	215,000	221,300	227,700	234,300	241,100	248,100	255,300	262,700	250,200
Special Assessment															
Transfer From Operating															
Other Income															
Interest Income	16,700	21,300	26,300	27,300	24,600	26,000	28,300	32,200	36,500	36,500	43,000	49,600	56,700	61,600	69,100
Total Cash Resources	**1,080,300**	**1,102,000**	**1,312,600**	**1,537,200**	**1,587,800**	**1,489,300**	**1,561,700**	**1,675,800**	**1,859,600**	**2,055,600**	**2,077,500**	**2,375,200**	**2,678,100**	**2,997,600**	**3,210,500**
Reserve Fund Expenditures															
Total Expenditures	**186,000**	**7,400**	**-**	**177,200**	**333,400**	**171,000**	**139,300**	**80,400**	**74,800**	**262,300**	**-**	**9,000**	**4,800**	**106,400**	**12,300**
Closing Balance	**894,300**	**1,094,600**	**1,312,600**	**1,360,100**	**1,254,400**	**1,318,300**	**1,422,400**	**1,595,500**	**1,784,800**	**1,793,400**	**2,077,500**	**2,366,200**	**2,673,300**	**2,891,100**	**3,198,200**
Deficiency Analysis															
Ideal Annual Contribution	135,300	137,800	140,300	144,900	151,300	156,100	160,500	164,300	168,200	174,300	177,400	180,700	184,000	188,500	192,100
Ideal Closing Balance	1,578,700	1,746,800	1,929,100	1,938,800	1,795,300	1,819,400	1,880,900	2,008,100	2,147,900	2,105,200	2,333,100	2,560,600	2,801,200	2,947,900	3,198,200
Reserve Fund Deficiency (Surplus)	**684,400**	**652,300**	**616,500**	**578,800**	**540,900**	**501,100**	**458,600**	**412,700**	**363,100**	**311,800**	**255,600**	**194,400**	**127,800**	**56,800**	**-**
Actual/Ideal Contributions	**134%**	**135%**	**137%**	**136%**	**134%**	**134%**	**134%**	**135%**	**135%**	**134%**	**136%**	**137%**	**139%**	**139%**	**130%**
DCQ Score	**3.5**	**3.1**	**2.8**	**2.6**	**2.4**	**2.1**	**1.9**	**1.6**	**1.4**	**1.2**	**0.9**	**0.7**	**0.4**	**0.2**	**0.0**

All values in $CAD, rounded to the nearest hundred

Nominal Cash Flow—Full Funding

Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Assessments	Interest Income	Projected Expenditures	Closing Balance
2020	437,069	24,029	20	-	10,490	-	471,588
2021	471,588	55,000	46	-	11,318	-	537,906
2022	537,906	78,760	66	-	12,910	-	629,575
2023	629,575	96,580	81	-	12,019	128,777	609,398
2024	609,398	108,460	91	-	14,526	4,154	728,229
2025	728,229	120,340	101	-	14,085	141,341	721,314
2026	721,314	132,220	111	-	-	756,497	97,037
2027	97,037	138,160	116	-	1,670	27,455	209,412
2028	209,412	144,100	121	-	5,026	-	358,538
2029	358,538	148,279	125	-	5,094	146,273	365,639
2030	365,639	152,579	128	-	6,367	100,347	424,238
2031	424,238	157,004	132	-	3,699	270,094	314,847
2032	314,847	161,557	136	-	7,427	5,392	478,438
2033	478,438	166,242	140	-	11,395	3,631	652,445
2034	652,445	171,063	144	-	12,731	121,974	714,264
2035	714,264	176,024	148	-	16,557	24,373	882,473
2036	882,473	181,129	152	-	16,715	186,008	894,308
2037	894,308	186,381	157	-	21,286	7,401	1,094,574
2038	1,094,574	191,786	161	-	26,270	-	1,312,631
2039	1,312,631	197,348	166	-	27,251	177,179	1,360,050
2040	1,360,050	203,071	171	-	24,640	333,392	1,254,369
2041	1,254,369	208,960	176	-	26,001	170,992	1,318,339
2042	1,318,339	215,020	181	-	28,297	139,299	1,422,357
2043	1,422,357	221,256	186	-	32,208	80,363	1,595,457
2044	1,595,457	227,672	192	-	36,496	74,806	1,784,819
2045	1,784,819	234,275	197	-	36,541	262,272	1,793,363
2046	1,793,363	241,069	203	-	43,041	-	2,077,472
2047	2,077,472	248,060	209	-	49,643	9,011	2,366,164
2048	2,366,164	255,253	215	-	56,673	4,779	2,673,312
2049	2,673,312	262,656	221	-	61,605	106,439	2,891,134
2050	2,891,134	250,240	211	-	69,093	12,257	3,198,210

