NLD Consulting
RESERVE FUND ADVISORS
a division of Clarity Reserve Solutions Ltd
Clarity RS

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Depreciation Report | 2025

Desert Gardens
554 Seymour Street
Kamloops, BC

NLD Consulting
RESERVE FUND ADVISORS
a division of Clarity Reserve Solutions Ltd
Clarity RS

KAS 1911—Desert Gardens
554 Seymour Street
Kamloops, BC
V2C 2G9

We are pleased to present to you this depreciation report, which has been completed in compliance with the BC Strata Property Act as amended to date. This comprehensive report provides current and future reserve expenditure estimates, as well as recommendations for reserve fund actions. This depreciation report is a complex document, and we encourage you to review it in detail.

We recommend that the strata corporation adopts the Reserve Fund plan outlined in this report, with contributions adjusted to $27,183 for the January 2026 to December 2026 fiscal year, and further increased as per the recommendations in the Section 5.3. Please note that the legislation does not specifically require the strata corporation to follow our specific funding plan, but it must meet or exceed the minimum legislated requirements in accordance with Part 6.1 of the Strata Property Regulation.

We collaborate with our clients to create a reserve fund plan that is both actionable and beneficial for current and future owners. In doing so, the recommended plan may not necessarily align with our initial recommendations, as we believe that incorporating our clients' unique needs and circumstances will lead to the best outcomes.

We would be pleased to offer you depreciation report updating services as required. Please note that the strata corporation is obligated to update the Depreciation Report at least once every five years as per Part 6.21 (2) of the Strata Property Regulation, unless future amendments require an alternate schedule of updates.

Thank you for entrusting us to produce this report. If you have any questions or require further assistance, please do not hesitate to contact us.

Respectfully submitted,

Terry Dowle, CRP, P.App., AACI, RI, PRA (AIC#300781)

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Executive Summary of Facts and Conclusions

This summary highlights key facts, assumptions, and recommendations for convenience. It should not be relied upon as a substitute for the full report. Readers are advised to review the full report to understand the context, limitations, and detailed findings upon which these summaries are based.

Date of Study June 21, 2025 (Inspection Date: August 08, 2025)

Property Management Co. CML Properties
272 Lansdowne Street, Kamloops, BC, Canada

Property KAS 1911 — Desert Gardens
554 Seymour Street, Kamloops, BC, V2C 2G9
Constructed in 1997

Forecasted Rates Construction Cost Inflation: **3.6%**
Interest Rate: **3.1%**
CPI Inflation: **1.9%**

Current Fiscal Year Details Jan 2025–Dec 2025

5-Year Plan	Jan 2025—Dec 2025	Jan 2026—Dec 2026	Jan 2027—Dec 2027	Jan 2028—Dec 2028	Jan 2029—Dec 2029	Jan 2030—Dec 2030
Recommendations						
Opening Balance	**$276,100**	**$280,600**	**$314,100**	**$0**	**$0**	**$35,200**
Annual Contribution[1]	$24,700	$27,200	$29,900	$34,400	$39,500	$45,500
Interest Income	$7,700	$8,600	$0	$0	$0	$0
Special Levy	$0	$0	$154,400	$38,200	$0	$487,100
Other	$0	$0	$0	$0	$0	$0
Less: Expenditures	-$27,900	-$2,300	-$498,400	-$72,600	-$4,300	-$567,800
Closing Balance	**$280,600**	**$314,100**	**$0**	**$0**	**$35,200**	**$0**
Avg Monthly Contribution per Unit[2]	$38	$42	$46	$53	$61	$70
Adequacy Analysis						
Ideal Contributions	$94,400	$96,200	$107,100	$110,400	$112,500	$125,000
Ideal Closing Balance	$2,236,500	$2,399,700	$2,067,300	$2,166,900	$2,342,100	$1,954,400
DCQ[3]	60.4	58.2	69.1	63.0	58.3	43.0
Percent Funded	13%	13%	0%	0%	2%	0%
Actual/Ideal Contributions	26%	28%	28%	31%	35%	36%

[1] The strata corporation is not legally required to follow the recommended plan (the board may adopt a different plan provided it meets legislative requirements). These recommendations come from the Adequate Funding Model in Section 5.3. For other models please refer to Appendix K.

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

[3] Deficiency/Contribution Quotient. See Section 5.5 for more information.

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 past, present, or prospective interest in the property that is the subject of this report and no personal or professional interest or conflict with respect to the parties involved with this assignment.
- I have no bias with respect to the property that is the subject matter of this report or to the parties involved in this assignment.
- My engagement and compensation are not contingent upon developing or reporting predetermined results, any specific value estimate, a conclusion favoring the client, or the occurrence of a subsequent event.
- These analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).
- The assignment has been completed competently with the necessary knowledge and experience, and, where applicable, this report is co-signed in compliance with CUSPAP.
- Except as disclosed herein, no one has provided significant professional assistance to the person signing this report.
- As of the date of this report, the undersigned has fulfilled the requirements of Appraisal Institute of Canada's Continuing Professional Development Program.
- The undersigned is a member in good standing of the Appraisal Institute of Canada.

Terry Dowle, CRP, P.App., AACI, RI, PRA (AIC#300781)

2026-01-29

1. Report Overview

1.1 Purpose of the Report

Overview

This depreciation report provides a comprehensive financial evaluation of the building components that have shared responsibility and require major repairs or replacement less than once per year. The report estimates long-term expenditures from the Reserve Fund and recommends suitable funding strategies.

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

Intent

A depreciation report helps the strata corporation determine the appropriate amount of money to allocate to their reserve fund. Although it forecasts a 30-year period, this information provided in this report is specifically intended to be relied upon for the next five years. Additionally, this report satisfies the requirements of the BC Strata Property Act and the BC Strata Property Regulation, as amended to date, as outlined in Appendix C.

Disclaimer

This report is not a comprehensive review of any specific component, nor does it provide exhaustive instructions for property maintenance. The predicted replacement dates and component costs are based on our forecasts, rather than specific recommendations. We do not recommend when to repair or replace each component or how much it should cost. Our recommendations are based on funding plans that reflect our predictions of what reserve expenditures the strata corporation will make.

We rely heavily on the information provided to us by various parties, including strata council members, property owners, property managers, contractors, and on-site staff. We assume no responsibility for the accuracy of the information they provide to us. This report is primarily intended to be a budgeting tool for the strata, and we defer to their interpretation of financial statements, component costs and lifespans, and specific bylaw interpretations (within reason). We provide a notice to the reader where we believe these interpretations may cause confusion or misunderstanding.

This report is not intended to serve as an independent review of the property's history. It is a collaborative document between the report provider and those who live in and work on behalf of the property.

1.2 Methodology

This section provides an overview of the methodology used to prepare this report. For a more comprehensive understanding, we recommend reviewing the full report, including its appendices.

Property Information (Section 2)
The consultant visually inspected the subject property on August 8, 2025. In addition, they reviewed various documents including building plans, financial records, and governing documents. The consultant collaborated with one or more representatives of the strata to identify undocumented repair work, assess the risk tolerance of the strata, and determine their short-term intentions for expenditures from the reserve fund.

Component Details (Section 3)
The consultant performed a detailed analysis of all reserve components, including counting, estimating, or measuring quantities, determining their lifespans and effective ages, and forecasting a schedule of major repair and replacement work. Furthermore, the consultant assessed the current cost of repairing or replacing each component.

Economic Forecasting (Section 4)
We applied an appropriate construction inflation rate to the current component costs to create a reserve fund budget for 30 years. We also applied an achievable interest rate to the current and predicted balances. Finally, we incorporated a localized Consumer Price Index (CPI) inflation rate to help us recommend fair contributions.

Funding Models (Section 5)
We created a Benchmark Analysis, which outlines an equitable payment schedule for each component's next replacement. This analysis assumes no reserve fund deficiency and serves as a hypothetical scenario. Additionally, the consultant created three funding models (two of them are located in Appendix K) based on the reserve fund's current balance and compared them to the Benchmark Analysis to evaluate fund performance and risk

2. Property Information

2.1 Property Description Summary

KAS 1911—Desert Gardens
554 Seymour Street
Kamloops, BC
V2C 2G9

The development is situated on the north side of Seymour Street, between 6th Avenue to the east and 5th Avenue to the west. It consists of a single three-story apartment building There is a single commercial strata lot on the ground floor, 18 units on the second floor, 17 on the third and 18 on the fourth, for a total of fifty-four units. The building is constructed over a concrete parkade.

The construction of the development took place in 1997, and it was officially registered with the Land Title Office on June 24, 1997. It is assumed that the project was built in compliance with relevant building codes, fire codes, city by-laws, and standard construction practices.

The property is managed by CML Properties, a firm with experience in residential property management.

The property was inspected on August 08, 2025 specifically for the purpose of preparing this report. The inspection was conducted by Terry Dowle, CRP, P.App., AACI, RI, PRA (AIC#300781) , and it encompassed a visual examination of the reserve components on-site where practical, as required by legislation.

2.2 Building Plans

The architectural plan and strata plan were used to quantify the components and other improvements. The development had complete architectural drawings in good condition, available as electronic documents. Some quantities were estimated on-site or measured from the plans, and they should be considered estimates.

1 EXISTING SOUTH ELEVATION

2 EXISTING NORTH ELEVATION

EXISTING ELEVATIONS

A 300

2.3 Governing Documents Review

The consultant has thoroughly examined the governing documents, including the bylaws, which outline the reserve fund components that are the collective responsibility of the strata corporation, rather than the individual unit owners. For detailed descriptions and analyses of each of these reserve components, please refer to Appendix D.

