

**CASCADE HEIGHTS**  
**STRATA BCS 1682**

**DEPRECIATION REPORT**

**DECEMBER 31, 2020**  
**AS PREPARED ON OCTOBER 7, 2020**

**REVISION 1**

*PREPARED BY*

**RESERVE DATA ANALYSIS**  
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# RDA Reserve Data Analysis

(a division of Mountainside Enterprises)

October 7, 2020

Cascade Heights – Strata BCS 1682  
Holywell Properties  
C/O Ms. Kerry Jenkins  
PO Box 187  
Sechelt, BC V0N 3A0

Members of the Strata Council,

The following report represents the 1<sup>st</sup> revised Depreciation Report for Strata BCS 1682 as of December 31, 2020. The analysis was prepared subsequent to careful review of the appropriate governing documents and all applicable financial reports. Additionally, an on-site inspection was conducted in order to identify the appropriate reserve components and accurately determine their quantity and condition. We have also relied on information provided by the Strata Corporation and its Representatives.

Financial parameters incorporated into the Depreciation Report are as follows: An inflation factor of 1.5% is applied for cost calculations, net investment yield is estimated at 2.0%, and projected annual reserve contributions are increased by a factor of 0.0%. The projected 2020 reserve contribution is **\$1.34** per unit per month on average. (Not based on unit entitlement.)

As it presently stands, our analysis yields the following results;

The **CURRENT RESERVE METHOD (Option 1)** indicates a total monthly contribution to reserves of **\$783.33** or **\$12.64** per unit will be required to meet the future anticipated needs of the Strata Corporation. This method is predicated on *Current Replacement Costs* and necessitates an annual review and adjustment for actual inflation.

The **STRAIGHT LINE METHOD (Option 2)** indicates a total monthly contribution to reserves of **\$1,066.75** or **\$17.19** per unit will be required. This method of funding is predicated on *Future Replacement Costs* which have been adjusted for inflation. Theoretically, the required funding will remain level over all years.

The **MIXED MODEL / SPECIAL LEVY METHOD (Option 3)** indicates a total monthly contribution of **\$227.50** or **\$3.67** per unit will be required. This method of funding is predicated on roadway asphalt overlay replacement costs being funded by special levy of **\$3,485.08** per unit (year 2045) with other expenditures calculated on current replacement costs.

Available reserves are projected to be **\$35,383** as of December 31, 2020 which is **46%** of your Ideal Reserve Balance of **\$76,773**. This indicates an **IDEAL RESERVE DEFICIENCY** of **\$41,390** or **\$667.58** per unit.

Additional calculations reveal that in the event your Projected Available Reserves were \$76,773 or exactly 100% of your Ideal Reserve, the Current Reserve Method would require a total monthly contribution of \$629 (\$10.14 per unit) while the Straight Line Method would necessitate a monthly contribution of \$912.

Based on the results of our analysis, we recommend that your strata corporation fund reserves at the level indicated by the *CURRENT RESERVE METHOD* for the upcoming year.

Should questions arise or if I can be of any assistance please feel free to call.

Sincerely,



Dan Leiker  
Reserve Analyst CAI  
Mountainside Enterprises

# TABLE OF CONTENTS

## ***SECTION ONE - EXECUTIVE SUMMARY***

## ***SECTION TWO - OVERVIEW TO COMMON INTEREST DEVELOPMENTS***

INTRODUCTION.....	1
RESERVES.....	1
IMPORTANCE OF A RESERVE STUDY.....	2
ALTERNATIVE FUNDING MODELS.....	3

## ***SECTION THREE - REPORT OVERVIEW***

UNDERSTANDING THIS REPORT.....	4
PARAMETERS & ASSUMPTIONS.....	5
DEFINITIONS.....	6

## ***SECTION FOUR - FUNDING REQUIREMENT SUMMARIES***

CURRENT & STRAIGHT LINE RESERVE SUMMARY.....	9
MIXED MODEL / SPECIAL LEVY RESERVE SUMMARY.....	11

## ***SECTION FIVE - IDEAL RESERVES***

IDEAL RESERVE CALCULATION.....	12
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## ***SECTION SIX - AVAILABLE RESERVES***

PROJECTED AVAILABLE RESERVES.....	13
DISTRIBUTION OF AVAILABLE RESERVES.....	14

## ***SECTION SEVEN - GRAPHICS***

COMPOSITION OF RESERVE COMPONENTS.....	15
5 YEAR FINANCIAL POSITION - CURRENT METHOD.....	16
5 YEAR FINANCIAL POSITION - STRAIGHT LINE.....	17
PROJECTED RESERVE EXPENDITURES .....	18

## ***SECTION EIGHT - WORKSHEETS***

RESERVE ANALYSIS DETAIL SHEETS.....	19
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## ***SECTION NINE - 30 YEAR EVALUATION***

PROJECTED RESERVE BALANCES .....	24
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# **SECTION ONE**

## ***EXECUTIVE SUMMARY***

The following Executive Summary is intended to be of service in two capacities. First, the Strata Property Act of British Columbia establishes minimum requirements regarding reserves. These requirements are discussed in detail in Section Two of this report. The Executive Summary is specifically designed to satisfy those requirements. It eliminates the confusion over which information to include in the annual budget and saves the time and expense of duplicating and distributing the entire report.

Secondly, by providing all critical data and key indices in an overview perspective, the Executive Summary serves as a meaningful working document to assist the Strata Council and/or the Management Team in the scheduling, planning, and budgeting processes.

# EXECUTIVE SUMMARY

## DEPRECIATION REPORT

STRATA BCS 1682

DECEMBER 31, 2020

COMPONENT	CURRENT REPLACEMENT COST	REMAINING LIFE	USEFUL LIFE	PROJECTED RESERVES 12/31/20	MONTHLY FUNDING REQUIREMENT	IDEAL RESERVE
<b><u>BUILDING ELEMENTS</u></b>						
<b>MECHANICAL SYSTEMS;</b>						
Hydrant Test - operating exp.	0	1	1	0	0.00	0
Sewer Flush & Video Inspect	3,000	1	15	3,000	0.00	2,800
Category Total	\$3,000			\$3,000	0.00	\$2,800
<b><u>PAVED SURFACES</u></b>						
Streets - Asphalt Overlay	148,920	25	40	21,856	423.58	55,845
Streets - Repair (5%)	13,651	5	5	0	227.50	0
Streets - Curb Repairs	10,000	10	25	2,348	63.75	6,000
Category Total	\$172,571			\$24,204	714.83	\$61,845
<b><u>LIGHTING</u></b>						
<b>LANDSCAPE LIGHTING;</b>						
Post & Lantern - re-lamp only	9,000	15	30	1,761	40.25	4,500
Category Total	\$9,000			\$1,761	40.25	\$4,500
<b><u>LANDSCAPE</u></b>						
<b>GENERAL LANDSCAPE;</b>						
Landscape Replacement Reserve	1,000	4	10	235	15.92	600
Irrigation - footnote	0	1	1	0	0.00	0
Zone Valves - footnote	0	1	1	0	0.00	0
Category Total	\$1,000			\$235	15.92	\$600
<b><u>OTHER</u></b>						
<b>SIGNS;</b>						
Street Address Signage	1,575	15	30	308	7.00	788
Compliance Signage	1,200	15	30	235	5.33	600
<b>OTHER;</b>						
Contingency (3.0%)	5,640	1	1	5,640	0.00	5,640
Category Total	\$8,415			\$6,183	12.33	\$7,028

**GRAND TOTALS:**

\$193,986

\$35,383

\$783.33

\$76,773

Projected Available Reserves

35,383

Ideal Reserve Deficiency (Overfunding)\*

\$41,390

Percent of Projected Available Reserves to Total Ideal Reserve

46%

Deficiency (Overfunding) Per Unit

\$667.58

\* A positive result indicates an Ideal Reserve Deficiency while a negative balance reflects an Overfunded Condition.

\*\* Monthly Funding Requirement is based on the Current Reserve Method.

\*\*\* This Schedule reflects summary data only, for supporting details and/or additional information please refer to the complete Reserve Analysis Report.

Revision 1

# **SECTION TWO**

## ***OVERVIEW TO STRATA TITLE DEVELOPMENTS***

Section Two is designed to provide a general understanding of some of the concepts and requirements of Strata Title Developments as they relate to reserves and reserve funding. It will also explain a strata corporation's specific legal requirements as established by the Strata Property Act of British Columbia and discuss the importance of a well prepared Depreciation Report.

# **STRATA TITLE DEVELOPMENTS**

## ***INTRODUCTION***

A Strata Title Development is defined by shared property and deed restrictions on the use of that property. Strata's have distinct legal characteristics that distinguish them from other forms of ownership. One important feature is that ownership in a Strata combines individual ownership, or the right of exclusive occupancy of a unit, with the shared ownership of the common area within the development. Another distinguishing trait is that owners in a Strata Corporation are automatically members of an Owners Association that is responsible for the operation and maintenance of the common area and must provide for a system of self-government. Finally, in order to cover the costs of operating the strata, owners are assessed dues for their proportionate share of the strata corporation's expenses in accordance with unit entitlement.