All values in $CAD

Real Dollar Cash Flow—Full Funding

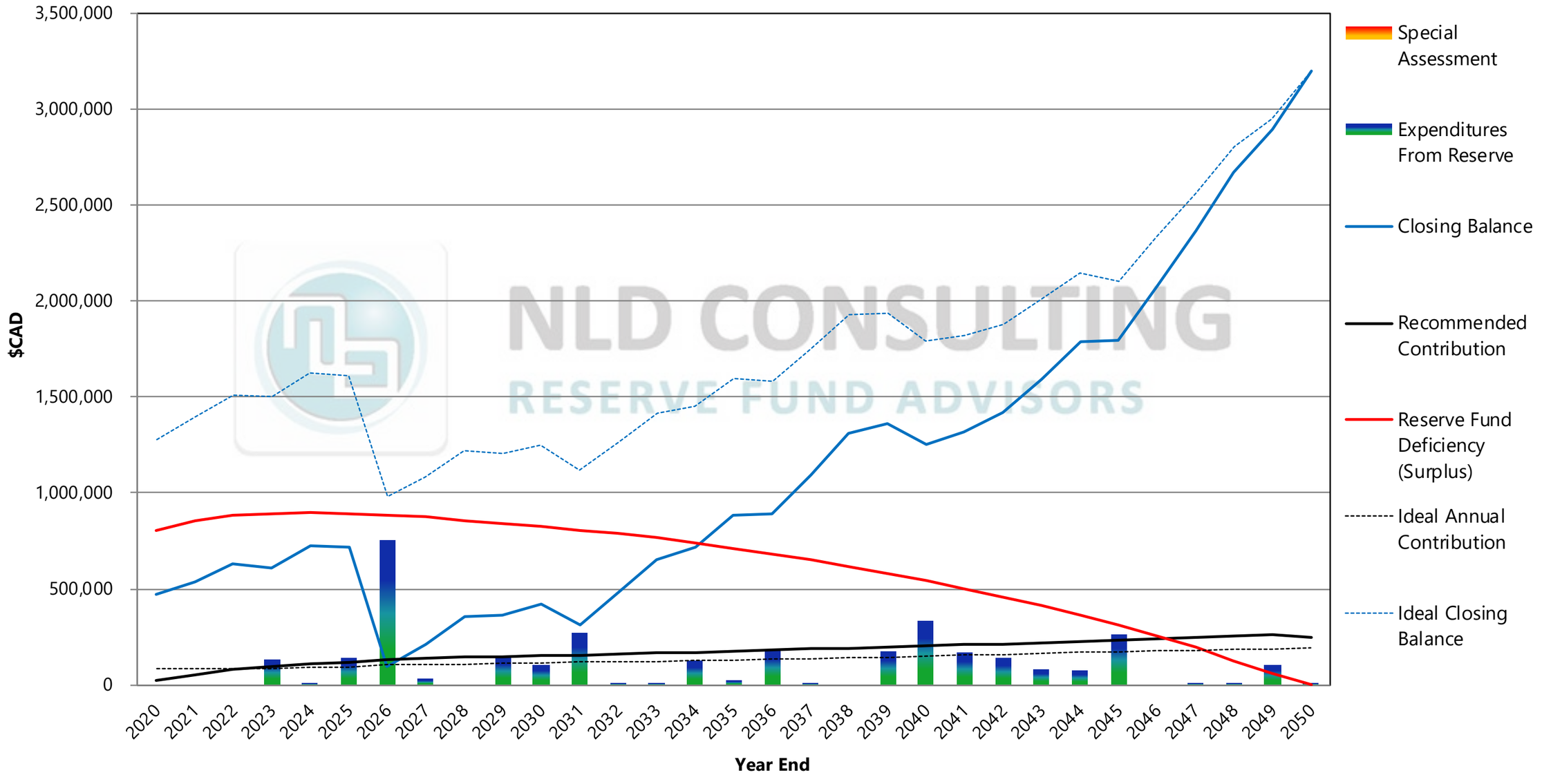
Chez Victoria

Construction Inflation Rate	2.9%
Long-Term Interest Rate	2.4%
Inflation Rate (CPI)	1.8%