8 Repair and maintenance of property by strata corporation

1) The strata corporation must repair and maintain all of the following:

Strata KAS1911 will be fully responsible for:

a) All maintenance and repairs of basement parkade, parkade lobby, elevator machine room, exit stairwells, storage room, including cleanup, janitorial, overhead door and man doors.

b) Maintenance and repairs of all stairwell doors, all doors in parkade/basement, suite entry door to residential suites, all doors to sundecks/balconies and the two rear and two front ground floor stairwell exit doors at either end of the building.

c) Cleanup and snow removal of front entry, city sidewalk, rear walkway, exterior stairs and ramps, and north outside parking lot.

d) Maintenance and repairs of elevator, fire alarm system, sprinklers in common areas, enterphone, parkade ventilation and CO2 system and corridor pressurization system to upper 3 floors.

e) Maintenance and repairs of domestic hot water tanks and sprinkler equipment in the mechanical room located off of the parkade.

f) Maintenance and repairs of two roof top hallway pressurization units.

g) Maintenance or replacement of roofing, stucco and exterior items such as windows will be maintained from Contingency Fund.

h) Payment of annual Provincial elevator and boiler inspections.

i) Start up in fall and shut down in spring of the residential fireplaces located in strata lots 1 to 53.

g) Strata Lot 54 will be fully responsible for:

a) Maintenance and repairs of all materials and equipment located on the main floor including plumbing, electrical, HVAC, fire alarm, fire extinguishers, emergency and exit lighting, and doors (save and except those specifically identified in Bylaw 8 (e) and Bylaw 8 (f).

b) Maintenance and repairs of boilers in basement mechanical room.

c) Maintenance and repairs of handicap openers on 2 front aluminum doors.

Based on the bylaws and our discussions with the property's representatives, the non-reserve components identified as part of the common and/or limited common property are as follows:

- None noted

For further details, please refer to the current governing documents of the property (not included in this report).

2.4 Previous Depreciation Report

The corporation has two previous depreciation reports. Both completed by Reserve Data Analysis. The first report was dated July 2014, and the second December 2017. We have been provided both these documents and have reviewed them in connection in preparing this report.

2.5 Historical Financial Analysis

The consultant has reviewed the financial statements of the strata corporation, covering the period from January 2023 onwards. The relevant financial documents were provided by CML Properties.

As of January 01, 2025, the reserve fund balance was $276,097. For January 2025 to December 2025, the strata corporation has budgeted regular contributions of $24,712, which translates to an average of $38 per unit per month. Please note that the average monthly contribution is calculated based on the number of strata lots, and the actual fees and levies will be determined based on relative unit entitlement.

We recommend using separate General Ledger codes for each component to streamline the reserve fund update process. Additionally, we advise that all reserve expenditures be drawn from the reserve accounts.

Historical Financial Analysis

Desert Gardens

	Jan 2023 — Dec 2023	Jan 2024 — Dec 2024	Jan 2025 — Dec 2025
Opening Balance	**$341,506**	**$286,037**	**$276,097**
Reserve Fund Income			
Reserve Fund Contributions	$23,647	$23,647	$24,712
Special Levy			
Interest Income	$13,913	$11,878	$7,695
Other Income			
Transfer to (from) the Reserve Fund	-$15,342		
Income Total	**$22,218**	**$35,525**	**$32,407**
Reserve Fund Expenditures			
Structural and Architectural			
#1 Substructure and Underground Garage			
#2 Courtyard Membrane			
#3 Stucco Siding			
#4 Aluminum Frame Windows			
#5 Overhead Parkade Gate			
#6 Exterior Metal Doors			
#7 Exterior Metal and Glass Doors			
#8 Exterior Balcony Doors			
#9 Interior Wood Doors			
#10 Interior Metal Doors			
#11 Wood Fascia and Trim			
#12 Post Supports			
#13 Caulking			
#14 Concrete Stairs			
#15 Concrete Balcony Construction			
#16 Balcony Railings			
#17 Pergola Canopies			
#18 Soffits			
#19 Gutters and Downspouts			
#20 Tile Roof Assembly			
#21 Two Ply Membrane Roof Assembly			
#22 Roof Access Hatch			
#23 Metal Chimney Flue			
Building - Finishes and Decoration			
#24 Exterior Paint			
#25 Parking Paint and Markings			
#26 Interior Paint			
#27 Balcony Waterproofing			$20,000
#28 Interior Carpet			
#29 Interior Vinyl/Composite Flooring			
#30 Lobby Renovation			
#31 Elevator Cab Renovation			
Building - Mechanical Systems			
#32 Electric Heaters			
#33 Water Heater			
#34 Building Domestic Water Distribution			
#35 Subsurface Domestic Water Distribution			
#36 Wet Sprinkler System			
#37 Dry Sprinkler System			
#38 Sump Pumps			
#39 Cooling Tower			
#40 Make Up Air Unit			
#41 Fan Exhaust System			
#42 Parkade Heating System			
#50 Natural Gas Boiler			

Building - Electrical Systems			
#43 Electrical Service and Distribution			
#49 Fire Detection System			
#51 Access Entry System			
#52 Gas Sensor			
#53 Interior Lighting			
#54 Parkade Lighting			
#55 Exterior Lighting			
Building - Amenities			
#44 Mailboxes			
Common Site Improvements			
#45 Landscaping			
#46 Pavers			
#47 Concrete Walkways			
#48 Metal Fencing			
#56 Concrete Retaining Walls			
Report			
#57 Depreciation Report			$7,875
Miscellaneous	$77,687	$45,465	
Total Expenditures	**$77,687**	**$45,465**	**$27,875**
Closing Balance	**$286,037**	**$276,097**	**$280,628**

3. Component Details

3.1 Component Descriptions

This report provides an overview of all building and site components that have shared responsibility within the strata and are expected to require replacement or major repairs less frequently than once per year. Detailed descriptions of each component included in our analysis can be found in Appendix D.

Each component analysis in the appendix typically includes the following information:

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

3.2 Life Cycle Analysis

Each reserve component in this report has a next replacement date based on its Remaining Life, which is calculated as the difference between its Effective Age and its Lifespan. Subsequent replacements are scheduled assuming the component will last its full lifespan again.

The **Effective Age** of a component is a subjective measure that considers various factors, including its actual age, observed performance compared to expectations, reported problems, maintenance history, repair and replacement history, strata's intentions, functional obsolescence, and practicality of replacement scheduling. The Effective Age can change over time due to different factors and may not increase proportionally with the component's actual age.

The **Lifespan** of a component represents its average life expectancy and is determined by considering factors such as the type of component, material used, utilization rate, workmanship, quality, manufacturer's recommendations, guidelines from sources like the CMHC Capital Replacement Planning Manual, contractors' experience, functional obsolescence, required standards, environmental factors, regular maintenance, preventive maintenance, observed conditions, and the strata's intentions and risk tolerance.

By considering both the Effective Age and Lifespan of each component, a comprehensive analysis is conducted to determine the appropriate timing for their replacement and to develop a long-term plan for maintaining the reserve fund.

3.3 Current Cost Estimates

The cost to replace a component can vary due to several factors, including the scope of work, construction quality, market conditions, personal contacts, strata's risk tolerance, and other considerations. While we provide an exact cost for our funding models, it is important to note that the actual cost incurred may significantly differ based on how these factors are addressed.

Cost estimates in this report are frequently informed by information sourced directly from local contractors, as well as the current year's RSMeans Commercial Renovation Cost Data adjusted for factors such as time, location, material type, and construction quality. These estimates are based on thorough investigation, observation, analysis, and our extensive experience in conducting depreciation reports. However, all cost figures provided are estimates and should be viewed as predictions rather than specific recommendations.

The following major factors are considered in estimating Repair and Replacement Costs:

Scope of Work
Cost estimates for repairs and replacements include a comprehensive scope of work, which encompasses various factors such as demolition and disposal, labor, materials, and equipment, special construction requirements, safety installations, limited access considerations, potential reuse of salvageable materials, clean-up costs, contingencies, and allowances for contractor profit and overhead. Like-for-like replacements are considered when feasible and appropriate.

Quality of Construction
Cost estimates are based on the use of quality materials that meet the requirements of current building code regulations. Contractors' prices and union labor rates, along with contemporary construction techniques, are utilized in estimating the costs. Whenever possible and desirable, the replacement quality is matched to the original quality of construction.

Replacement Cost Factors
The costs associated with repairs and replacements of reserve components often exceed the original building costs. During new construction, contractors have flexibility in planning their work and can take advantage of economies of scale to maintain costs within budget. In contrast, repair work often needs to be carried out expeditiously, considering additional costs for removal, safety precautions, and the need to accommodate existing occupants.

Tax
All cost estimates provided include the applicable 5% Goods and Services Tax (GST) as required by tax regulations.

Contingency

Each cost estimate incorporates an individual contingency allowance to account for uncertainties in the final costing and timing of the work. The specific contingency percentage typically ranges from 5% to 25%, depending on factors such as the overall expense of the component, the potential for latent defects, and the likelihood of additional costs arising.

Budget Provisions

Forecasting the scope of repairs or replacements for various reserve components, especially major ones like foundations, substructures, domestic water plumbing, and electrical systems, can be challenging. To accommodate this uncertainty, a portion of the total cost is budgeted for components that are not expected to require a complete replacement. This Budget Percentage reflects an interpretation of costs based on the balance of probabilities (the average), even though it may differ from the most likely cost given various potential scenarios (the mode).

4. Economic Forecasting

This depreciation report places significant reliance on long-term economic predictions concerning inflation and interest rates. Although the actual economic conditions will differ from our forecasts, we believe that our estimates are reasonable and valuable for planning purposes.

Inflation and interest rates are subject to fluctuations, and it is important to periodically review and reassess their relevance and accuracy. Our economic analysis is conducted based on long-term conditions, aiming to eliminate the impact of short-term volatility and provide a more stable foundation for financial projections.

Construction Costs

Construction costs tend to increase at a different rate compared to standard Consumer Price Index (CPI) inflation. In this study, we have adjusted our estimated current construction costs by applying a localized construction cost inflation rate of 3.6%. For a more detailed explanation of our construction inflation analysis, please refer to Appendix G.

Interest Rates

The interest earned on the reserve fund balance can have a significant impact on the required reserve contributions. In our funding models, we have conservatively calculated the interest earned each year by considering the opening balances of the reserve fund, less any expenditures that year. The interest rate used in our analysis is 3.1%. For a detailed explanation of our interest rate analysis, please see Appendix E.