A Strata Title Development is governed by a mandatory Association of Members which elects representatives to make decisions regarding its management. This Strata Council administers the property, enforces its restrictions, and is responsible for maintaining, repairing, or replacing the common areas.

The Strata Property Act, By-laws, and Strata Plan of the Corporation are the documents used to establish the framework for the operation of the Strata Corporation. They form the legal basis for the "mini-government" that is created and are generally enforceable in a court of law should the need arise.

## ***CONTINGENCY RESERVES***

Prompt payment of assessments by all owners is essential to cover the day-to-day operating costs of the Strata and to build a Contingency Reserve Fund for future repair and replacement of major components of the common area. These reserves are an important part of the Strata Corporation's annual budget. They are generally collected with the regular assessments and accumulated in a separate Reserve Account until they are needed. Ideally, all major repair and replacement costs will be covered by funds in the Reserve Account.

It is important that strata corporation members understand the difference between operating expenses and reserve expenses. Operating expenses occur at least annually and are normally recurring administrative expenses or those that relate to the day-to-day maintenance of the common area. They are funded through a non-reserve or "operating" account. Some examples of typical operating expenses are; insurance premiums, utility bills, pool and landscape contracts, and minor repairs. Reserve expenses, on the other hand, are non-annual costs for the maintenance, repair and replacement of common area components. They are funded from the replacement reserve account. Typical reserve expenses are roof replacement, carpet replacement and painting of the common area.

As the governing body is charged with the responsibility for maintaining the strata's property, it is important that accumulated cash reserves be available when they are needed. Insufficient reserves at a time when a major repair or replacement is needed results in the governing body either deferring the work, levying a potentially burdensome special assessment, or deferring payment by borrowing the necessary funds. Deferred maintenance and the financial inability to keep up with the normal aging of the common area components can lead to a state of disrepair and declination of property values. Additionally, lending



institutions may refuse to grant favorable mortgage financing to the its owners, or its prospective owners if the strata corporation is inadequately reserved or financially unsound.

By contrast, a well-funded reserve goes a long way toward maintaining property values within a Strata Title Development. Not only does it spread the cost of predictable repairs and replacements over time, helping to eliminate the need for special assessments, but it ensures that all common area components are well maintained. Proper reserve planning does away with the inequitable concentration of costs on the owners in the project at the time the repair or replacement is required.

## ***IMPORTANCE OF DEPRECIATION REPORTS***

A well prepared Depreciation report is vitally important for many reasons. First, it ensures that the strata corporation complies with the applicable legal requirements. The Strata Property Act of British Columbia Section 93.(3) requires a strata corporation to follow this minimum provision: “If, at the end of any fiscal year after the first annual general meeting, the amount of money in the contingency reserve fund is less than 25% of the average yearly expenditure, the annual contribution to the contingency reserve fund must be at least 10% of the total contribution to the operating fund for the current year.”

Second, because the Strata Council has a fiduciary duty to manage the strata funds and property, a Reserve Study is an important tool as they strive to balance and optimize long-term property values and costs to the membership. Reserve planning helps assure property values by protecting against declination due to deferred maintenance and the financial inability to keep up with component wear. A well prepared Depreciation Report serves as a management tool for scheduling, coordinating, and planning of future repairs and replacement of components.

Third, a Depreciation Report provides a more accurate and complete picture of a strata corporation’s financial strength and market value. As such, outside parties often request a copy. Lending institutions for the strata’s individual owners, and its prospective owners often refer to the Reserve Study when considering financing decisions. For prospective buyers, reserve information is an important factor in evaluating a property and its value. The Depreciation Report is also necessary to the Accountant in order to prepare the Annual Audit.

Finally, many strata owners assume that their reserve requirements have been adequately established because developers prepare a budget worksheet as part of the submission to the land title office when registering the strata plan.

However, the interim budget projections should ***not*** be used as the basis for the Strata Corporation’s reserve planning. Developer estimates may have been prepared several years before the project is actually constructed and are frequently obsolete by the time the first unit is sold. More seriously, the project may not have been actually constructed as originally planned and therefore the interim budget calculations will not reflect the strata’s true liability.

## **ALTERNATIVE FUNDING MODELS**

We can identify at least three basic funding models. Depending on the financial position of the strata corporation, one or more of these models may be given consideration.

### ***UNFUNDED & SPECIAL ASSESSMENT MODEL***

This is the default model in place in many Strata Title Developments today. The Strata does not have the reserve funds to cover a necessary major repair or replacement and the only recourse is to require a potentially burdensome special assessment. This scenario imposes an inequitable concentration of costs on the owners in the project at the time the repair or replacement is required and creates additional financial burden on owners who have often chosen strata ownership for cost reasons. It is the riskiest of all models and may jeopardize the financial viability of the Strata Corporation if assessments cannot be raised when needed.

### ***MIXED MODEL***

This is also a common model. It uses a combination of regular and special assessments to meet the cash requirements of major repairs and replacements. The degree to which a Strata Corporation can meet its cash requirements through regular as opposed to special assessments may be an indicator of the Strata's financial stability.

### ***FULLY FUNDED MODEL***

This is the most conservative of all models and calls for a reserve balance equal to the estimated value of accumulated component wear. In this model the Strata does not have any unfunded reserve liability in any projected year. Because the concept of unfunded liability is new to many Strata's, and because an understanding of unfunded liability is important in distinguishing between alternative funding plans, it is explained here in detail.

If a component currently valued at \$10,000 has a useful life of ten years we can estimate the annual wear, or the annual provision for the replacement fund at \$1,000. By year five assuming no inflation, this component has accrued a liability of \$5,000. If the strata corporation is "Fully Funded" we expect that this \$5,000 would be in the reserve account by the end of the fifth year via planned regular assessment contributions.

The choice of funding strategy will have a direct impact on the amount of cash required of each owner as well as the timing of those requirements. Currently, British Columbia law does not specify a model for funding, however it is obvious that the model that eliminates unfunded liability is the most conservative, provides the most stability, and more equitably divides the cost of predictable repairs and replacements over time

# **SECTION THREE**

## ***REPORT OVERVIEW***

Section Three provides an overview of this report. Here we explain the basis of our analysis. We also provide insight into our objectives and the purpose and use of this document. Additionally, we will described the scope of our analysis, explain the parameters and assumptions employed, and define the terms and concepts used.

## **UNDERSTANDING THIS REPORT**

This Depreciation Report represents the completed analysis for your Strata. The analysis was prepared subsequent to careful review of the appropriate governing documents and all applicable financial reports. Additionally, an on-site inspection of your Strata was conducted in order to identify the appropriate reserve components and accurately determine their quantity and condition. We have also relied on information compiled from a number of sources familiar with the strata, its operating practices and its history. These may include Professional Management Representatives, Council Members, Homeowners, Maintenance Contractors, On-site Personnel, or Service Representatives. The results of our analysis, as presented in this report, are designed to serve your strata corporation in a variety of capacities.

First, we will help clarify the strata corporation's responsibilities as they relate to reserves. In order for a strata to address its responsibilities appropriately they must be clearly identified. This necessitates the generation of an accurate list of all items that will require repair or replacement, or may represent a potential liability to the strata. Some components such as roofing or painting may be obvious while others such as potential slope failure or wood destroying pest control may not. The assignment of responsibility for some components may be very clearly defined by the governing documents while others may be addressed in an ambiguous fashion necessitating interpretation by the Strata Council or a legal opinion.

These and other issues will be identified and appropriately addressed resulting in a clearly defined, item by item compilation of those components for which the Strata Corporation is responsible. Once identified, the components are measured or counted to accurately determine their quantities. Additionally, each component will be evaluated with respect to replacement cost, anticipated life expectancy, and estimated remaining life.

Second, we will offer specific recommendations for the proper funding of reserves. Subsequent to the identification and evaluation of all reserve components, the data must then be analyzed to determine the optimum level of funding that will meet the future anticipated needs of the Strata Corporation. This analysis is performed on the schedules in Section Four which reveal the annual, monthly and average per unit per month funding requirements under each of two funding models. Please refer to Section Four for a detailed explanation.

Third, we provide insight into the overall financial strength of the Strata Corporation. This is accomplished by calculating an "Ideal Reserve" and comparing it to your actual accumulated reserves. This comparison is usually expressed in a percent format. For example, the strata is 85% funded, which means the strata has actually accumulated 85% of what is considered to be its ideal reserve balance. This would indicate an overall deficit of 15%. Section Five of this report contains these calculations as well as a detailed explanation of the concepts and formulas used.

Fourth, we offer financial projections to assist the Council in the decision making process and provide guidance in keeping the Strata Corporation on the desired course. In Section Five you will find analyses that examine the results of two different funding scenarios. They provide insight into the anticipated financial position of the strata under the two funding models.

Section Nine calculates 30-Year Cash Flow Projections which reveal anticipated ending reserve balances for each year. And finally in Section Eight we have graphically displayed many of the key indices examined in this analysis. This provides a visual reinforcement of the results of our Reserve Study.

Fifth, our report will serve as a budgeting and planning tool. One of the fundamental responsibilities of the Strata Council Members is to protect and maintain the common area assets of the Strata Corporation, and to spread the related costs as evenly as possible among the owners. Obviously this requires a considerable budgeting effort as they strive to balance optimization of long-term property values with costs to the membership. A well prepared Depreciation Report will provide a framework for these financial decisions and serve as a valuable management tool for the scheduling, coordinating, and planning processes.