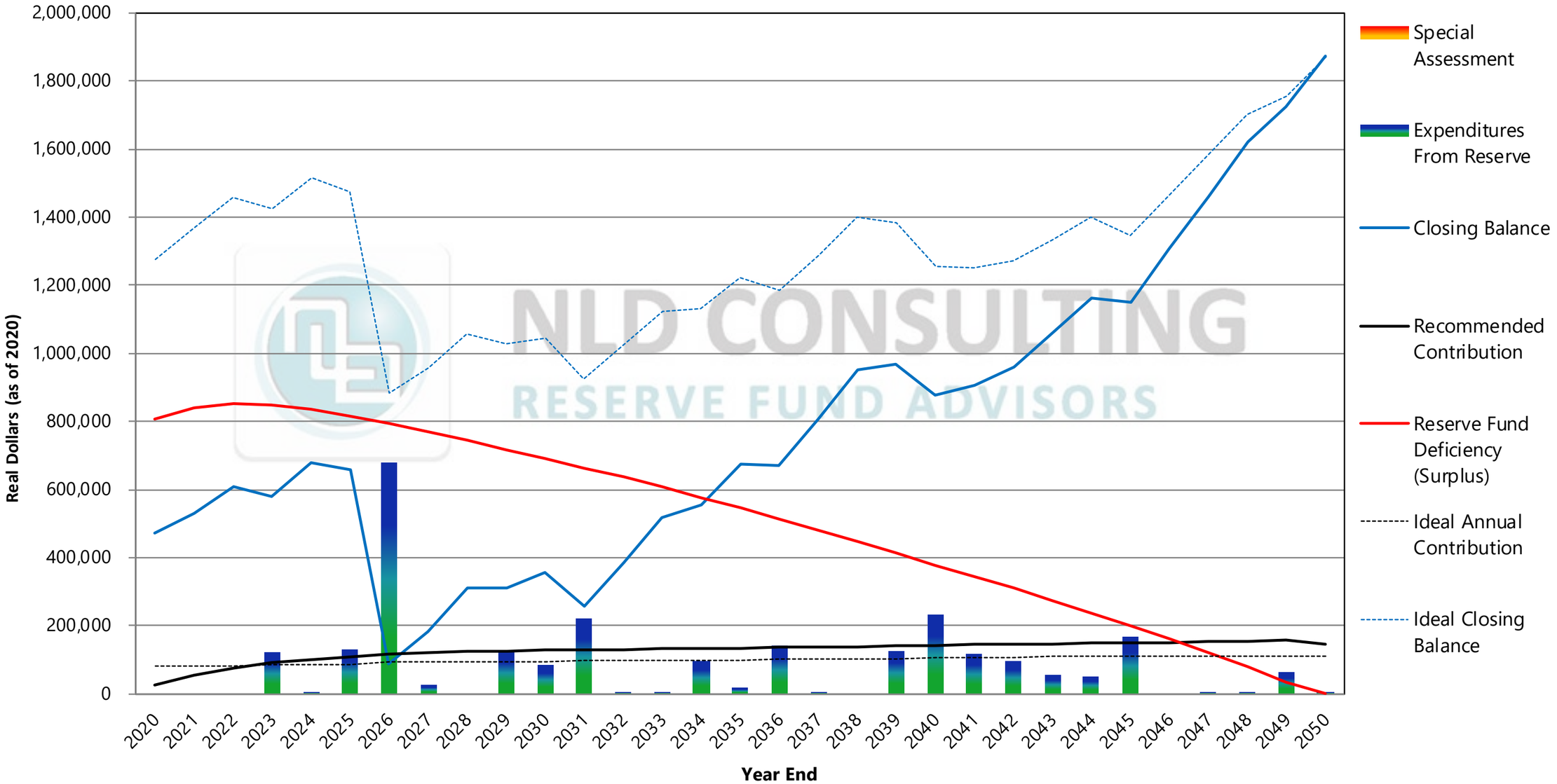
Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Assessments	Interest Income	Projected Expenditures	Closing Balance
2020	437,069	24,029	20	-	10,490	-	471,588
2021	463,249	54,028	45	-	11,118	-	528,395
2022	519,052	75,999	64	-	12,457	-	607,508
2023	596,767	91,547	77	-	11,393	122,066	577,640
2024	567,427	100,990	85	-	13,525	3,868	678,074
2025	666,085	110,071	93	-	12,883	129,279	659,759
2026	648,094	118,798	100	-	-	679,705	87,187
2027	85,646	121,940	103	-	1,474	24,232	184,828
2028	181,560	124,934	105	-	4,357	-	310,852
2029	305,355	126,284	106	-	4,339	124,576	311,403
2030	305,896	127,649	107	-	5,327	83,951	354,921
2031	348,645	129,028	109	-	3,040	221,968	258,746
2032	254,171	130,422	110	-	5,996	4,353	386,236
2033	379,407	131,832	111	-	9,037	2,880	517,395
2034	508,247	133,256	112	-	9,918	95,017	556,404
2035	546,566	134,696	113	-	12,670	18,650	675,281
2036	663,341	136,152	115	-	12,565	139,820	672,238
2037	660,351	137,623	116	-	15,717	5,465	808,226
2038	793,936	139,110	117	-	19,054	-	952,100
2039	935,265	140,613	118	-	19,417	126,242	969,052
2040	951,918	142,132	120	-	17,246	233,346	877,950
2041	862,426	143,668	121	-	17,877	117,563	906,408
2042	890,381	145,221	122	-	19,111	94,080	960,633
2043	943,647	146,790	124	-	21,368	53,316	1,058,489
2044	1,039,773	148,376	125	-	23,785	48,752	1,163,182
2045	1,142,615	149,979	126	-	23,393	167,903	1,148,084
2046	1,127,784	151,600	128	-	27,067	-	1,306,451
2047	1,283,350	153,238	129	-	30,667	5,566	1,461,689
2048	1,435,844	154,894	130	-	34,391	2,900	1,622,228
2049	1,593,544	156,567	132	-	36,722	63,447	1,723,387
2050	1,692,914	146,529	123	-	40,458	7,177	1,872,724