CPI Inflation

Owners contribute funds to the reserve fund to replace components that have not yet failed. To ensure that the amount they contribute towards any given component maintains its purchasing power over time, we increase the annual contributions for each component by a localized CPI inflation rate. The CPI inflation rate used in our analysis is 1.9%. For a comprehensive explanation of our CPI inflation analysis, please refer to Appendix F.

5. Funding Models

5.1 Benchmark Analysis

The Benchmark Analysis provides an assessment of the ideal opening balance and the ideal annual reserve fund contribution for the current fiscal year. These figures are calculated by evenly distributing the cost to replace a component over its lifespan, while considering the effects of inflation and interest rates. The purpose of this analysis is to evaluate the performance of the reserve fund and propose fair and equitable funding plans.

For a comprehensive explanation of the methodology used to calculate the Benchmark Analysis, please refer to Appendix H. It provides detailed insights into how these hypothetical numbers are derived and assists in understanding the rationale behind the recommended annual reserve fund contributions.

Please note that the table provided establishes the ideal *opening* balances for the current fiscal year, whereas the benchmark numbers mentioned in other sections of the report pertain to ideal *closing* balances.

Here are some definitions associated with the table on the next page:

Estimated Current Cost
The estimated cost to repair or replace each component today, after applying the Budget Percentage.

Projected Next Cost
The anticipated cost to repair or replace each component on its replacement date.

Ideal Opening Balance
The total accumulated balance that would be saved for each component if ideal annual contributions were made.

Ideal Annual Contribution
The annual contribution that evenly spreads the cost of each component over its lifespan, considering interest and inflation.

Relative Contribution Weight
The proportion of each component's Ideal Annual Contribution in relation to the overall total.

Benchmark Analysis

Desert Gardens

For Jan 2025 to Dec 2025

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%

Reserve Components	Expected Lifespan (yrs)	Effective Age (yrs)	Estimated Remaining Lifespan	Estimated Current Cost	Projected Next Cost	Ideal Opening Balance	Ideal Annual Contribution	Relative Contribution Weight
Structural and Architectural								
#1 Substructure and Underground Garage	35	25	10	$56,167	$79,998	$44,494	$1,570	1.7%
#2 Courtyard Membrane	30	28	2	$206,161	$221,272	$196,446	$6,077	6.4%
#3 Stucco Siding	40	25	15	$321,577	$546,614	$234,640	$8,281	8.8%
#4 Aluminum Frame Windows	40	25	15	$222,638	$378,439	$162,449	$5,733	6.1%
#5 Overhead Parkade Gate	22	25	-3	$13,607	$26,644	$2,267	$761	0.8%
#6 Exterior Metal Doors	30	25	5	$19,265	$22,992	$16,910	$597	0.6%
#7 Exterior Metal and Glass Doors	25	20	5	$16,154	$19,278	$13,615	$619	0.7%
#8 Exterior Balcony Doors	30	25	5	$174,668	$208,454	$153,309	$5,411	5.7%
#9 Interior Wood Doors	35	25	10	$36,831	$52,458	$29,176	$1,030	1.1%
#10 Interior Metal Doors	45	25	20	$4,545	$9,220	$3,102	$109	0.1%
#11 Wood Fascia and Trim	25	20	5	$17,405	$20,772	$14,670	$667	0.7%
#12 Post Supports	50	25	25	$22,771	$55,128	$14,716	$519	0.6%
#13 Caulking	12	10	2	$12,893	$13,838	$10,974	$1,060	1.1%
#14 Concrete Stairs	75	25	50	$5,376	$31,511	$2,973	$105	0.1%
#15 Concrete Balcony Construction	40	25	15	$71,033	$120,741	$51,829	$1,829	1.9%
#16 Balcony Railings	35	25	10	$108,526	$154,572	$85,972	$3,034	3.2%
#17 Pergola Canopies	35	25	10	$16,019	$22,816	$12,690	$448	0.5%
#18 Soffits	50	25	25	$9,882	$23,925	$6,387	$225	0.2%
#19 Gutters and Downspouts	30	25	5	$4,968	$5,929	$4,360	$154	0.2%
#20 Tile Roof Assembly	30	25	5	$15,247	$18,197	$13,383	$472	0.5%

#21 Two Ply Membrane Roof Assembly	22	20	2	$218,359	$234,364	$202,702	$9,220	9.8%
#22 Roof Access Hatch	30	25	5	$1,382	$1,649	$1,213	$43	0.0%
#23 Metal Chimney Flue	20	10	10	$2,265	$3,227	$1,258	$122	0.1%
Building - Finishes and Decoration								
#24 Exterior Paint	18	15	3	$65,270	$72,576	$56,133	$3,509	3.7%
#25 Parking Paint and Markings	8	4	4	$3,773	$4,347	$1,969	$493	0.5%
#26 Interior Paint	16	10	6	$78,326	$96,842	$52,150	$5,039	5.3%
#27 Balcony Waterproofing	15	0	15	$54,678	$92,942	$0	$4,381	4.6%
#27.1 Balcony Waterproofing - year 0 expenditure	0	0	0	$20,000	$20,000	$0	$0	0.0%
#28 Interior Carpet	15	5	10	$26,345	$37,523	$9,762	$1,943	2.1%
#29 Interior Vinyl/Composite Flooring	20	15	5	$1,353	$1,615	$1,070	$67	0.1%
#30 Lobby Renovation	15	10	5	$3,448	$4,115	$2,423	$234	0.2%
#31 Elevator Cab Renovation	22	20	2	$25,452	$27,318	$23,627	$1,075	1.1%
Building - Mechanical Systems								
#32 Electric Heaters	25	20	5	$1,482	$1,768	$1,249	$57	0.1%
#33 Water Heater	15	7	8	$16,205	$21,504	$8,229	$1,156	1.2%
#34 Building Domestic Water Distribution	35	25	10	$201,483	$286,970	$159,610	$5,633	6.0%
#35 Subsurface Domestic Water Distribution	45	25	20	$21,184	$42,975	$14,459	$510	0.5%
#36 Wet Sprinkler System	35	25	10	$125,924	$179,352	$99,754	$3,520	3.7%
#37 Dry Sprinkler System	30	25	5	$78,714	$93,940	$69,089	$2,438	2.6%
#38 Sump Pumps	12	10	2	$1,499	$1,609	$1,276	$123	0.1%
#39 Cooling Tower	35	25	10	$117,595	$167,490	$93,156	$3,288	3.5%
#40 Make Up Air Unit	20	11	9	$11,512	$15,827	$6,960	$608	0.6%
#41 Fan Exhaust System	15	10	5	$2,128	$2,539	$1,495	$144	0.2%
#42 Parkade Heating System	15	10	5	$8,484	$10,126	$5,963	$576	0.6%
Building - Electrical Systems								
#43 Electrical Service and Distribution	50	25	25	$28,972	$70,140	$18,724	$661	0.7%

Building - Amenities								
#44 Mailboxes	50	25	25	$9,244	$22,378	$5,974	$211	0.2%
Common Site Improvements								
#45 Landscaping	25	10	15	$2,531	$4,303	$1,185	$114	0.1%
#46 Pavers	50	20	30	$27,722	$80,097	$15,100	$687	0.7%
#47 Concrete Walkways	50	25	25	$12,719	$30,793	$8,220	$290	0.3%
#48 Metal Fencing	40	20	20	$15,231	$30,897	$9,367	$426	0.5%
Building - Electrical Systems								
#49 Fire Detection System	15	10	5	$18,187	$21,705	$12,781	$1,235	1.3%
Building - Mechanical Systems								
#50 Natural Gas Boiler	25	20	5	$61,012	$72,814	$51,424	$2,339	2.5%
Building - Electrical Systems								
#51 Access Entry System	15	10	5	$10,612	$12,665	$7,458	$721	0.8%
#52 Gas Sensor	7	6	1	$2,229	$2,310	$1,931	$318	0.3%
#53 Interior Lighting	25	20	5	$26,179	$31,243	$22,065	$1,004	1.1%
#54 Parkade Lighting	20	15	5	$7,186	$8,576	$5,680	$355	0.4%
#55 Exterior Lighting	25	18	7	$15,588	$19,966	$12,075	$618	0.7%
Common Site Improvements								
#56 Concrete Retaining Walls	40	20	20	$29,026	$58,881	$17,850	$812	0.9%
Report								
#57 Depreciation Report	5	5	0	$7,875	$7,875	$7,875	$1,703	1.8%
TOTAL RESERVES				**$2,716,909**	**$3,928,059**	**$2,085,617**	**$94,373**	**100.0%**

5.2 Reserve Fund Expenditures

This section provides a 30-year forecast of expenditures from the reserve fund, categorized by component. The forecast includes regular expenditures and may also include one-time expenditures.

Regular expenditures are calculated by adjusting the estimated current cost for construction inflation. This accounts for the expected increase in construction costs over time. On the other hand, one-time expenditures are specific to short-term needs and are based on the findings of our investigation: these one-time expenditures do not recur once they have been addressed.

It is important to note that these expenditures are forecasts and should be viewed as predictive rather than prescriptive. The purpose of these forecasts is primarily to assist in establishing a reasonable reserve fund contribution schedule. Actual expenditures should be made based on the specific needs and priorities of the property, without necessarily adhering to this forecasted schedule.