It should be noted that this report, and the recommendations contained within, represent our opinions as your consultant. Currently, there are no legal requirements which mandate the Strata Corporation to fund its reserves at any specific amount or maintain its reserves at any specific level, other than the minimal requirements of the Strata Property Act. However, these decisions should be made in compliance with the standards of "sound business practice" and in accordance with the Strata Council Fiduciary Responsibilities. A poorly funded strata corporation may face serious ramifications.

## **PARAMETERS & ASSUMPTIONS**

The preparation of this study is based on information compiled from a number of sources familiar with the strata, its operating practices and its history. These may include but are not limited to Professional Management Representatives, Council Members, Homeowners, Maintenance Contractors, On-site Personnel, or Service Representatives. We may have also relied on information collected at an on site inspection, data provided by specialists and independent consultants, national construction pricing & scheduling manuals or catalogs. It is assumed, unless otherwise indicated in writing, that any information provided by any outside source is provided in good faith and is indeed true and accurate.

Every effort has been made to insure the accuracy and integrity of the data presented. However, the long term nature of this study requires that certain assumptions and predictions be made about past occurrences and future events. Some assumptions may not materialize, and unanticipated events and circumstances may develop. For these reasons the actual replacement cost and/or the expected useful life and/or the remaining life of a reserve element may materially vary from the Depreciation Report.

It is assumed, unless otherwise indicated to us in writing, that all reserve elements have been designed and constructed properly, and the useful life of each element will approximate that of the norm per industry standards or manufacturers specifications. In isolated cases an arbitrary estimate may have been used for any of the variables where data is limited or an indeterminable but potential liability to the strata corporation exists. The decision for the inclusion of these as well as all assets considered is left to the client.

The estimated remaining life of a reserve element does not include an allowance factor for unusual weather or natural disasters. Additionally, since the timing and cost of repair or replacement of a reserve element can be greatly effected by the intermediate maintenance it receives, it is assumed that a reasonable schedule of maintenance has been performed and will be continued.

This study addresses the normal deterioration of properly built and installed components with predictable life expectancies. The inspection and evaluation of plumbing, telephone lines, electrical wiring and any other component that is inaccessible or has an indeterminable life expectancy will be funded as a contingency percentage of the total reserve budget. Additionally, the evaluation of repairs or replacements arising from original or subsequent construction defects, environmental hazards (asbestos, radon, etc.) and acts of nature are excluded from this Study. If the scope, magnitude and timing of inaccessible components have been disclosed (engineering report, tendering documents, etc.), a reasonable effort will be made to incorporate the anticipated expenses.

The estimated costs in this Study are valid for the base year period only (the twelve months following the report date). We strongly recommend that this analysis be updated on a regular basis due to the constant fluctuations in economic conditions and the unpredictable nature of the lives of many of the reserve elements. This report does not warrant against unforeseen conditions or circumstances, unreliable information, or the unpredictable changes in economic conditions. The scope of the report is expressly limited to the components described herein.

## DEFINITIONS

**RESERVE ELEMENT** - A significant asset that requires the budgeting for its eventual replacement in order to accumulate the necessary funds in time for their requirement.

**USEFUL LIFE** - The estimated normal life expectancy of a reserve element, based on industry standards, manufacturer's specifications, and visual inspection.

**REMAINING LIFE** - The estimation of time remaining until a reserve element will require replacement. It is based on age, present condition and anticipated future usage and wear.

**CURRENT REPLACEMENT COST** - The cost of replacing a reserve element based on estimates at current year prices.

**FUTURE REPLACEMENT COST** - The cost of replacing a reserve element at the end of its useful life calculated for the year of replacement based on an estimated inflation factor.

**AVAILABLE RESERVES** - The amount of actual reserve savings on hand for future repair and replacement of reserve elements.

**REQUIRED RESERVES** - The difference between the current or future replacement cost and the available reserves.

**ANNUAL RESERVE REQUIREMENT** - The amount of required reserves divided by the estimated remaining life.

**ANNUAL COST** - The current or future replacement cost divided by the estimated remaining life.

**CURRENT RESERVE SUMMARY** - A summary of reserve elements based on current replacement costs. This summary reflects the annual, monthly, and average per unit per month reserve allocation required. It will be necessary to adjust these requirements for annual inflationary effects to the year of replacement.

**STRAIGHT LINE RESERVE SUMMARY** - A summary of reserve elements based on future replacement costs. This summary reflects the annual, monthly, and average per unit per month reserve allocation required if level assessed to the year of replacement. It is not necessary to adjust these requirements for annual inflationary effects since they are provided for in the calculation of future replacement cost .

**MIXED MODEL / SPECIAL LEVY SUMMARY** - A summary of reserve elements based on current replacement costs and selected components identified for special levy funding. This summary reflects the annual, monthly, and average per unit per month reserve allocation required. The special levy component allocation includes the annual inflation factor up to the year of replacement.

# SECTION FOUR

## *FUNDING SUMMARIES*

This section contains the calculations of reserve funding requirements. In order to offer the Strata Corporation some alternatives in the funding of reserves we have performed these calculations under three different models - The Current Reserve Method, Straight Line Method and Mixed Model / Special Levy Method. The following schedules calculate the annual, monthly, and average per unit per month funding requirements for each of the three models. The differences are explained below:

The Current Reserve Method is predicated on *Current Replacement Costs* and necessitates an annual review and adjustment for actual inflation. The data generated on the Detail Worksheets in Section Eight for Useful Life and Current Replacement Costs are used in conjunction with the Distribution of Available Reserves in Section Six. The calculation is performed by subtracting the Available Reserves from the Current Replacement Cost and dividing the result (Total Required Funding) by the remaining life of the component.

The Straight Line Method is based on *Future Replacement Costs* which include a factor for inflation. Theoretically the required funding will remain level over all years. Again, the data generated on the Detail Worksheets in Section Eight for Useful Life and Future Replacement Costs are used in conjunction with the Distribution of Available Reserves in Section Six. The calculation is performed by subtracting the Available Reserves from the Future Replacement Cost and dividing the result (Total Required Funding) by the remaining life of the component.

The Mixed Model / Special Levy Method is predicated on *Current Replacement Costs* along with selected component replacement(s) to be funded by a special levy or series of special levies. This method is typically determined in consultation with the Strata Owners or Council

It should be noted that these funding requirements reflect our recommendation as your consultant and there are no current legal requirements obligating the strata corporation to fund at any specific level. These decisions however, should be made in compliance with the standards of "sound business practice" and in accordance with the Councils Fiduciary Responsibilities.



## CURRENT RESERVE SUMMARY

COMPONENT	CURRENT REMAINING LIFE	CURRENT REPLACEMENT COST	RESERVES AVAILABLE	TOTAL REQUIRED FUNDING	REQUIRED ANNUAL FUNDING	REQUIRED MONTHLY FUNDING	PER UNIT MONTHLY 62 LOTS
<b><u>BUILDING ELEMENTS</u></b>							
<b>MECHANICAL SYSTEMS;</b>							
Hydrant Test - operating exp.	1	0	0	0	0	0.00	0.00
Sewer Flush & Video Inspect	1	3,000	3,000	0	0	0.00	0.00
<b><u>PAVED SURFACES</u></b>							
Streets - Asphalt Overlay	25	148,920	21,856	127,064	5,083	423.58	6.83
Streets - Repair (5%)	5	13,651	0	13,651	2,730	227.50	3.67
Streets - Curb Repairs	10	10,000	2,348	7,652	765	63.75	1.03
<b><u>LIGHTING</u></b>							
<b>LANDSCAPE LIGHTING;</b>							
Post & Lantern - re-lamp only	15	9,000	1,761	7,239	483	40.25	0.65
<b><u>LANDSCAPE</u></b>							
<b>GENERAL LANDSCAPE;</b>							
Landscape Replacement Reserv	4	1,000	235	765	191	15.92	0.26
Irrigation - footnote	1	0	0	0	0	0.00	0.00
Zone Valves - footnote	1	0	0	0	0	0.00	0.00
<b><u>OTHER</u></b>							
<b>SIGNS;</b>							
Street Address Signage	15	1,575	308	1,267	84	7.00	0.11
Compliance Signage	15	1,200	235	965	64	5.33	0.09
<b>OTHER;</b>							
Contingency (3.0%)	1	5,640	5,640	0	0	0.00	0.00
		<b>\$193,986</b>	<b>\$35,383</b>	<b>\$158,603</b>	<b>\$9,400</b>	<b>\$783.33</b>	<b>\$12.64</b>