All values in $CAD, adjusted for CPI inflation

Full Funding Schedule



Full Funding Schedule (Real Dollars)



Appendix K—Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)

CUSPAP 2016 comprises six standards, each containing rules, comments, practice notes, and definitions. These Standards include an Ethics Standard, a Real Property Appraisal Standard, a Review Standard, a Consulting Standard, a Reserve Planning Standard, and a Machinery and Equipment Appraisal Standard. A Reserve Fund Study falls under the Reserve Planning Standard of the Appraisal Institute of Canada (AIC) CUSPAP rules.

More specifically, **CUSPAP Section 12 - Reserve Fund Planning Rules** deals with the procedures for the development and communication of a Reserve Fund Study and incorporates the minimum content necessary to produce a credible result.

In the Completion of the Reserve Fund Study the consultant must:

Identify the client and other intended users by name

LMS 4410—“Chez Victoria”, c/o Associa BC Inc.

Identify the intended use of the opinions and conclusions

To enable the property owners to implement a long range reserve fund strategy.

Identify the purpose of the study

To provide the property owners with a 30 year funding plan for the reserve fund.

Identify the characteristics of the property

Refer to Section 2.

Identify the effective date of the study

September 16, 2019

Identify the date of completion of the study

November 1, 2019

Identify the legislation that applies to the assignment

Section 6.2 BC Strata Property Regulation – Depreciation Report as amended to date.

Identify the scope of work and the extent of the data collection process

The scope of work included an inspection of the subject building, particularly the common area components, which have been considered reserve components within this report. Research as to the actual/effective age of each component was undertaken, as well as an estimate as to the remaining life expectancy and quantity of each. Where available, relevant plans such as architectural, structural and/or mechanical, plumbing, electrical drawings have been reviewed, as well as the subject strata plan (if applicable). Current cost estimates are based on either costs obtained from costing manuals such as RS Means or Marshall & Swift, or discussions with industry professionals. Interest rates and inflation rates have been estimated using the methodology described in the related sections of this report. Further information on the scope of work is described through the report.