Projected Expenditures

Desert Gardens

Construction Inflation Rate 3.6%

Reserve Components	Expected Lifespan (yrs)	Effective Age (yrs)	Current Cost	Jan 2025 — Dec 2025	Jan 2026 — Dec 2026	Jan 2027 — Dec 2027	Jan 2028 — Dec 2028	Jan 2029 — Dec 2029	Jan 2030 — Dec 2030	Jan 2031 — Dec 2031	Jan 2032 — Dec 2032	Jan 2033 — Dec 2033	Jan 2034 — Dec 2034	Jan 2035 — Dec 2035	Jan 2036 — Dec 2036	Jan 2037 — Dec 2037	Jan 2038 — Dec 2038	Jan 2039 — Dec 2039
#1 Substructure and Underground Garage	35	25	$56,200											$80,000				
#2 Courtyard Membrane	30	28	$206,200			$221,300												
#3 Stucco Siding	40	25	$321,600															
#4 Aluminum Frame Windows	40	25	$222,600															
#5 Overhead Parkade Gate	22	25	$13,600															
#6 Exterior Metal Doors	30	25	$19,300						$23,000									
#7 Exterior Metal and Glass Doors	25	20	$16,200						$19,300									
#8 Exterior Balcony Doors	30	25	$174,700						$208,500									
#9 Interior Wood Doors	35	25	$36,800											$52,500				
#10 Interior Metal Doors	45	25	$4,500															
#11 Wood Fascia and Trim	25	20	$17,400						$20,800									
#12 Post Supports	50	25	$22,800															
#13 Caulking	12	10	$12,900			$13,800												$21,200
#14 Concrete Stairs	75	25	$5,400															
#15 Concrete Balcony Construction	40	25	$71,000															
#16 Balcony Railings	35	25	$108,500											$154,600				
#17 Pergola Canopies	35	25	$16,000											$22,800				
#18 Soffits	50	25	$9,900															
#19 Gutters and Downspouts	30	25	$5,000						$5,900									
#20 Tile Roof Assembly	30	25	$15,200						$18,200									
#21 Two Ply Membrane Roof Assembly	22	20	$218,400			$234,400												
#22 Roof Access Hatch	30	25	$1,400						$1,600									
#23 Metal Chimney Flue	20	10	$2,300											$3,200				
#24 Exterior Paint	18	15	$65,300				$72,600											
#25 Parking Paint and Markings	8	4	$3,800					$4,300								$5,800		
#26 Interior Paint	16	10	$78,300							$96,800								
#27 Balcony Waterproofing	15	0	$54,700	$20,000														
#28 Interior Carpet	15	5	$26,300											$37,500				
#29 Interior Vinyl/Composite Flooring	20	15	$1,400						$1,600									
#30 Lobby Renovation	15	10	$3,400						$4,100									
#31 Elevator Cab Renovation	22	20	$25,500			$27,300												
#32 Electric Heaters	25	20	$1,500						$1,800									
#33 Water Heater	15	7	$16,200									$21,500						
#34 Building Domestic Water Distribution	35	25	$201,500											$287,000				
#35 Subsurface Domestic Water Distribution	45	25	$21,200															
#36 Wet Sprinkler System	35	25	$125,900											$179,400				
#37 Dry Sprinkler System	30	25	$78,700						$93,900									
#38 Sump Pumps	12	10	$1,500			$1,600												$2,500
#39 Cooling Tower	35	25	$117,600											$167,500				
#40 Make Up Air Unit	20	11	$11,500										$15,800					

#41 Fan Exhaust System	15	10	$2,100						$2,500							
#42 Parkade Heating System	15	10	$8,500						$10,100							
#43 Electrical Service and Distribution	50	25	$29,000													
#44 Mailboxes	50	25	$9,200													
#45 Landscaping	25	10	$2,500													
#46 Pavers	50	20	$27,700													
#47 Concrete Walkways	50	25	$12,700													
#48 Metal Fencing	40	20	$15,200													
#49 Fire Detection System	15	10	$18,200						$21,700							
#50 Natural Gas Boiler	25	20	$61,000						$72,800							
#51 Access Entry System	15	10	$10,600						$12,700							
#52 Gas Sensor	7	6	$2,200		$2,300							$3,000				
#53 Interior Lighting	25	20	$26,200						$31,200							
#54 Parkade Lighting	20	15	$7,200						$8,600							
#55 Exterior Lighting	25	18	$15,600								$20,000					
#56 Concrete Retaining Walls	40	20	$29,000													
#57 Depreciation Report	5	5	$7,900	$7,900					$9,400					$11,200		
TOTAL EXPENDITURES				**$27,900**	**$2,300**	**$498,400**	**$72,600**	**$4,300**	**$567,800**	**$96,800**	**$20,000**	**$24,500**	**$15,800**	**$995,600**		**$5,800**		**$23,600**

Projected Expenditures, Continued

Desert Gardens

Construction Inflation Rate 3.6%

Reserve Components	Expected Lifespan (yrs)	Effective Age (yrs)	Current Cost	Jan 2040 — Dec 2040	Jan 2041 — Dec 2041	Jan 2042 — Dec 2042	Jan 2043 — Dec 2043	Jan 2044 — Dec 2044	Jan 2045 — Dec 2045	Jan 2046 — Dec 2046	Jan 2047 — Dec 2047	Jan 2048 — Dec 2048	Jan 2049 — Dec 2049	Jan 2050 — Dec 2050	Jan 2051 — Dec 2051	Jan 2052 — Dec 2052	Jan 2053 — Dec 2053	Jan 2054 — Dec 2054
#1 Substructure and Underground Garage	35	25	$56,200															
#2 Courtyard Membrane	30	28	$206,200															
#3 Stucco Siding	40	25	$321,600	$546,600														
#4 Aluminum Frame Windows	40	25	$222,600	$378,400														
#5 Overhead Parkade Gate	22	25	$13,600					$26,600										
#6 Exterior Metal Doors	30	25	$19,300															
#7 Exterior Metal and Glass Doors	25	20	$16,200															
#8 Exterior Balcony Doors	30	25	$174,700															
#9 Interior Wood Doors	35	25	$36,800															
#10 Interior Metal Doors	45	25	$4,500						$9,200									
#11 Wood Fascia and Trim	25	20	$17,400															
#12 Post Supports	50	25	$22,800											$55,100				
#13 Caulking	12	10	$12,900												$32,300			
#14 Concrete Stairs	75	25	$5,400															
#15 Concrete Balcony Construction	40	25	$71,000	$120,700														
#16 Balcony Railings	35	25	$108,500															
#17 Pergola Canopies	35	25	$16,000															
#18 Soffits	50	25	$9,900											$23,900				
#19 Gutters and Downspouts	30	25	$5,000															
#20 Tile Roof Assembly	30	25	$15,200															
#21 Two Ply Membrane Roof Assembly	22	20	$218,400										$510,300					
#22 Roof Access Hatch	30	25	$1,400															
#23 Metal Chimney Flue	20	10	$2,300															
#24 Exterior Paint	18	15	$65,300							$137,200								
#25 Parking Paint and Markings	8	4	$3,800						$7,700								$10,200	
#26 Interior Paint	16	10	$78,300								$170,500							
#27 Balcony Waterproofing	15	0	$54,700	$92,900														
#28 Interior Carpet	15	5	$26,300											$63,800				
#29 Interior Vinyl/Composite Flooring	20	15	$1,400											$3,300				
#30 Lobby Renovation	15	10	$3,400						$7,000									
#31 Elevator Cab Renovation	22	20	$25,500										$59,500					
#32 Electric Heaters	25	20	$1,500															
#33 Water Heater	15	7	$16,200									$36,600						
#34 Building Domestic Water Distribution	35	25	$201,500															
#35 Subsurface Domestic Water Distribution	45	25	$21,200						$43,000									
#36 Wet Sprinkler System	35	25	$125,900															
#37 Dry Sprinkler System	30	25	$78,700															
#38 Sump Pumps	12	10	$1,500												$3,800			
#39 Cooling Tower	35	25	$117,600															
#40 Make Up Air Unit	20	11	$11,500															$32,100

#41 Fan Exhaust System	15	10	$2,100						$4,300						
#42 Parkade Heating System	15	10	$8,500						$17,200						
#43 Electrical Service and Distribution	50	25	$29,000										$70,100		
#44 Mailboxes	50	25	$9,200										$22,400		
#45 Landscaping	25	10	$2,500	$4,300											
#46 Pavers	50	20	$27,700												
#47 Concrete Walkways	50	25	$12,700										$30,800		
#48 Metal Fencing	40	20	$15,200						$30,900						
#49 Fire Detection System	15	10	$18,200						$36,900						
#50 Natural Gas Boiler	25	20	$61,000												
#51 Access Entry System	15	10	$10,600						$21,500						
#52 Gas Sensor	7	6	$2,200	$3,800							$4,900					$6,200
#53 Interior Lighting	25	20	$26,200												
#54 Parkade Lighting	20	15	$7,200										$17,400		
#55 Exterior Lighting	25	18	$15,600												
#56 Concrete Retaining Walls	40	20	$29,000						$58,900						
#57 Depreciation Report	5	5	$7,900	$13,400					$16,000				$19,100		
TOTAL EXPENDITURES				**$1,160,200**				**$26,600**	**$252,500**	**$137,200**	**$175,400**	**$36,600**	**$569,800**	**$305,900**	**$36,100**	**$10,200**	**$38,300**

5.3 30-Year Reserve Fund Schedule

The 30-Year Reserve Fund Schedule provides a recommended funding plan and presents a detailed forecast of cash flows. It also includes a condensed version of the Benchmark Analysis in each year.

Here are some definitions associated with the schedule on the next page:

Opening Balance
The reserve fund's financial position at the beginning of each fiscal year. This includes any allocated monetary resources for reserve purposes and may consist of multiple accounts, including those that may not be readily accessible due to investment strategies.

Recommended Annual Contribution
The total amount recommended to be contributed to the reserve fund each year through regular dues, excluding any interest earned.

Special Levy
A one-time contribution that may be necessary in certain years to maintain the reserve fund's Minimum Balance. It is a separate contribution distinct from regular annual contributions.

Minimum Balance
The minimum allowable balance in the reserve fund before a special levy is triggered. The Minimum Balance applies to the next fiscal year and increases with CPI inflation.

Interest Income
The expected interest earned from all investments made with the reserve fund. It conservatively assumes that all expenditures for the given year occur before any interest is earned.

Closing Balance
The reserve fund's financial position at the end of each fiscal year, which is carried forward to the subsequent year.