## STRAIGHT LINE RESERVE SUMMARY

COMPONENT	FUTURE REMAINING LIFE	REPLACEMENT COST	RESERVES AVAILABLE	TOTAL REQUIRED FUNDING	REQUIRED ANNUAL FUNDING	REQUIRED MONTHLY FUNDING	PER UNIT MONTHLY 62 LOTS
<b><u>BUILDING ELEMENTS</u></b>							
<b><i>MECHANICAL SYSTEMS;</i></b>							
Hydrant Test - operating exp.	1	0	0	0	0	0.00	0.00
Sewer Flush & Video Inspect	1	3,045	3,000	45	45	3.75	0.06
<b><u>PAVED SURFACES</u></b>							
Streets - Asphalt Overlay	25	216,075	21,856	194,219	7,769	647.42	10.44
Streets - Repair (5%)	5	14,706	0	14,706	2,941	245.08	3.95
Streets - Curb Repairs	10	11,605	2,348	9,257	926	77.17	1.24
<b><u>LIGHTING</u></b>							
<b><i>LANDSCAPE LIGHTING;</i></b>							
Post & Lantern - re-lamp only	15	11,252	1,761	9,491	633	52.75	0.85
<b><u>LANDSCAPE</u></b>							
<b><i>GENERAL LANDSCAPE;</i></b>							
Landscape Replacement Reser	4	1,061	235	826	207	17.25	0.28
Irrigation - footnote	1	0	0	0	0	0.00	0.00
Zone Valves - footnote	1	0	0	0	0	0.00	0.00
<b><u>OTHER</u></b>							
<b><i>SIGNS;</i></b>							
Street Address Signage	15	1,969	308	1,661	111	9.25	0.15
Compliance Signage	15	1,500	235	1,265	84	7.00	0.11
<b><i>OTHER;</i></b>							
Contingency (3.0%)	1	5,725	5,640	85	85	7.08	0.11
		<b>\$266,938</b>	<b>\$35,383</b>	<b>\$231,555</b>	<b>\$12,801</b>	<b>\$1,066.75</b>	<b>\$17.19</b>

## MIXED MODEL - SPECIAL LEVY SUMMARY

COMPONENT	CURRENT REMAINING LIFE	REPLACEMENT COST	RESERVES AVAILABLE	TOTAL REQUIRED FUNDING	REQUIRED ANNUAL FUNDING	REQUIRED MONTHLY FUNDING	PER UNIT MONTHLY 62 LOTS
<b><u>BUILDING ELEMENTS</u></b>							
<b>MECHANICAL SYSTEMS;</b>							
Hydrant Test - operating exp.	1	0	0	0	0	0.00	0.00
Sewer Flush & Video Inspect	1	3,000	3,000	0	0	0.00	0.00
<b><u>PAVED SURFACES</u></b>							
Streets - Asphalt Overlay	25	148,920	0	\$3,485.08 LEVY PER UNIT		0.00	0.00
Streets - Repair (5%)	5	13,651	0	13,651	2,730	227.50	3.67
Streets - Curb Repairs	10	10,000	12,849	-2,849	0	0.00	0.00
<b><u>LIGHTING</u></b>							
<b>LANDSCAPE LIGHTING;</b>							
Post & Lantern - re-lamp only	15	9,000	9,637	-637	0	0.00	0.00
<b><u>LANDSCAPE</u></b>							
<b>GENERAL LANDSCAPE;</b>							
Landscape Replacement Reserv	4	1,000	1,285	-285	0	0.00	0.00
Irrigation - footnote	1	0	0	0	0	0.00	0.00
Zone Valves - footnote	1	0	0	0	0	0.00	0.00
<b><u>OTHER</u></b>							
<b>SIGNS;</b>							
Street Address Signage	15	1,575	1,687	-112	0	0.00	0.00
Compliance Signage	15	1,200	1,285	-85	0	0.00	0.00
<b>OTHER;</b>							
Contingency (3.0%)	1	5,640	5,640	0	0	0.00	0.00
		\$193,986	\$35,383	\$9,683	\$2,730	\$227.50	\$3.67

# **SECTION FIVE**

## ***IDEAL RESERVES***

In this section we will compute the strata corporations Ideal Reserve and compare it to the Projected Available Reserves to reveal a measure of overall financial strength of the strata. This computation is reflective of the “Fully Funded Model” which is recommended and discussed in detail in Section Two of this report.

The schedule utilizes data derived from the Detail Worksheets in Section Eight with respect to the Current Replacement Cost, Useful Life, and Remaining Life of each component. The calculation is very much like a straight-line depreciation formula. The Ideal Reserve for each component is calculated by dividing the Current Replacement Cost by the anticipated Useful Life and multiplying the result by the Consumed Life. The total Ideal Reserve is then compared to the Projected Available Reserves which indicates a measure of the overall financial strength of the strata corporation. It is important to note that a positive result indicates an Ideal Reserve Deficiency while a negative balance reflects an Overfunded Condition.

It is generally considered optimum for a strata corporation to be “Fully” or 100% Funded. Though there are no current legal requirements to maintain any specific level of funding, decisions should be made in compliance with the standards of “sound business practice” and in accordance with the Councils Fiduciary Responsibilities. An underfunded strata may not have the ability to adequately maintain its reserve components which could lead to a state of disrepair and declination of property values. Additionally, lenders may refuse to fund loans on re-sales due to inadequate reserves.

## IDEAL RESERVE CALCULATION

COMPONENT	CURRENT REPLACEMENT COST	USEFUL LIFE	REMAINING LIFE	CONSUMED LIFE (UL-RM)	IDEAL RESERVE
<b><u>BUILDING ELEMENTS</u></b>					
<b>MECHANICAL SYSTEMS;</b>					
Hydrant Test - operating exp.	0	1	1	0	0
Sewer Flush & Video Inspect	3,000	15	1	14	2,800
<b><u>PAVED SURFACES</u></b>					
Streets - Asphalt Overlay	148,920	40	25	15	55,845
Streets - Repair (5%)	13,651	5	5	0	0
Streets - Curb Repairs	10,000	25	10	15	6,000
<b><u>LIGHTING</u></b>					
<b>LANDSCAPE LIGHTING;</b>					
Post & Lantern - re-lamp only	9,000	30	15	15	4,500
<b><u>LANDSCAPE</u></b>					
<b>GENERAL LANDSCAPE;</b>					
Landscape Replacement Reserve	1,000	10	4	6	600
Irrigation - footnote	0	1	1	0	0
Zone Valves - footnote	0	1	1	0	0
<b><u>OTHER</u></b>					
<b>SIGNS;</b>					
Street Address Signage	1,575	30	15	15	788
Compliance Signage	1,200	30	15	15	600
<b>OTHER;</b>					
Contingency (3.0%)	5,640	1	1	0	5,640
	<b>\$193,986</b>				
Total Ideal Reserve (Current Replacement Costs)					<b>\$76,773</b>
Projected Available Reserves					<b>35,383</b>
Ideal Reserve Deficiency (Overfunding)*					<b>\$41,390</b>
Percent of Projected Available Reserves to Total Ideal Reserves					<b>46%</b>
Deficiency (Overfunding) Per Unit*					<b>\$667.58</b>

\* A positive result indicates an Ideal Reserve Deficiency while a negative balance reflects an Overfunded Condition.

# **SECTION SIX**

## ***AVAILABLE RESERVES***

Ideally, your Depreciation Report should coincide with your financial year-end. Since this requires advanced preparation it becomes necessary to project the ending balance of available reserves. This is accomplished by a simple accounting roll-forward, beginning with the reserves currently available, adding anticipated contributions and subtracting planned utilization to arrive at a projected reserve balance.

Once the Projected Available Reserves are established it is necessary to distribute them among the various components. Since our goal is to provide the optimum funding requirement the distribution may not coincide with the Balance Sheet on a line by line basis. This is usually corrected by a simple accounting entry at the end of the fiscal year.

**PROJECTED AVAILABLE RESERVES**

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**CURRENT BALANCE OF AVAILABLE RESERVES:**

*Available Reserves 08/31/20* \$34,383

**ADD: PLANNED ADDITIONS TO RESERVES:**

*2020 Proposed Annual Contribution* \$1,000

*Total Additions:* 1,000

**LESS: ANTICIPATED UTILIZATION OF RESERVES:**

*None Anticipated* \$0

*Total Utilization:* 0

**TOTAL RESERVES AVAILABLE** **12/31/20** **\$35,383**

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## DISTRIBUTION OF AVAILABLE RESERVES

COMPONENT	IMMEDIATE FUNDING	OTHER	REMAINING RESERVE DISTRIBUTION	RESERVE DISTRIBUTION 12/31/20
<b><u>BUILDING ELEMENTS</u></b>				
<b><u>MECHANICAL SYSTEMS;</u></b>				
Hydrant Test - operating exp.	0	0	0	0
Sewer Flush & Video Inspect	3,000	0	0	3,000
<b><u>PAVED SURFACES</u></b>				
Streets - Asphalt Overlay	0	0	21,856	21,856
Streets - Repair (5%)	0	0	0	0
Streets - Curb Repairs	0	0	2,348	2,348
<b><u>LIGHTING</u></b>				
<b><u>LANDSCAPE LIGHTING;</u></b>				
Post & Lantern - re-lamp only	0	0	1,761	1,761
<b><u>LANDSCAPE</u></b>				
<b><u>GENERAL LANDSCAPE;</u></b>				
Landscape Replacement Reserve	0	0	235	235
Irrigation - footnote	0	0	0	0
Zone Valves - footnote	0	0	0	0
<b><u>OTHER</u></b>				
<b><u>SIGNS;</u></b>				
Street Address Signage	0	0	308	308
Compliance Signage	0	0	235	235
<b><u>OTHER;</u></b>				
Contingency (3.0%)	5,640	0	0	5,640
	<u>\$8,640</u>	<u>\$0</u>	<u>\$26,743</u>	<u>\$35,383</u>