Identify all assumptions and limiting conditions

See Appendix B.

Identify any hypothetical conditions (including proposed improvements)

No hypothetical conditions are invoked, unless otherwise indicated.

Describe and analyze all relevant data to complete the reserve fund study

This rule has been adhered to throughout the pertinent sections of the report.

Define and delineate the pertinent components the reserve fund study is to cover

This rule has been adhered to throughout the pertinent sections of the report.

Provide a Benchmark Analysis

See Section 5.1 of the report.

Provide a Cash Flow projection

See Section 5.3 of the report.

Provide an opinion on the adequacy of the reserve fund contributions

See Sections 5.4 of the report.

Provide a reserve fund model

See Section 5.2 of the report.

Detail the reasoning that supports the analysis, opinions, and conclusions

This rule has been adhered to throughout the pertinent sections of the report.

Report the final conclusions/recommendations

Please refer to section 6 of the report.

Include a signed certification

See signed certification, page 6.

Additionally, **CUSPAP Section 13 - Reserve Fund Standard - Comments** provides additional details in order to clarify, interpret, explain, and elaborate on the rules, and form an integral part of the Standards. Their action is compulsory.

The Practice Notes offer advice, examples and resolution; their application is not mandatory. The **Practice Notes Section of CUSPAP** related to Reserve Fund Studies states:

16.46.1 Since Reserve Fund Studies are completed to provide financial planning advice, the reserve fund planning service should:

16.46.1.i consider the stated policies defining those components to be covered by the study

16.46.1.ii and incorporate a comprehensive benchmark analysis including life cycle

analysis, current and future replacement costs and future reserve fund accumulations.

16.46.2 The Study should provide comments on any apparent deficiency in the reserve fund account or in future reserve fund accumulation, along with a cash flow model covering an appropriate time frame.

16.49.2 Due to the number of technical issues, the reserve fund planner should consider including a section of defined terms, as they are applied in the study. A definitions section in the report would aid the client and the intended user in understanding how the conclusions in the report were reached.

16.49.3 For example, many clients relying on the report may not be familiar with terms common to Reserve Fund Studies such as:
16.49.3.i Future Reserve Requirement,
16.49.3.ii Future Reserve Fund Accumulation,
16.49.3.iii Remaining Life.

16.49.4 The terminology may also vary between provinces or be determined by legislation. The definition of these terms could vary somewhat between one reserve planner and another.

16.50.1 Various models, which can affect the basis of calculation in the benchmark analysis as well as the cash flow projections are available for the reserve fund planner’s consideration. Reasoning should be included in the report to understand the basis of calculations and how they relate to the recommendations.

Additionally, a signed certification must be included, and this certification must clearly specify which individual(s) did or did not make a personal inspection of the subject property. Additionally, the report must be signed or co-signed by an accredited member of the AIC holding the designation AACI, P. App., and/or a designated member of the AIC holding the designation CRA (see CUSPAP 5.5.3.i).

Appendix L—Glossary

Adequate Funding Model

One of the three (or more) proprietary Funding Models included in a depreciation report conducted by NLD Consulting – Reserve Fund Advisors. This is the funding strategy that endeavors to balance the needs of the strata by giving adequate notice of contribution increases, limiting the risk of special assessments, and addressing any reserve deficiency in an equitable manner.

Annual Contribution

The amount of money that is contributed to the reserve fund in each fiscal year, excluding interest earned, transfers, and special assessments.

Benchmark Analysis

A “moment-in-time” funding analysis based on a hypothetical fully funded reserve fund. It shows the ideal reserve fund balance at a given point in time, as well as the ideal annual contribution if the reserve fund were fully funded. The fully funded contributions under this analysis represent equitable annual contributions in nominal dollars.

Budget Percentage

Also “Budget Allowance”, “Budget Amount”, or simply “Budget”. This is an arbitrary percentage applied to the total cost to repair or replace a component. Based on experience and research, NLD Consulting – Reserve Fund Advisors has chosen not to reserve for an entire replacement of some components. On a component to which a budget percentage has been applied, a strata may find that they have no need for any repairs over the lifespan of their property. Other stratas may find that they need an entire replacement, while others may require partial replacements with varying scopes of work. The budget percentage reflects a prediction of the future that may in fact be very different than reality.