Ideal Annual Contribution
The annual contribution amount that evenly funds the cost of each component over its lifespan, considering interest and inflation. The value for the first year aligns with the Ideal Annual Contribution determined in the Benchmark Analysis.

Ideal Closing Balance
The hypothetical total accumulated balance that would be saved if ideal annual contributions were made and expenditures occurred exactly as predicted.

Reserve Fund Deficiency/Surplus
The difference between the Closing Balance and the Ideal Closing Balance. A positive value indicates a deficiency in the reserve fund, while a negative value indicates a surplus.

DCQ Score

The Deficiency/Contribution Quotient, which is a stable measure of reserve fund performance. Further details on its calculation and significance can be found in Section 5.5 of the report.

Reserve Fund Projection—Adequate Funding Model

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%
Minimum Balance	$0

Schedule	Jan 2025 – Dec 2025	Jan 2026 – Dec 2026	Jan 2027 – Dec 2027	Jan 2028 – Dec 2028	Jan 2029 – Dec 2029	Jan 2030 – Dec 2030	Jan 2031 – Dec 2031	Jan 2032 – Dec 2032	Jan 2033 – Dec 2033	Jan 2034 – Dec 2034	Jan 2035 – Dec 2035	Jan 2036 – Dec 2036	Jan 2037 – Dec 2037	Jan 2038 – Dec 2038	Jan 2039 – Dec 2039
Opening Balance	$276,100	$280,600	$314,100	$0	$0	$35,200	$0	$0	$45,500	$103,600	$192,800	$0	$153,500	$336,500	$549,500
Reserve Fund Income															
Recommended Contribution	$24,700	$27,200	$29,900	$34,400	$39,500	$45,500	$54,600	$65,500	$81,900	$102,300	$127,900	$153,500	$184,200	$202,600	$208,500
Interest Income	$7,700	$8,600							$700	$2,700			$4,600	$10,400	$16,300
Special Levy			$154,400	$38,200		$487,100	$42,300				$674,900				
Income Total	$32,400	$35,800	$184,300	$72,600	$39,500	$532,600	$96,800	$65,500	$82,500	$105,000	$802,800	$153,500	$188,800	$213,000	$224,800
Reserve Fund Expenditures															
Total Expenditures	$27,900	$2,300	$498,400	$72,600	$4,300	$567,800	$96,800	$20,000	$24,500	$15,800	$995,600		$5,800		$23,600
Closing Balance	$280,600	$314,100	$0	$0	$35,200	$0	$0	$45,500	$103,600	$192,800	$0	$153,500	$336,500	$549,500	$750,700
Deficiency Analysis															
Ideal Contribution	$94,400	$96,200	$107,100	$110,400	$112,500	$125,000	$129,100	$131,900	$134,800	$137,700	$158,700	$161,800	$164,900	$168,100	$171,700
Ideal Closing Balance	$2,236,500	$2,399,700	$2,067,300	$2,166,900	$2,342,100	$1,954,400	$2,044,200	$2,218,900	$2,397,300	$2,593,000	$1,805,600	$2,023,400	$2,245,100	$2,482,700	$2,707,000
Reserve Fund Deficiency (Surplus)	$1,955,900	$2,085,600	$2,067,300	$2,166,900	$2,306,900	$1,954,400	$2,044,200	$2,173,400	$2,293,700	$2,400,200	$1,805,600	$1,869,900	$1,908,600	$1,933,200	$1,956,400
Actual/Ideal Contributions	26%	28%	28%	31%	35%	36%	42%	50%	61%	74%	81%	95%	112%	121%	121%
DCQ Score	60.4	58.2	69.1	63.0	58.3	43.0	37.5	33.2	27.8	22.9	14.1	12.2	10.1	9.1	8.7

Reserve Fund Projection—Adequate Funding Model, Continued

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%
Minimum Balance	$0

Schedule	Jan 2040 — Dec 2040	Jan 2041 — Dec 2041	Jan 2042 — Dec 2042	Jan 2043 — Dec 2043	Jan 2044 — Dec 2044	Jan 2045 — Dec 2045	Jan 2046 — Dec 2046	Jan 2047 — Dec 2047	Jan 2048 — Dec 2048	Jan 2049 — Dec 2049	Jan 2050 — Dec 2050	Jan 2051 — Dec 2051	Jan 2052 — Dec 2052	Jan 2053 — Dec 2053	Jan 2054 — Dec 2054
Opening Balance	$750,700	$0	$220,700	$454,700	$702,500	$937,400	$953,500	$1,096,300	$1,211,500	$1,481,000	$1,217,000	$1,224,800	$1,519,400	$1,868,800	$2,227,300
Reserve Fund Income															
Recommended Contribution	$214,500	$220,700	$227,100	$233,700	$240,500	$247,500	$254,700	$262,000	$269,600	$277,500	$285,500	$293,800	$302,300	$311,100	$320,100
Interest Income			$6,800	$14,100	$21,000	$21,200	$25,300	$28,500	$36,400	$28,200	$28,200	$36,900	$47,100	$57,600	$67,900
Special Levy	$195,000														
Income Total	$409,600	$220,700	$234,000	$247,800	$261,500	$268,700	$280,000	$290,600	$306,100	$305,700	$313,700	$330,600	$349,400	$368,700	$388,000
Reserve Fund Expenditures															
Total Expenditures	$1,160,200				$26,600	$252,500	$137,200	$175,400	$36,600	$569,800	$305,900	$36,100		$10,200	$38,300
Closing Balance	$0	$220,700	$454,700	$702,500	$937,400	$953,500	$1,096,300	$1,211,500	$1,481,000	$1,217,000	$1,224,800	$1,519,400	$1,868,800	$2,227,300	$2,576,900
Deficiency Analysis															
Ideal Contribution	$196,700	$200,400	$204,200	$208,100	$212,500	$221,200	$227,800	$235,200	$240,400	$255,100	$265,700	$271,400	$276,600	$282,000	$288,000
Ideal Closing Balance	$1,791,400	$2,047,400	$2,315,000	$2,594,900	$2,860,400	$2,909,900	$3,086,500	$3,236,600	$3,539,600	$3,317,000	$3,370,200	$3,708,900	$4,100,400	$4,499,100	$4,887,100
Reserve Fund Deficiency (Surplus)	$1,791,400	$1,826,600	$1,860,300	$1,892,300	$1,923,000	$1,956,300	$1,990,200	$2,025,100	$2,058,500	$2,100,000	$2,145,400	$2,189,500	$2,231,700	$2,271,800	$2,310,100
Actual/Ideal Contributions	109%	110%	111%	112%	113%	112%	112%	111%	112%	109%	107%	108%	109%	110%	111%
DCQ Score	8.4	8.3	8.0	7.6	7.4	7.3	7.1	7.0	6.7	6.9	6.8	6.6	6.4	6.2	6.0

5.4 Cash Flow and Charts

This section provides Cash Flow Tables summarizing the recommendations from the 30-Year Reserve Fund Schedule, along with charts for visual representation. Both a nominal (actual dollar) summary and a real dollar (adjusted for CPI inflation) summary are included.

The **Nominal Table** displays the forecasted and recommended dollar amounts in actual currency. This table is helpful for planning and determining reserve fund contributions. When setting reserve fund contributions, the strata corporation should refer to the Nominal Cash Flow Table.

The **Real Dollar Table** presents dollar amounts adjusted for inflation. This table allows for an understanding of expenditures and contributions in terms of purchasing power. This table is for illustrative purposes only and should not be used as a basis for setting reserve fund contributions.

Please note the following definition:

Average Monthly Contribution per Unit
This is calculated by dividing each year's recommended contribution by twelve and then dividing by the total number of strata units. It represents an approximate monthly contribution per unit, although actual contributions may vary based on unit entitlement.