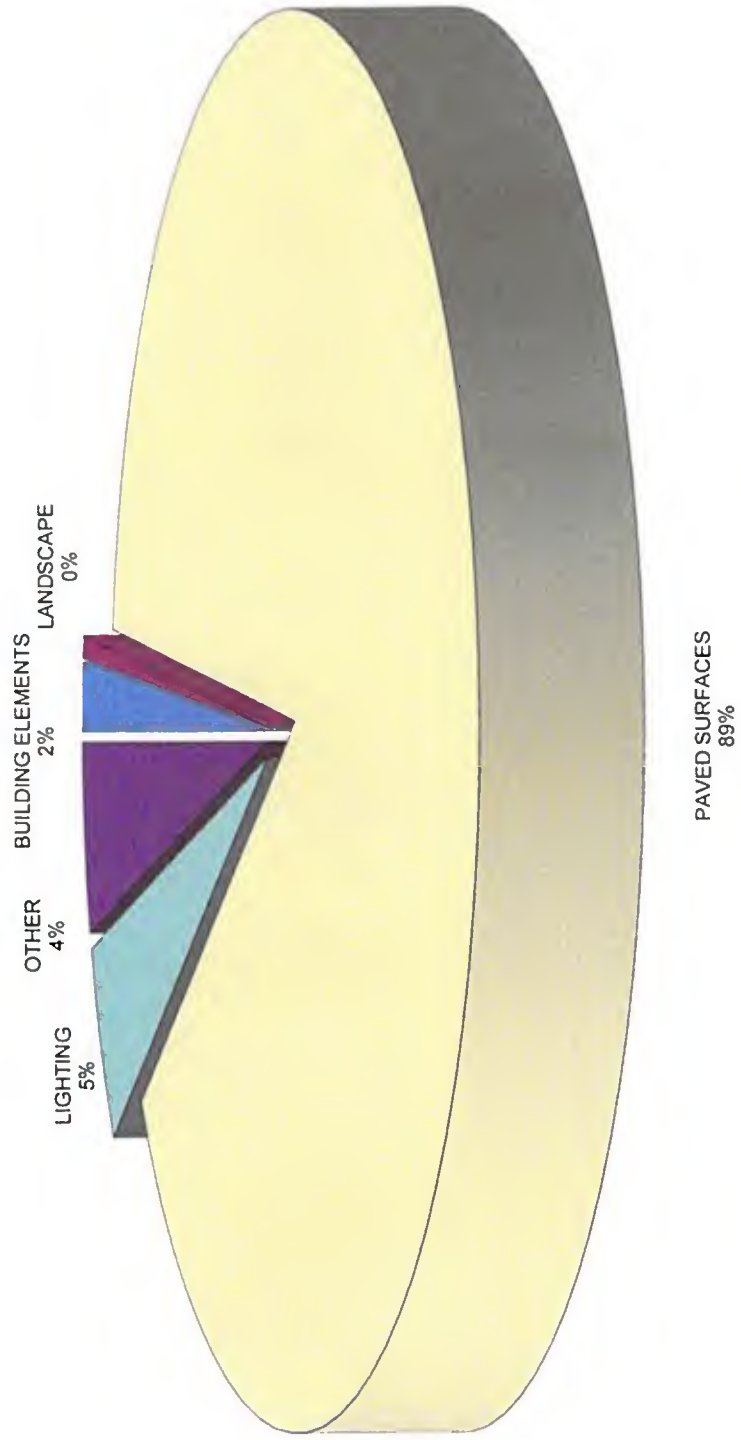


# **SECTION SEVEN**

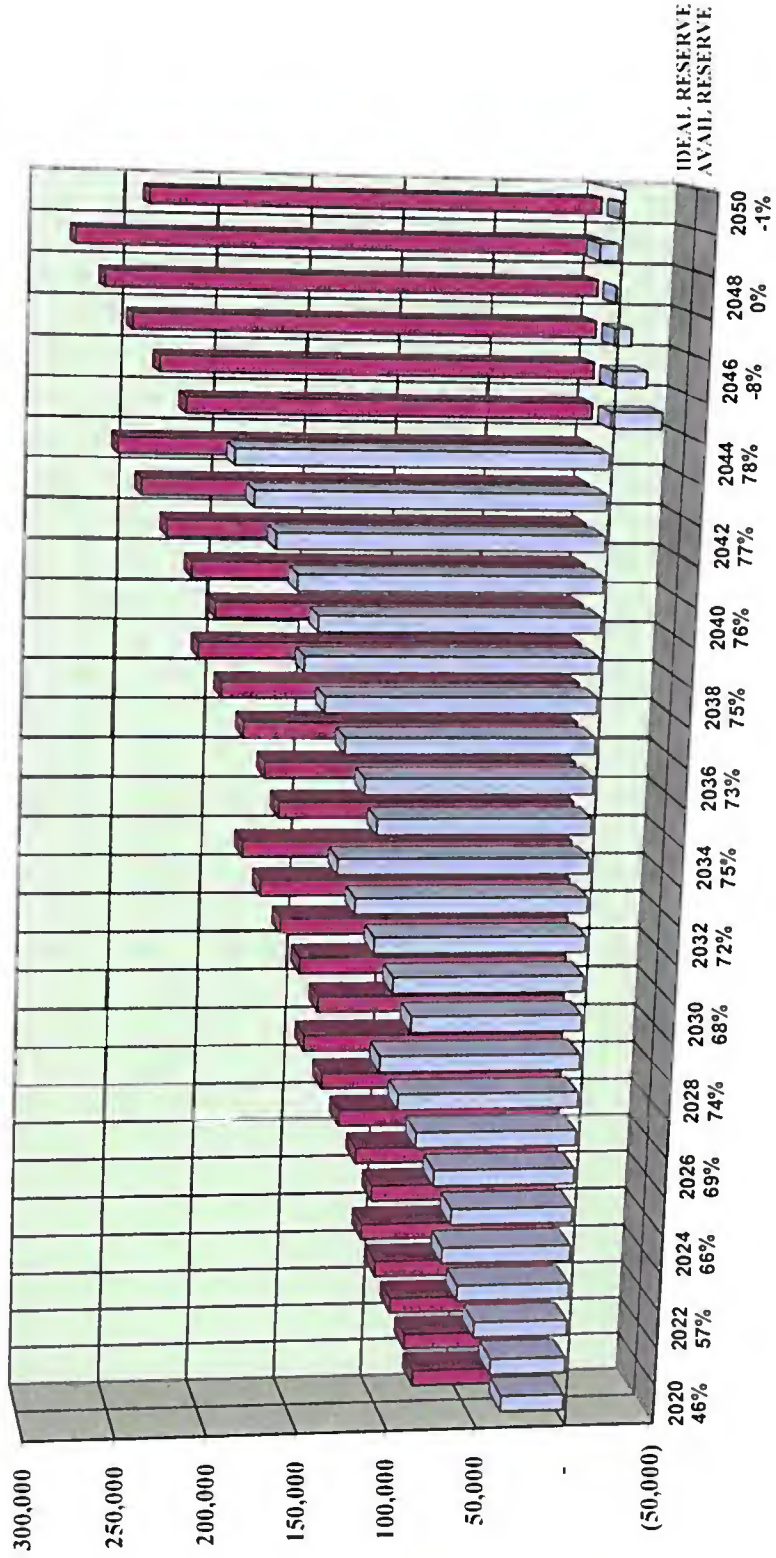
## ***GRAPHICS***

Section seven contains graphic representations of several of the key indices of our analysis. Specifically they include the Composition of Reserve Components, Thirty-Year Projections of Financial Position under the Current Reserve and Straight Line Methods of Funding, a Thirty-Year Projection of Reserve Balances, and a Thirty-Year Projection of Reserve Expenditures. The graphics are provided to visually reinforce the results of our analysis.