Certified Reserve Planner (CRP)

The professional designation awarded by the Real Estate Institute of Canada (REIC), for the preparation of Reserve Fund Studies, including Depreciation Reports

Closing Balance

The reserve fund position at the end of a fiscal year, carried forward to the next year as an Opening Balance.

Component

A physical improvement to the development.

Condominium Act

The legislation related to Condominium Corporations outside of BC, as amended to date. This act includes the definition of a Reserve Fund Study and related concepts.

Condominium Act Regulation

Details the requirements laid out in the Condominium Act. Many sections of the Act must be read in conjunction with the Regulations to gain a full understanding of the legal requirements.

Construction Cost Inflation

Inflation measured by changes in construction cost indexes. The inflation rate is localized and pertains to a specific building type.

Contingency Reserve Fund (CRF)

Synonymous to Reserve Fund in this report. It is a concept defined by the legislation of the British Columbia Strata Property Act. It represents the financial assets of a strata corporation (or section as defined in the Act), held for the purposes of funding long term repairs and replacements of the common assets of the corporation that occur less often than once per year and are not included in the operating budget.

Contribution

See Annual Contribution.

CPI Inflation

Inflation measured by increases in the Consumer Price Index, which is a statistical representation of the change in purchasing power between two years.

Current Age

Defined in the Manitoba Condominium Act under Definitions 1(1):

“current age”, in relation to an item or type of item, means the actual or estimated number of years between the date of the reserve fund study or latest update and the later of the following dates:

(a) the installation date or the date of first use, as determined by the person conducting the reserve fund study;

(b) the date of renewal, refurbishment, or reconditioning by major repair or replacement.

Deficiency

The difference between a given year’s Benchmark Closing Balance and its actual Closing Balance.

Deficiency/Contribution Quotient (DCQ)

A stable measure of the health of a reserve fund. This formula is defined as the sum of a given year’s Deficiency and its Outstanding Loan Balance, if any (D), divided by the sum of the same year’s contributions and interest earned (C), or D/C.

Depreciation Report

A Reserve Fund Study conducted to the BC legislated standards of the Strata Property Act. See Reserve Fund Study.

Effective Age

A subjective, observed age for each Reserve Component. It may differ from the component’s actual or current age when it is performing better or worse than expected. Effective Age is used in our funding model recommendations.

End of Life

The point in time where the Reserve Component(s) have collectively reached the point of physical failure, and/or the current improvements do not provide for maximum utility of the subject site as improved. This is the point where no further reserve fund savings are required, as no further reserve component replacements are anticipated to occur. At this point in time the building’s reserve fund Deficiency is necessarily zero.

Expenditure

See Reserve Expenditure.

Full Funding Model

A proprietary Funding Model used by NLD Consulting which focusses on minimizing the risk of special assessments, as well as being Fully Funded prior to the end of the 30-year projection period.

Fully Funded

The reserve fund is Fully Funded when its Closing Balance equals the Benchmark Closing Balance, resulting in a Deficiency equal to zero. At this point the reserve fund contains an equitable amount of money saved towards each component, given their expected costs and estimated replacement years.

Functional Obsolescence

A concept where the utility of a component is compromised due to outdated design and/or features, which cannot effectively be remedied.

Funding Model

A 30-year forecast of money moving in and out of the reserve fund. This will include estimated costs and replacement dates for each component, as well as a recommended schedule of reserve fund Contributions to fund those expenditures.

Ideal Annual Contribution

An annual contribution to the reserve fund in an amount prescribed by the benchmark analysis each year. It is an equitable amount to save if the reserve fund has no deficiency.

Ideal Balance

The pro-rated cost liability for the repair and replacement of the items or types of items in the strata corporation’s component inventory in any year covered by the reserve fund study. We calculate this using the Benchmark Analysis. Ideal Balance is also a concept defined by the Manitoba Condominium Act.

Ideal Closing Balance

An equitable reserve fund balance prescribed by the Benchmark Analysis, such that there is enough money in the reserve fund given each component’s expected cost and date of replacement.