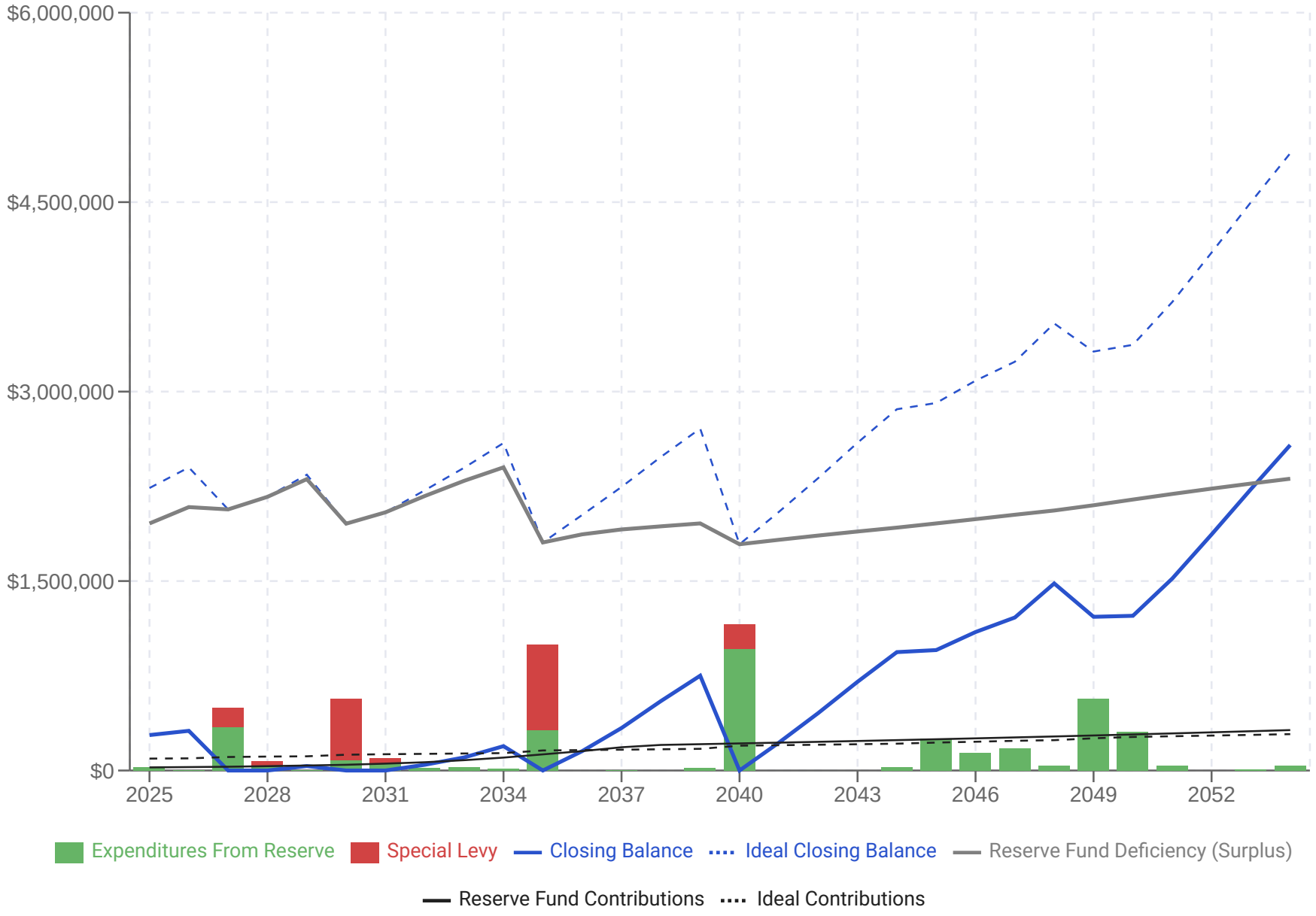
Nominal Cash Flow—Adequate Funding

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%

Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Levy	Interest Income	Projected Expenditures	Closing Balance
2025	$276,097	$24,712	$38		$7,695	$27,875	$280,628
2026	$280,628	$27,183	$42		$8,628	$2,310	$314,129
2027	$314,129	$29,901	$46	$154,370		$498,401	
2028		$34,386	$53	$38,190		$72,576	
2029		$39,544	$61			$4,347	$35,198
2030	$35,198	$45,476	$70	$487,102		$567,775	
2031		$54,571	$84	$42,271		$96,842	
2032		$65,485	$101			$19,966	$45,519
2033	$45,519	$81,857	$126		$653	$24,463	$103,565
2034	$103,565	$102,321	$158		$2,720	$15,827	$192,780
2035	$192,780	$127,901	$197	$674,942		$995,623	
2036		$153,481	$237				$153,481
2037	$153,481	$184,178	$284		$4,579	$5,768	$336,470
2038	$336,470	$202,596	$313		$10,431		$549,496
2039	$549,496	$208,471	$322		$16,302	$23,614	$750,656
2040	$750,656	$214,516	$331	$195,042		$1,160,214	
2041		$220,737	$341				$220,737
2042	$220,737	$227,139	$351		$6,843		$454,719
2043	$454,719	$233,726	$361		$14,096		$702,541
2044	$702,541	$240,504	$371		$20,953	$26,644	$937,354
2045	$937,354	$247,479	$382		$21,229	$252,548	$953,514
2046	$953,514	$254,655	$393		$25,307	$137,173	$1,096,303
2047	$1,096,303	$262,040	$404		$28,548	$175,391	$1,211,500
2048	$1,211,500	$269,640	$416		$36,423	$36,553	$1,481,010
2049	$1,481,010	$277,459	$428		$28,249	$569,754	$1,216,964
2050	$1,216,964	$285,505	$441		$28,243	$305,885	$1,224,828
2051	$1,224,828	$293,785	$453		$36,851	$36,098	$1,519,366
2052	$1,519,366	$302,305	$467		$47,100		$1,868,771
2053	$1,868,771	$311,072	$480		$57,617	$10,158	$2,227,302
2054	$2,227,302	$320,093	$494		$67,858	$38,324	$2,576,929

Adequate Funding Chart - Nominal Values



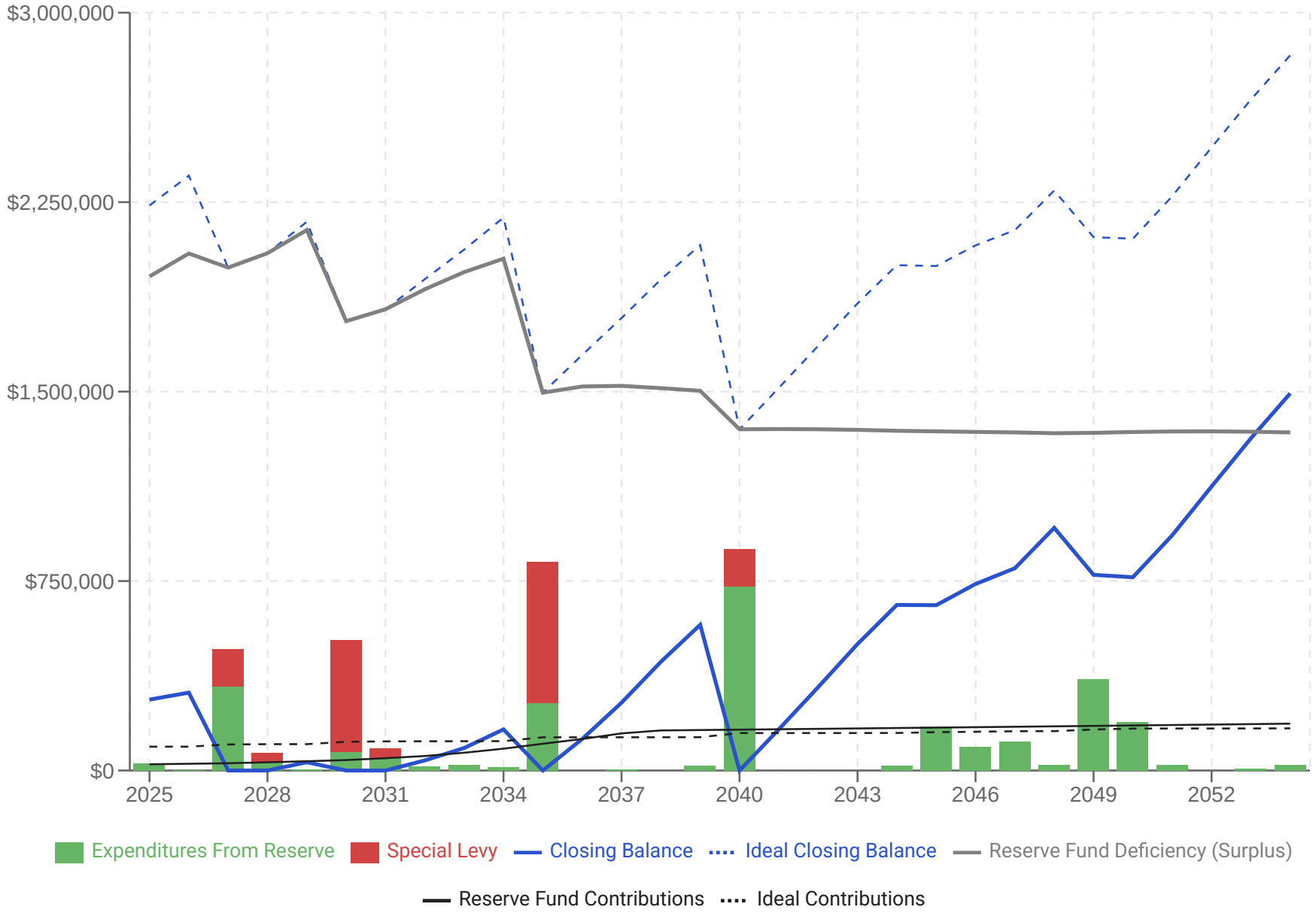
Real Dollar Cash Flow—Adequate Funding

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%

Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Levy	Interest Income	Projected Expenditures	Closing Balance
2025	$276,097	$24,712	$38		$7,695	$27,875	$280,628
2026	$275,396	$26,676	$41		$8,467	$2,267	$308,272
2027	$302,524	$28,797	$44	$148,667		$479,988	
2028		$32,499	$50	$36,093		$68,592	
2029		$36,676	$57			$4,032	$32,645
2030	$32,036	$41,392	$64	$443,352		$516,780	
2031		$48,744	$75	$37,757		$86,500	
2032		$57,402	$89			$17,502	$39,900
2033	$39,156	$70,414	$109		$561	$21,043	$89,088
2034	$87,427	$86,377	$133		$2,296	$13,360	$162,740
2035	$159,705	$105,958	$164	$559,145		$824,808	
2036		$124,779	$193				$124,779
2037	$122,452	$146,942	$227		$3,653	$4,602	$268,446
2038	$263,440	$158,623	$245		$8,167		$430,230
2039	$422,208	$160,179	$247		$12,526	$18,144	$576,769
2040	$566,015	$161,751	$250	$147,067		$874,833	
2041		$163,339	$252				$163,339
2042	$160,293	$164,942	$255		$4,969		$330,204
2043	$324,047	$166,560	$257		$10,045		$500,653
2044	$491,318	$168,195	$260		$14,653	$18,633	$655,533
2045	$643,310	$169,845	$262		$14,570	$173,325	$654,400
2046	$642,198	$171,512	$265		$17,044	$92,387	$738,368
2047	$724,600	$173,195	$267		$18,869	$115,925	$800,740
2048	$785,810	$174,895	$270		$23,625	$23,709	$960,620
2049	$942,709	$176,611	$273		$17,981	$362,666	$774,635
2050	$760,192	$178,345	$275		$17,643	$191,075	$765,104
2051	$750,838	$180,095	$278		$22,590	$22,128	$931,394
2052	$914,028	$181,862	$281		$28,335		$1,124,225
2053	$1,103,263	$183,647	$283		$34,015	$5,997	$1,314,928
2054	$1,290,410	$185,449	$286		$39,314	$22,203	$1,492,970

Adequate Funding Chart - Real Values



5.5 Deficiency Analysis

This detailed Deficiency Analysis focuses on the current fiscal year and involves comparing the actual reserve fund balance with the Benchmark Analysis' ideal balance.