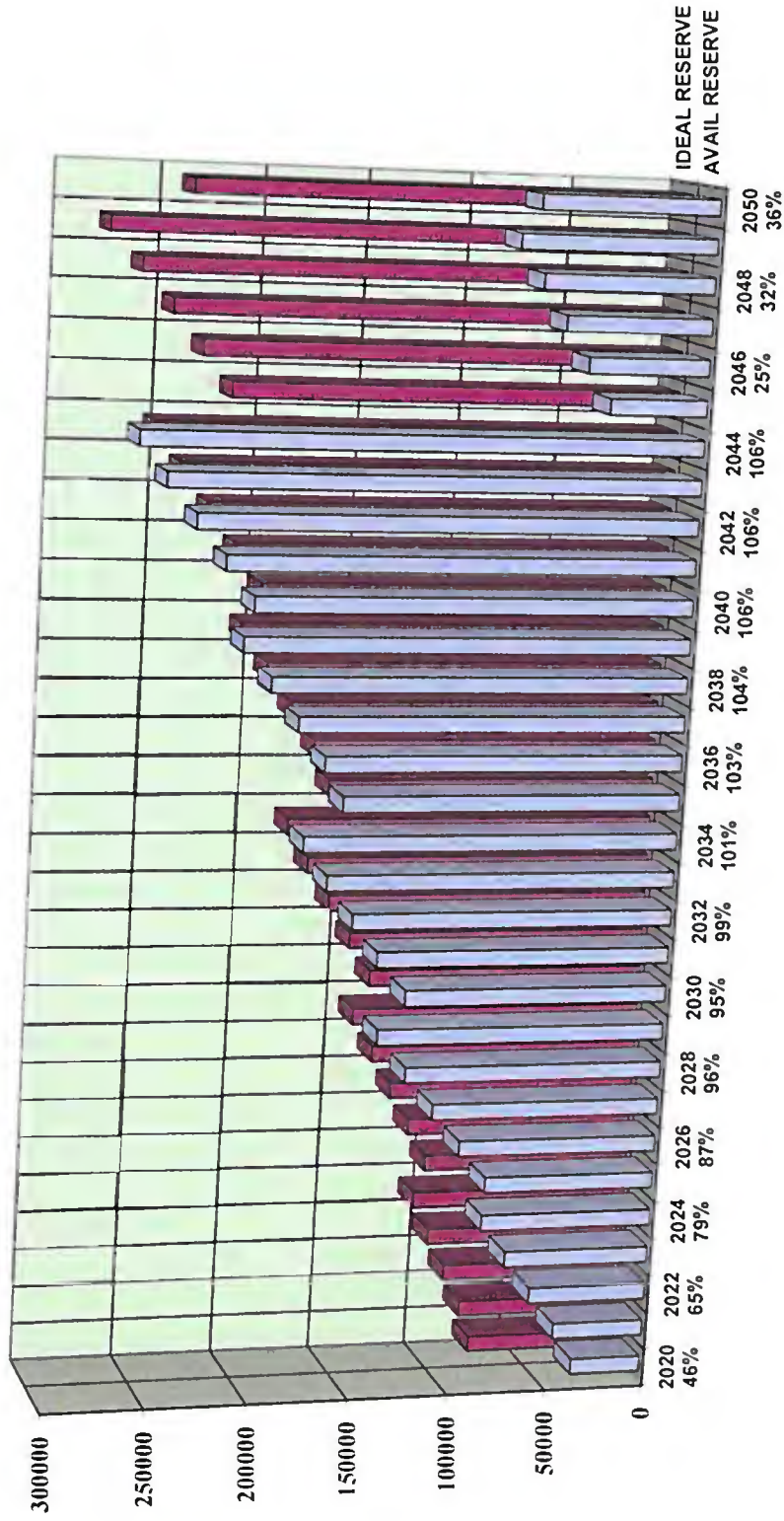
**COMPOSITION OF RESERVE COMPONENTS**



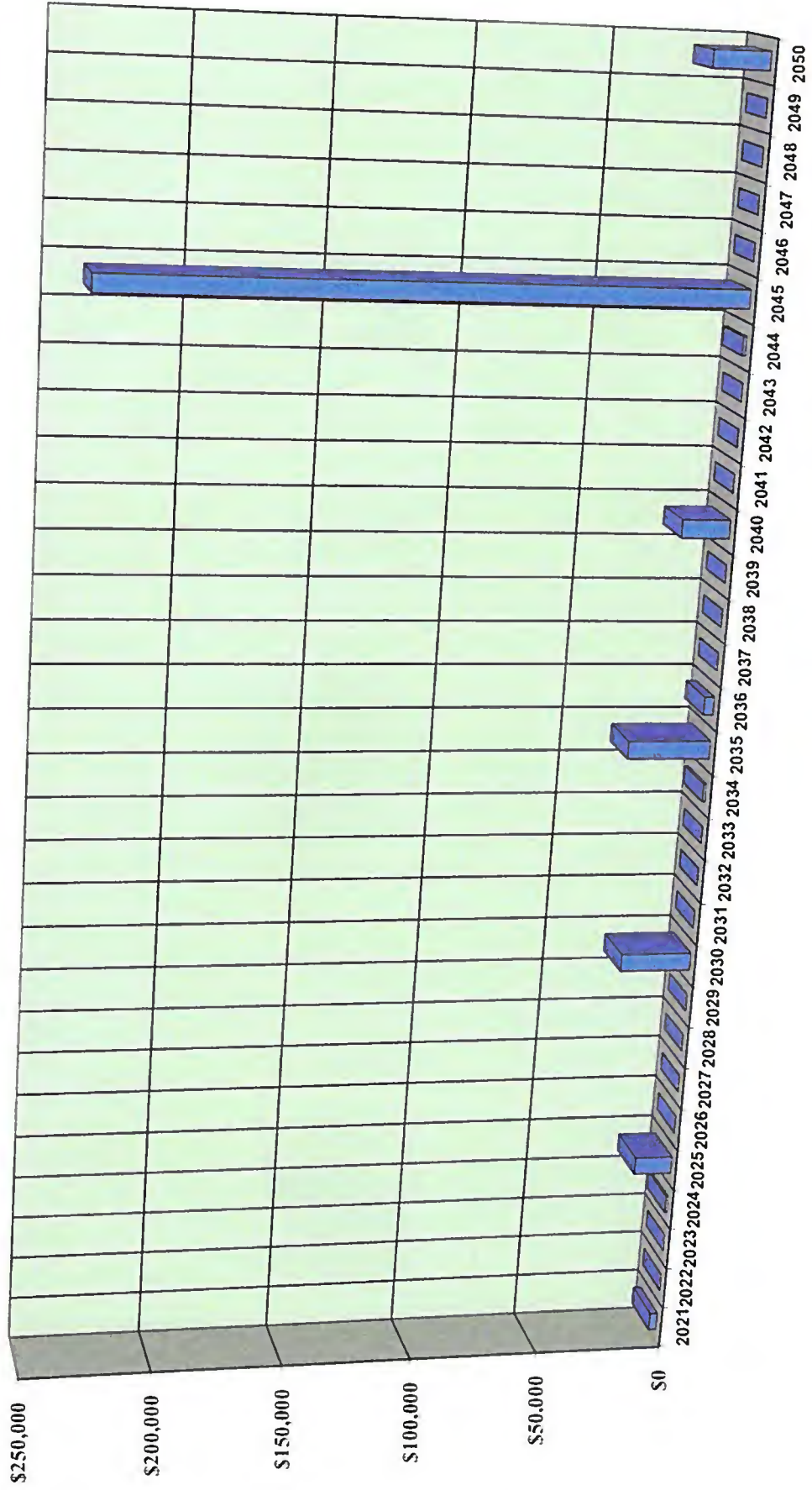
**PROJECTED FINANCIAL POSITION - CURRENT METHOD**



**PROJECTED FINANCIAL POSITION - STRAIGHT LINE**



**RESERVE EXPENDITURES**



# **SECTION EIGHT**

## ***RESERVE ANALYSIS DETAIL SHEETS***

Section Eight is comprised of Detail Worksheets. These schedules provide an item by item compilation of all reserve elements contained in the project. They also include all detail information regarding component quantities, units of measure, projected unit costs, expected useful life, and anticipated remaining life. Additionally, we will calculate the Future Replacement Cost of each component by applying the stated interest rate to the current replacement cost for the anticipated remaining life of the component. It should also be noted that these schedules contain footnotes which include important data about the reserve components and other detailed information. Accordingly, we ask that you pay particular attention to these footnotes.

## RESERVE ANALYSIS DETAIL SHEET

### BUILDING ELEMENTS

<i>COMPONENT</i>	<i>QTY</i>	<i>UNIT OF MEASURE</i>	<i>REMAINING LIFE</i>	<i>USEFUL LIFE</i>	<i>PROJECTED UNIT COST</i>	<i>CURRENT REPLACEMENT COST</i>	<i>INFLA FACTOR</i>	<i>FUTURE REPLACEMENT COST</i>
<i>MECHANICAL SYSTEMS;</i>								
Hydrant Test - operating exp.	6	EA	1	1	0.00	0	1.5%	0
Sewer Flush & Video Inspect	1	EA	1	15	3,000.00	3,000	1.5%	3,045
<b>CATEGORY TOTAL:</b>						<b>\$3,000</b>		<b>\$3,045</b>

NOTES:

## RESERVE ANALYSIS DETAIL SHEET

### PAVED SURFACES

COMPONENT	QTY	UNIT	REMAINING LIFE	USEFUL LIFE	PROJECTED	CURRENT	INFLA FACTOR	FUTURE
		OF MEASURE			UNIT COST	REPLACEMENT COST		REPLACEMENT COST
Streets - Asphalt Overlay	49,640	SF	25	40	3.00	148,920	1.5%	216,075
Streets - Repair (5%)	2,482	SF	5	5	5.50	13,651	1.5%	14,706
Streets - Curb Repairs	1	EA	10	25	10,000.00	10,000	1.5%	11,605
<b>CATEGORY TOTAL:</b>						<b>\$172,571</b>		<b>\$242,386</b>

### ASPHALT OVERLAY:

Most asphalt surfaces can be expected to last approximately twenty years before it will become necessary for an overlay to be applied. Deflection testing should be conducted by an independent consultant near the end of the useful life to determine the condition of the asphalt and establish the appropriate timing and course of action.