Interest

Money earned on all reserve fund investments.

Lifespan

The average life expectancy of a Reserve Component.

Minimum Balance

A proprietary concept used by NLD Consulting. It is a funding model’s lowest allowable closing balance for each fiscal year, and it increases with CPI inflation. The Minimum Balance can never be a negative number. This concept is a form of Threshold Funding.

Minimum Funding Model

A proprietary Funding Model used by NLD Consulting which recommends minimal reserve fund contributions.

Nominal Dollars

An actual dollar amount that has not been adjusted for inflation. This is the actual amount that is spent, saved, or earned. All dollar amounts are assumed to be in nominal terms unless otherwise specified. This is in contrast to Real Dollars, which are adjusted for inflation.

Non-Reserve Component

A component found on shared property that has been specifically excluded from the reserve fund, as per the bylaws or the Act, or in consultation with the strata corporation.

Opening Balance

The reserve fund position at the beginning of each fiscal year, carried forward from the prior year end as a Closing Balance.

Operating Fund

The fund a strata corporation contributes to, and draws expenditures from, related to the operating expenses of the corporation. This fund does not include contributions and expenditures related to reserve expenditures, which are funded separately—see Reserve Fund.

Qualified Person

The definition for Qualified Person differs from province to province. For example:

BC—Described under Section 94(1) of the Strata Property Act as: “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)”

MB—Described under Part 25 (1) of the Condominium Act as per below:

“Who may conduct a reserve fund study

25 (1) Subject to subsections (2) and (3), only the following persons may conduct a reserve fund study:

(a) a person who holds a valid registration under The Architects Act to practise as an architect in Manitoba;

(b) a person who holds a valid registration under The Engineering and Geoscientific Professions Act to practise as a professional engineer in Manitoba;

(c) a person who holds a valid certificate as a certified applied science technologist or certified engineering technologist under The Certified Applied Science Technologists Act;

(d) a member of the Appraisal Institute of Canada who holds a valid designation as an Accredited Appraiser Canadian Institute;

(e) a member of the Real Estate Institute of Canada who holds a valid designation as a Certified Reserve Planner.”

Real Dollars

A dollar amount which is has been adjusted for inflation. It describes the actual buying power as it changes over time, relative to a reference/base year (typically the year in which the study was conducted). This is in contrast to a nominal dollar, which is expressed without regard for the effects of inflation.

Remaining Life

The difference between Effective Age and Lifespan.

Reserve Component

A physical element of a strata corporation which is to be included in the inventory of reserve components for analysis in a British Columbia legislated Depreciation Report.

Reserve Expenditure

An amount removed from the reserve fund to pay for repairs or replacements to Reserve Components.

Reserve Fund

This is a concept defined by legislation in some provinces. A Reserve Fund represents the financial assets of a strata corporation, held for the purposes of funding long term repairs and replacements of the common assets of the corporation that occur less often than once per year and are not included in the operating budget.

Reserve Fund Deficiency

The difference between the Closing Balance and the Ideal Closing Balance as calculated by the Benchmark Analysis. This is an amount that will necessarily be paid in full at the end of the property’s economic life.

Reserve Fund Study

A budget planning tool comprising a physical and financial analysis, which identifies long-term funding plans for repair and replacement of major common elements of a property. Ideally, this tool will aid the owners in a long-term funding plan.

Special Assessment/Levy

A unique, non-regular contribution from owners towards their Reserve Fund. This type of contribution is most often employed when the reserve fund balance is not sufficient to undertake the project as required. Although Special Assessments may be employed as part of a long-term funding strategy or due to an unexpected expenditure, they can also be indicative of a lack of long-term strategy.

Strata Property Act

The legislation related to strata property in British Columbia, and as amended to date. This act includes the definition of a Depreciation Report and related concepts.

Strata Property Regulation

Details the requirements laid out in the Strata Property Act. Many sections of the Act must be read in conjunction with the Regulations in order to have a full understanding of the legal requirements.

Threshold Funding

A method of determining future Contributions. It ignores the Benchmark Analysis and focuses solely on keeping the reserve fund balance above a threshold amount. We often incorporate the element of a minimum allowable balance in our forecasts. However, relying solely on Threshold Funding leads to inequitable contributions.

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