The Benchmark Analysis provides an estimate of the reserve fund balance that would have been achieved if the strata corporation had made contributions each year in order to exactly fully fund each component's depreciation, considering interest and inflation. Consequently, the deficiency represents the predicted amount that the strata corporation needs to raise before the end of the building's economic life. For more information on the building's economic life, please refer to the Appendix J.

It is common for most strata corporations to exhibit a benchmark deficiency in their reserve funds to varying degrees. Resolving the deficiency can be accomplished through special levies, higher contributions than the ideal annual contributions, earning more interest on investments than predicted, finding ways to reduce replacement costs, and extending the predicted lifespans of components. Since contributions for each component are typically pooled into a single fund, a strata corporation can often manage a deficiency indefinitely without resorting to special levies by utilizing funds from newer components to cover the replacement costs of older ones.

Here are some definitions associated with the table on the next page:

Annual Contribution
The approved annual contribution allocated to the reserve fund.

Special Levy
An estimation of the amount collected or to be collected as a one-time fee in addition to the current Annual Contribution.

Estimated Expenditures
The costs incurred and expected to be incurred for the reserve fund components.

Estimated Reserve Fund Deficiency
The difference between the reserve fund's actual closing balance and the Benchmark Analysis' ideal closing balance.

Deficiency/Contribution Quotient
A stable measure used to assess reserve fund performance. Further details on the implications of this number can be found below.

Deficiency Analysis

Desert Gardens

For Jan 2025 to Dec 2025

Deficiency Calculation	
Opening Balance	**$276,097**
Annual Contribution	$24,712
Interest Income	$7,695
Special Levy	$0
Less: Estimated Expenditures	$27,875
Projected Closing Balance	**$280,628**
Less: Ideal Closing Balance	$2,236,525
Estimated Reserve Fund Deficiency	**$1,955,897**

DCQ Calculation	
Deficiency / Contribution Quotient	**60.4**

Deficiency/Contribution Quotient (DCQ)

The DCQ is calculated by dividing the closing balance Deficiency (including any outstanding loan balance) by the Contributions made in the same year (including any interest earned). It is a stable measurement that reflects the effort made to save for future reserve fund expenditures. A strata corporation that prioritizes reserve fund contributions will show a decreasing DCQ, even if the deficiency is increasing.

The DCQ is a standardized measure that provides a consistent basis for comparing the reserve fund performance of properties over time and comparing different buildings with each other. Its value is not influenced by factors such as location, time, building type, number of units, or size, making it a reliable tool for assessing reserve fund contributions.

However, it is important to note that different reserve consultants may use different methodologies, assumptions, and algorithms when developing their funding plans, particularly when calculating deficiencies. Consequently, the DCQ only allows for a meaningful comparison of the reserve fund performance of different properties if their depreciation report has also been conducted using the Reserve Sense platform.

Here is a guide to interpreting the DCQ values for your reserve fund:

DCQ greater than 40

Indicates a strata corporation that has not prioritized reserve fund contributions, although they may

still proactively maintain their building through alternative funding methods.

DCQ between 15 and 40
Normal for strata corporation that have recently started prioritizing their reserve fund contributions or have not had much time to accumulate a deficiency.

DCQ between 0 and 15
Indicates relative stability and a lower likelihood of requiring emergency funding, although there is still a possibility of incurring a special levy with a low DCQ.

DCQ equals 0
Indicates that the reserve is fully funded at its ideal Benchmark balance: all component depreciation has been offset with matching reserve fund contributions. This is also the position of the development at the exact beginning and end of its economic life.

DCQ less than 0
Indicates an overfunded reserve fund that, while very stable, should strive for a DCQ of zero to emphasize the equity of reserve contributions year-to-year.

6. Recommendations and Best Practices

These recommendations are designed to help the strata corporation effectively plan for future expenditures and ensure that sufficient funds are available to address maintenance and replacement needs. By following these recommendations, the corporation can proactively manage its reserve fund and minimize the risk of facing financial shortfalls or the need for special levies.

1. Properly document and finance major repairs and replacements through a designated reserve fund account, with corresponding expenditures recorded in the general ledger using specific ledger codes for each component.

2. Contribute $27,183 for the January 2026 to December 2026 fiscal year, and subsequently adhere to the recommendations outlined in Section 5.3 of this report.

3. Invest the reserve fund prudently and professionally in accordance with Section 6.11 of the Strata Property Regulation.

4. Provide the necessary resources to ensure the property is maintained in good condition.

5. Conduct an annual review of this report to validate the underlying assumptions and ensure the estimates are up to date.

6. The strata corporation is obligated to retain copies of the depreciation report as stated in Section 35(2)(n.1) of the Strata Property Act.

7. The strata corporation must update the depreciation report to the Information Certificate in accordance with Section 59(4)(d) of the Strata Property Act.

8. The strata corporation should update the depreciation report at least every five years, as mandated by Section 6.21(2) of the Strata Property Regulation, unless future regulations specify a different update schedule.

Appendix A—Qualifications

Terry Dowle, Principal

- AACI – Accredited Appraiser of the Canadian Institute (AIC)
- P.App. – Professional Appraiser (AIC)
- RI – Real Estate Institute of British Columbia (REIBC)
- CRP - Certified Reserve Planner – Real Estate Institute of Canada (REIC)
- PRA - Professional Reserve Advisor - Association of Professional Reserve Analysist

Introduction

Terry Dowle has been a prominent figure in the real estate consulting industry since 1989. As a senior partner at Niemi LaPorte & Dowle Appraisals Ltd., he oversees operations in Burnaby and Victoria. He is also a founding partner of Niemi LaPorte & Dowle Whistler Appraisal Group Ltd., serving the Sea to Sky Corridor, and NLD Consulting, which specializes in Depreciation Reports and Reserve Studies across British Columbia, Saskatchewan, and Manitoba. Additionally, Terry manages the Peace Region through Nearhood Commercial Appraisals, a division of Niemi LaPorte & Dowle. Terry is a co-founder of Clarity RS - Reserve Solutions a national company focusing on Strata Reserve and insurance consulting. Terry's expertise spans both IC&I and residential properties, with a focus on development and valuation projects. He has extensive experience in expropriation and partial taking matters and has provided expert testimony in Supreme Court hearings.

Terry holds an Associate Broker license with the Greater Vancouver Real Estate Board and is an instructor for two PDP seminars offered by the REBGV throughout British Columbia. He is an active member of the Real Estate Institute of BC, frequently speaking at industry events.

Terry has held numerous leadership roles, including serving on the Executive of the Appraisal Institute of Canada (AIC) Vancouver Chapter and the Provincial Association's Board of Directors. He is a past president of AIC-BC and currently sits on the AIC National Board. His volunteer service includes significant contributions to the Richmond FC as Vice-Chair and various committee chair positions, as well as the Real Estate Institute of Canada and other industry bodies.

AIC Appointments and Volunteer Service

- 2001–2021: Served on the Executive Committee of the Vancouver Chapter of the Appraisal Institute of Canada British Columbia Association (AIC-BC)
- 2013–2021: Served of the Provincial Board of Directors of the Appraisal Institute of Canada British Columbia Association (AIC-BC)
-

2019–2020: Chaired the Recruitment & Retention Portfolio, Admissions Chair, and Chair of the Professional Development Charter. Served as 2nd Vice president, 1st Vice President & Finance Chair and President

- 2021–current: Serves as a National Director of the Appraisal Institute of Canada (AIC)
- 2025 - 2026: President. serving on the Executive Committee, Presidents Council of Diversity.
- 2024–2025: President-Elect, serving on the Executive Committee and chairing the Communication Committee, Co-Chair PPC Committee and Chair of Audit & Finance.
- 2003–2018: Served on the Provincial Board of Examiners
- Certified Reserve Planner (CRP) Steering committee for the Real Estate Institute of Canada.
- Associate Broker License (previously Agent 9.15) license and is licensed for Property Management.
- 2002: Seminar Presenter – "Valuation of Leaky Condo's" – Langara College Campus
- REBGV Course Development & Instructor – "Understanding Depreciation Reports for REALTORS"
- REBGV Course Development & Instructor – "Market Valuation and Adjustments for REALTORS"

Education

1989: Langara Community College

- Realty Appraisal Program

1989: Langara Community College

- Real Estate Management

1991: Langara Community College

- Real Estate Sales and Marketing

1995: Langara Community College

- Business Communications

1997: University of British Columbia

- Faculty of Commerce and Business Administration – Real Estate Division
- Advanced Real Estate Management
- Real Estate Agent (9.15)

2005: University of British Columbia

- Sauder School of Business
- BUSI – Foundations of Real Estate Appraisal

2011: Real Estate Institute of Canada

- Institute of Real Estate Studies
- Certified Reserve Advisor (CRP Designation)

2013: Appraisal Institute of Canada

- Provincial Board of Examiners
- BDI/STARS Interview Technique Seminar

Ongoing: Appraisal Institute of Canada

- Continuing Professional Development Credits (24 per cycle)

Ongoing: Real Estate Council of BC

- Continuing Professional Development Credits (16 per cycle)

Designations and Certificates

2025: Professional Reserve Analysis - Association of Professional Reserve Analysts

2011: Certified Reserve Planner – Real Estate Institute of Canada

1998: RI - Real Estate Institute of British Columbia

1998: Associate Broker (Agent 9.15 – Real Estate Council of BC

1995: AACI – Accredited Appraiser of the Canadian Institute

1995: P.App. – Professional Appraiser

1994: Sales Agent – Real Estate Council of BC

Professional Experience

1989–1991: Royal LePage – Commercial Appraisal Division

- Real Estate Consulting and Appraisal of IC&I properties

1991–1995: Campbell & Pound (1934) Ltd.

- Real Estate Consulting and Appraisal of IC&I properties

1995–current: Niemi LaPorte & Dowle Appraisals Ltd.