### REPAIRS:

Periodic repairs such as skin patching or localized replacement may be necessary due to such conditions as ground shifting, sink holes, and water run-off. The likelihood and/or intensity of these occurrences can vary dramatically from one location to another. Accordingly, it is generally not our policy to provide for such events automatically. However, if your association has experienced these problems in the past or if there is reason to believe they may occur in the future it would be appropriate to establish a reserve.

### NOTES:



**RESERVE ANALYSIS DETAIL SHEET**

**LIGHTING**

<i>COMPONENT</i>	<i>QTY</i>	<i>UNIT OF MEASURE</i>	<i>REMAINING LIFE</i>	<i>USEFUL LIFE</i>	<i>PROJECTED UNIT COST</i>	<i>CURRENT REPLACEMENT COST</i>	<i>INFLA FACTOR</i>	<i>FUTURE REPLACEMENT COST</i>
<b>LANDSCAPE LIGHTING;</b> Post & Lantern - re-lamp only	10	EA	15	30	900.00	9,000	1.5%	11,252
<b>CATEGORY TOTAL:</b>						<b>\$9,000</b>		<b>\$11,252</b>

**NOTES:**

**RESERVE ANALYSIS DETAIL SHEET**

**LANDSCAPE**

<i>COMPONENT</i>	<i>QTY</i>	<i>UNIT OF MEASURE</i>	<i>REMAINING LIFE</i>	<i>USEFUL LIFE</i>	<i>PROJECTED UNIT COST</i>	<i>CURRENT REPLACEMENT COST</i>	<i>INFLA FACTOR</i>	<i>FUTURE REPLACEMENT COST</i>
<b>GENERAL LANDSCAPE:</b>								
Landscape Replacement Reser	1	EA	4	10	1,000.00	1,000	1.5%	1,061
Irrigation - footnote	1	EA	1	1	0.00	0	1.5%	0
Zone Valves - footnote	2	EA	1	1	0.00	0	1.5%	0
<b>CATEGORY TOTAL:</b>						<b>\$1,000</b>		<b>\$1,061</b>

**TREE TRIMMING:**

Tree trimming can be appropriately addressed as either an operating expense or a reserve component. If included as part of the landscape contract or if trees are trimmed every year it would generally be treated as an operating expense. Conversely, if the trimming is performed in cycles greater than one year it would be appropriate to establish a reserve and fund accordingly.

**LANDSCAPE REPLACEMENT:**

Landscape replacement can be appropriately addressed as either an operating expense or a reserve component. If included as part of the landscape contract or if some foliage is replaced every year it would generally be treated as an operating expense. Conversely, if replacement is performed in cycles greater than one year it would be appropriate to establish a reserve fund accordingly.

**NOTES:**

Upon inspection it was noted that no remote timer or latching solenoids have been installed on the two zone valves which water the entry locations. Therefore, the projected allocated expenses have been removed from this report as it appears that the irrigation system has been de-commissioned.

**RESERVE ANALYSIS DETAIL SHEET**

**OTHER:**

<i>COMPONENT</i>	<i>QTY</i>	<i>UNIT OF MEASURE</i>	<i>REMAINING LIFE</i>	<i>USEFUL LIFE</i>	<i>PROJECTED UNIT COST</i>	<i>CURRENT REPLACEMENT COST</i>	<i>INFLA FACTOR</i>	<i>FUTURE REPLACEMENT COST</i>
<b>SIGNS:</b>								
Street Address Signage	9	EA	15	30	175.00	1,575	1.5%	1,969
Compliance Signage	12	EA	15	30	100.00	1,200	1.5%	1,500
<b>OTHER:</b>								
Contingency (3.0%)	1	EA	1	1	5,640.00	5,640	1.5%	5,725
<b>CATEGORY TOTAL:</b>						<b>\$8,415</b>		<b>\$9,194</b>

**CONTINGENCY:**

A contingency reserve has been established to accommodate fluctuations in variables such as component pricing, timing of repairs or replacement and the unpredictable nature of some reserve components such as; sewer lines, water lines, electrical services, wiring and other components which can not be visually inspected or analysed. The contingency allocation is also established so that the strata complies with Section 6.2 (2) of the Strata Property Regulations.

# **SECTION NINE**

## ***30-YEAR PROJECTIONS***

This section provides 30-Year Cash Flow Projections which calculate the anticipated ending reserve balances for each year. They examine the results of the Current and Straight Line Funding scenarios based on the indicated financial parameters and the calculated amounts and timing of anticipated expenses. A negative balance indicates a deficit condition. These schedules can be extremely useful tools when budgeting for the repair or replacement of reserve elements.

### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

COMPONENT	R	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
		1	2	3	4	5	6	7	8
		2021	2022	2023	2024	2025	2026	2027	2028

#### BUILDING ELEMENTS

##### *MECHANICAL SYSTEMS;*

Hydrant Test - operating exp.	0	0	0	0	0	0	0	0	0
Sewer Flush & Video Inspect	3,045	0	0	0	0	0	0	0	0

#### PAVED SURFACES

Streets - Asphalt Overlay	0	0	0	0	0	0	0	0	0
Streets - Repair (5%)	0	0	0	0	14,706	0	0	0	0
Streets - Curb Repairs	0	0	0	0	0	0	0	0	0

#### LIGHTING

##### *LANDSCAPE LIGHTING;*

Post & Lantern - re-lamp only	0	0	0	0	0	0	0	0	0
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#### LANDSCAPE

##### *GENERAL LANDSCAPE;*

Landscape Replacement Reserve	0	0	0	1,061	0	0	0	0	0
Irrigation - footnote	0	0	0	0	0	0	0	0	0
Zone Valves - footnote	0	0	0	0	0	0	0	0	0

#### OTHER

##### *SIGNS;*

Street Address Signage	0	0	0	0	0	0	0	0	0
Compliance Signage	0	0	0	0	0	0	0	0	0

##### *OTHER;*

Contingency (3.0%)	0	0	0	0	0	0	0	0	0
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TOTAL		\$3,045	\$0	\$0	\$1,061	\$14,706	\$0	\$0	\$0
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#### CURRENT RESERVE METHOD

BEGINNING RESERVE BALANC	\$35,383	\$42,316	\$52,422	\$62,678	\$72,020	\$67,754	\$78,241	\$88,885
ANNUAL CONTRIBUTION	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
INTEREST - COMPUTED AT	578	705	857	1,003	1,041	1,087	1,244	1,404
OTHER	0	0	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	3,045	0	0	1,061	14,706	0	0	0
PROJECTED ENDING BALAN	\$42,316	\$52,422	\$62,678	\$72,020	\$67,754	\$78,241	\$88,885	\$99,689

### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

COMPONENT	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
	1	2	3	4	5	6	7	8
R	2021	2022	2023	2024	2025	2026	2027	2028

#### STRAIGHT LINE METHOD

BEGINNING RESERVE BALANC	\$35,383	\$45,743	\$59,326	\$73,113	\$86,037	\$85,409	\$99,587	\$113,978
ANNUAL CONTRIBUTION	12,801	12,801	12,801	12,801	12,801	12,801	12,801	12,801
INTEREST - COMPUTED AT	604	782	986	1,185	1,276	1,377	1,590	1,806
OTHER	0	0	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	3,045	0	0	1,061	14,706	0	0	0
PROJECTED ENDING BALAN	\$45,743	\$59,326	\$73,113	\$86,037	\$85,409	\$99,587	\$113,978	\$128,584

### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

COMPONENT	R	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
		9	10	11	12	13	14	15	16
		2029	2030	2031	2032	2033	2034	2035	2036

#### BUILDING ELEMENTS

##### *MECHANICAL SYSTEMS;*

Hydrant Test - operating exp.	0	0	0	0	0	0	0	0	0
Sewer Flush & Video Inspect	0	0	0	0	0	0	0	0	3,807

#### PAVED SURFACES

Streets - Asphalt Overlay	0	0	0	0	0	0	0	0	0
Streets - Repair (5%)	0	15,843	0	0	0	0	0	17,067	0
Streets - Curb Repairs	0	11,605	0	0	0	0	0	0	0

#### LIGHTING

##### *LANDSCAPE LIGHTING;*

Post & Lantern - re-lamp only	0	0	0	0	0	0	0	11,252	0
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#### LANDSCAPE

##### *GENERAL LANDSCAPE;*

Landscape Replacement Reserve	0	0	0	0	0	1,232	0	0	0
Irrigation - footnote	0	0	0	0	0	0	0	0	0
Zone Valves - footnote	0	0	0	0	0	0	0	0	0

#### OTHER

##### *SIGNS;*

Street Address Signage	0	0	0	0	0	0	0	1,969	0
Compliance Signage	0	0	0	0	0	0	0	1,500	0

##### *OTHER;*

Contingency (3.0%)	0	0	0	0	0	0	0	0	0
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TOTAL.		\$0	\$27,448	\$0	\$0	\$0	\$1,232	\$31,788	\$3,807
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#### CURRENT RESERVE METHOD

BEGINNING RESERVE BALANCE	\$99,689	\$110,655	\$94,131	\$105,014	\$116,060	\$127,271	\$137,410	\$116,914
ANNUAL CONTRIBUTION	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
INTEREST - COMPUTED AT	1,566	1,524	1,482	1,646	1,811	1,970	1,893	1,796
OTHER	0	0	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	0	27,448	0	0	0	1,232	31,788	3,807
PROJECTED ENDING BALANCE	\$110,655	\$94,131	\$105,014	\$116,060	\$127,271	\$137,410	\$116,914	\$124,303

### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

COMPONENT	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
	R 9	10	11	12	13	14	15	16
	2029	2030	2031	2032	2033	2034	2035	2036

#### STRAIGHT LINE METHOD

BEGINNING RESERVE BALANC	\$128,584	\$143,410	\$130,804	\$145,663	\$158,874	\$172,284	\$184,653	\$166,422
ANNUAL CONTRIBUTION	12,801	12,801	12,801	10,944	10,944	10,944	10,944	10,944
INTEREST - COMPUTED AT	2,025	2,041	2,058	2,267	2,465	2,657	2,613	2,550
OTHER	0	0	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	0	27,448	0	0	0	1,232	31,788	3,807
<b>PROJECTED ENDING BALAN</b>	<b>\$143,410</b>	<b>\$130,804</b>	<b>\$145,663</b>	<b>\$158,874</b>	<b>\$172,284</b>	<b>\$184,653</b>	<b>\$166,422</b>	<b>\$176,109</b>



### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
R	17	18	19	20	21	22	23	24
COMPONENT	2037	2038	2039	2040	2041	2042	2043	2044

#### BUILDING ELEMENTS

##### *MECHANICAL SYSTEMS;*

Hydrant Test - operating exp.	0	0	0	0	0	0	0	0
Sewer Flush & Video Inspect	0	0	0	0	0	0	0	0

#### PAVED SURFACES

Streets - Asphalt Overlay	0	0	0	0	0	0	0	0
Streets - Repair (5%)	0	0	0	18,386	0	0	0	0
Streets - Curb Repairs	0	0	0	0	0	0	0	0

#### LIGHTING

##### *LANDSCAPE LIGHTING;*

Post & Lantern - re-lamp only	0	0	0	0	0	0	0	0
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#### LANDSCAPE

##### *GENERAL LANDSCAPE;*

Landscape Replacement Reserve	0	0	0	0	0	0	0	1,430
Irrigation - footnote	0	0	0	0	0	0	0	0
Zone Valves - footnote	0	0	0	0	0	0	0	0

#### OTHER

##### *SIGNS;*

Street Address Signage	0	0	0	0	0	0	0	0
Compliance Signage	0	0	0	0	0	0	0	0

##### *OTHER;*

Contingency (3.0%)	0	0	0	0	0	0	0	0
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TOTAL	\$0	\$0	\$0	\$18,386	\$0	\$0	\$0	\$1,430
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#### CURRENT RESERVE METHOD

BEGINNING RESERVE BALANC	\$124,303	\$135,638	\$147,143	\$158,821	\$152,150	\$163,903	\$175,832	\$187,940
ANNUAL CONTRIBUTION	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
INTEREST - COMPUTED AT	1,935	2,105	2,278	2,315	2,353	2,529	2,708	2,879
OTHER	0	0	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	0	0	0	18,386	0	0	0	1,430
PROJECTED ENDING BALAN	\$135,638	\$147,143	\$158,821	\$152,150	\$163,903	\$175,832	\$187,940	\$198,789

### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	
	R	17	18	19	20	21	22	23	24
COMPONENT		2037	2038	2039	2040	2041	2042	2043	2044

#### STRAIGHT LINE METHOD

BEGINNING RESERVE BALANC	\$176,109	\$189,777	\$203,649	\$217,730	\$213,498	\$227,727	\$242,169	\$256,828
ANNUAL CONTRIBUTION	10,944	10,944	10,944	10,944	10,944	10,944	10,944	10,944
INTEREST - COMPUTED AT	2,724	2,929	3,137	3,210	3,285	3,498	3,715	3,924
OTHER	0	0	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	0	0	0	18,386	0	0	0	1,430
PROJECTED ENDING BALAN	\$189,777	\$203,649	\$217,730	\$213,498	\$227,727	\$242,169	\$256,828	\$270,266

### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	
	R	25	26	27	28	29	30
COMPONENT		2045	2046	2047	2048	2049	2050

#### BUILDING ELEMENTS

##### *MECHANICAL SYSTEMS;*

Hydrant Test - operating exp.	0	0	0	0	0	0
Sewer Flush & Video Inspect	0	0	0	0	0	0

#### PAVED SURFACES

Streets - Asphalt Overlay	216,075	0	0	0	0	0
Streets - Repair (5%)	19,807	0	0	0	0	21,338
Streets - Curb Repairs	0	0	0	0	0	0

#### LIGHTING

##### *LANDSCAPE LIGHTING;*

Post & Lantern - re-lamp only	0	0	0	0	0	0
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#### LANDSCAPE

##### *GENERAL LANDSCAPE;*

Landscape Replacement Reserve	0	0	0	0	0	0
Irrigation - footnote	0	0	0	0	0	0
Zone Valves - footnote	0	0	0	0	0	0

#### OTHER

##### *SIGNS;*

Street Address Signage	0	0	0	0	0	0
Compliance Signage	0	0	0	0	0	0

##### *OTHER;*

Contingency (3.0%)	0	0	0	0	0	0
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TOTAL	\$235,882	\$0	\$0	\$0	\$0	\$21,338
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#### CURRENT RESERVE METHOD

BEGINNING RESERVE BALANC	\$198,789	-\$27,693	-\$18,293	-\$8,893	\$444	\$9,922
ANNUAL CONTRIBUTION	9,400	9,400	9,400	9,400	9,400	9,400
INTEREST - COMPUTED AT	0	0	0	-63	77	0
OTHER	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	235,882	0	0	0	0	21,338
PROJECTED ENDING BALAN	-\$27,693	-\$18,293	-\$8,893	\$444	\$9,922	-\$2,016

### 30 YEAR EVALUATION

#### PROJECTED RESERVE BALANCES

	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
R	25	26	27	28	29	30
COMPONENT	2045	2046	2047	2048	2049	2050

#### STRAIGHT LINE METHOD

BEGINNING RESERVE BALANC	\$270,266	\$47,695	\$59,437	\$71,354	\$83,451	\$95,729
ANNUAL CONTRIBUTION	10,944	10,944	10,944	10,944	10,944	10,944
INTEREST - COMPUTED AT	2,367	798	974	1,152	1,334	1,358
OTHER	0	0	0	0	0	0
LESS ANTICIPATED EXPENDIT	235,882	0	0	0	0	21,338
<b>PROJECTED ENDING BALAN</b>	<b>\$47,695</b>	<b>\$59,437</b>	<b>\$71,354</b>	<b>\$83,451</b>	<b>\$95,729</b>	<b>\$86,693</b>

**Dan Leiker, Principal - RDA-Reserve Data Analysis**  
**(A Division of Mountainside Enterprises)**  
**Statement of Qualifications**

As a third party independent consultant Reserve Data Analysis concentrates its expertise on the issues and complexities related to contingency reserve funding and long-range financial planning for common interest developments, commercial and residential strata corporations, time shares and resort properties. Reserve planning helps assure property values by protecting against depreciation due to deferred maintenance and the financial inability to keep up with component wear. RDA provides the client with accurate funding goals and applicable funding requirements as well as cash flow projections for sound financial planning.

Mr. Leiker's background includes condominium property management as a Certified Manager of Community Associations – CMCA (California) as well as Western Regional Manager (Vancouver) for a multi-provincial property management firm (head office Calgary) combined with construction and project management experience. He has performed in the capacity of both owners' representative and lead project administrator on several multimillion-dollar structural deficiency reconstruction projects in California. Dan brings twenty years of experience in the preparation of depreciation reports and reserve analysis as annually required by law under the Department of Real Estate of California. He has received formal training in Reserve Planning through the Community Association Institute (CAI) California. The CAI is a multi-national organization which provides training and designations in community association management, reserve planning and risk management. As a Reserve Analyst he has served as expert witness successfully representing Homeowner Associations in legal cases pertaining to the Developers failure to accurately determine the quantity, quality and cost of materials used when filing the original Reserve Funding Plan with the California Department of Real Estate. His professional testimony has resulted in financial settlements for the Associations. His combined twenty years of experience in the commercial, industrial and residential markets has positioned him to provide quality services for the implementation of an effective financial and capital plan.

Since 1994, Mr. Leiker has prepared contingency reserve studies, depreciation reports and annual reserve updates for over eight hundred self-managed and professionally-managed strata corporations, resort properties and institutional properties throughout the Lower Mainland, Fraser Valley, Whistler, Sunshine Coast, Okanagan, South Thompson, Nelson, Creston, Williams Lake, Edmonton & Calgary. RDA funding formulas and the reporting template is fully compliant with the Condominium Property Act of Alberta and the Strata Property Act of British Columbia.

Mountainside Enterprises has been a business member in good standing with CHOA (Condominium Home Owners' Association of BC) for over fifteen years. Additionally, Dan has conducted educational seminars for both CHOA and PAMA (Professional Association of Managing Agents) in the area of reserve planning. Mr. Leiker and Mountainside Enterprises carry Professional Liability Insurance (Errors & Omissions), General Liability and Workers Compensation coverage.