- Real Estate Consulting and Appraisal of IC&I properties
- Insurance Valuation
- Management of Staff

- Development of Business

1999–current: Niemi LaPorte & Dowle Whistler Appraisal Group Ltd.

- Real Estate Consulting and Appraisal of IC&I properties
- Insurance Valuation
- Management of Staff
- Development of Business

2011–current: Niemi LaPorte & Dowle Appraisals Ltd. - Victoria.

- Real Estate Consulting and Appraisal of IC&I properties
- Insurance Valuation
- Management of Staff
- Development of Business

2011–current: NLD Consulting – Reserve Advisors

- Depreciation Report Consulting
- Insurance Valuation
- Management of Staff
- Development of Business

2020–current: Nearhood Appraisals – Commercial

- Real Estate Consulting and Appraisal of IC&I properties
- Insurance Valuation
- Development of Business

2024–current: Clarity RS - Reserve Solutions

- Depreciation Reports
- Reserve Fund Studies
- Insurance Valuation
- Development of Business
- B2B Business

Volunteer Services

2021–current: Appraisal Institute of Canada

- President - 2025 - 2026
- President Elect - 2024 – 2025
- Vice President - 2023 – 2024

- Executive Committee
- Presidents Council of Diversity
- Admissions and Accreditation Committee
- CEO Succession Committee
- CEO Selection Committee
- Communication Committee
- Audit & Finance Committee
- Professional Practice Committee

Real Estate Board of Greater Vancouver

- Author and Instructor
- 2016–current: Understanding Depreciation Reports for REALTORS
- 2018–current: Market Valuation and Adjustments for REALTORS

2023–2024: BC Government – Housing Policy Branch

- Consultation Committee
- Consultation on Depreciation Reports
- Consultation on Strata Property Act

2013–2021: Appraisal Institute of Canada – BC Board

- 2020–2021: Past President & Governance Chair
- 2019–2020: President
- 1st Vice President
- 2nd Vice President
- Executive Committee
- Finance Committee
- Recruitment & Retention Committee
- Professional Development Committee
- Governance Committee

2022: University of British Columbia – Sauder School of Business

- Appraisal Form Guide - consultant

2001–2021: Vancouver Chapter Executive – AIC-BC

- Chair for 3 years
- Secretary for 10 years
- Provincial Representative

2003–2018: Provincial Board of Examiners – BC-AIC

- Designated interviewer – BDI/STARS
- Provincial Board of Examiners – BC-AIC

2013–2016: Real Estate Institute of Canada – REIC

- CRP Steering committee
- Education and Experience Chair

Publications & Presentations

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

2022-current: Appraisal Institute of Canada

- Candidate Symposium Presenter
- Volunteer & Mentorship
- Residential Fee Appraisal Panel
- 2023: Webinar Presenter – AIC-BC – Fraser Valley Chapter - Education Session – Reserve Fund Studies – Diversifying your Practice
- 2024: Seminar Presenter – AIC – Vancouver Conference Diversification – Why Depreciation Reports should be on your radar
- 2024: Seminar Presenter –BC Land Summit - Depreciation Reports – A Roadmap to Diversification
- 2024: West Coast Appraiser September 2024 Issue - What you need to know about Depreciation Reports
- 2024: Stratagize Podcast - September 2024 - "Mandatory Depreciation Reports are the tip of the iceberg"
- 2025: The Whole Home Show Podcast - March 2025 - "Depreciation Reports - Why they Matter"
- 2025: West Coat Appraiser - March 2025 - "Mentoring; My Knowledge, Your Knowledge, Our Knowledge"
- 2025: Canadian Property Valuation – Volume 69, Issue 1 - "The Critical Opportunity for Appraisers in Reserve Fund Studies"

Memberships

Professional association of Managing Agents

Strata Property Agents of BC

Expropriation Association of BC.

Real Estate Institute of Canada

Mortgage Investment Brokers Association of BC.

Real Estate Institute of BC

Mortgage Brokers Association of BC.

Appraisal Institute of Canada

Condominium Homeowners Association (CHOA)

Vancouver Island Strata Owners Association (VISOA)

Court Experience

Supreme Court of British Columbia

Assessment Appeal Board of BC

Court of Revision

Appendix B—Assumptions and Limiting Conditions

The property's legal and survey descriptions stated herein are based on the official records of the Registrar of the requisite Land Titles Office and are presumed to be accurate. The strata corporation's governing documents and building plans provided are also assumed to be accurate and comprehensive, as are any financial statements, AGM and/or SGM minutes, budgets, and any other document provided to us in the course of preparing this report.

The study relies on the architectural, structural, mechanical, electrical, and other plans and specifications provided for the building or buildings and any associated improvements. It is assumed that all buildings and improvements have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

The sketches, drawings, diagrams, and photographs presented in this report are provided for illustration purposes only. This report does not include legal surveys, soil tests, engineering investigations, detailed quantity survey compilations, or exhaustive physical examinations. Therefore, no responsibility is assumed for discovering any inherent or hidden condition of the property, nor for any technical or engineering techniques that may be required for such discovery.

The reserve components were visually assessed and no intrusive or destructive testing, specialized imaging, or aerial inspections of elevated areas have been conducted. The consultant(s) accept no liability for conditions not visible at the time of the building and site review. If the Authorized Client requires further investigation of specific components, it is recommended that they seek the services of an expert who specializes in the particular building system/component.

Measurements and quantities are estimated during on-site inspections or obtained directly from plans, if available. In cases where electronic plans or drawings are provided, we use Planswift professional plan management software to estimate component quantities. The consultant(s) do not accept any liability for any errors or omissions resulting from the use of dimensions taken from these sources to quantify reserve components.

To arrive at reliable replacement cost estimates, a combination of documented and other cost data was utilized. The current cost estimates are mainly based on the latest RSMeans Commercial Renovation Cost Data for the current year. The data is adjusted to reflect local and site-specific conditions and may include a contingency factor based on the overall confidence in the costs for the specific component. The costs provided in the estimates include applicable taxes. The purpose of these cost estimates is to provide a realistic planning guideline, and actual costs may vary depending on several factors, such as the supply/demand of contractors during the time of replacements, fluctuation in material costs, and potential changes in construction methods and materials over time. The consultant(s) do not accept any liability for any errors or omissions resulting from relying upon published costing data.

Reserve fund estimates are subjective, and based on our understanding of the life cycle of reserve components and our experience gained from observing buildings. Reserve fund budgeting and projections are not exact sciences, but rather prudent provisions for possible contingencies if and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified periodically, at least every five years.

We have made efforts to verify the accuracy of the information contained herein. As such, the information is believed to be reliable and correct, and it has been gathered using standard professional procedures. However, we cannot guarantee the accuracy of the data presented.

The consultant does not possess the qualifications to design detailed repair, replacement, or maintenance plans. The recommendations presented in this report are general in nature and intended solely for the purpose of providing guidance for long-term financial planning. In the event of major repairs or replacements, it is advised that qualified professionals be engaged to provide specific designs. Additionally, the maintenance directions outlined by the manufacturer or installer of any specific component must be followed in all cases.

The estimates provided in this report are intended solely for use in the context of this report and should not be used in conjunction with any other depreciation report. The estimates may be invalid if used in this way. Legislation may require the strata corporation to follow various disclosure requirements related to the depreciation report. To ensure that the report is complete, current, and authentic, the user is advised to request copies directly from the author. Electronic copies should include a digital signature of the author.

The consultant assumes no responsibility for any claims that arise from the distribution of this report by a third party or from a copy that does not bear the original or digital signature of the consultant.

The Authorized Client to whom this report is addressed is authorized to use it solely for the purpose of deliberating on matters concerning the subject strata corporation. The report may not be excerpted or used in part, and must be utilized in its entirety. Possession of this report or any copies thereof does not imply the right of publication or use by anyone other than the Authorized Client without the written consent of the author. Any use of this report by non-client parties must be accompanied by appropriate qualifications.

The consultant(s) do not assume any liability for the failure of a sale to close or any owner’s inability to obtain financing, mortgage insurance, or structure/contents insurance as a result of information provided in this report. The consultant(s) have no authority to enforce any action on the part of the strata corporation and cannot be held responsible for the corporation's actions or inaction.

To ensure your privacy, any personal information provided for the purpose of preparing this report will be kept confidential and will not be shared with any external entity without your prior permission. We do not sell, distribute or publish personal information in any manner whatsoever.

Clarity Reserve Solutions Ltd - dba NLD Consulting 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 may retain personal information as required to fulfill our service obligations and comply with legal requirements. All personal information will remain confidential and will not be disclosed to external entities, except as required by law or with the customer's prior consent. Our privacy policy applies to all personal information collected by Clarity Reserve Solutions Ltd - dba NLD Consulting, and any organizations that acquire our business will be required to abide by our privacy policy. By accepting this report, you agree to maintain the confidentiality of any personal information contained herein and to comply in all material respects with the contents of our Privacy Policy.

The protection of personal information is important to us, and we comply with the Personal Information Protection Act (PIPA) of BC. This Act outlines the requirements for organizations to collect, use, disclose, and secure personal information. As such, the preparation of this report and the retention of records are subject to the requirements of PIPA. To reproduce or use this report in any form, written authorization in advance must be obtained, and any reproduction must be done in compliance with the PIPA and our Privacy Policy. For more information about the Act, please contact the office of the Information & Privacy Commissioner for BC or visit the official website.

The consultant(s) carry insurance coverage in accordance with industry standards for errors and omissions, with limits per claim and per year. The liability of the consultant(s) related to this report is limited to the maximum per-claim value available at the time a claim is made.

The compensation for services rendered in preparing this report is limited to the agreed-upon amount and does not include fees for consultations and arbitrations, if required. If personal appearances are necessary, additional fees will need to be negotiated. All estimates in this report are expressed in Canadian currency unless otherwise specified.

Appendix C—Act and Regulation

Depreciation Reports are part of the provincial/territorial real estate regulatory structure. These reports are outlined and required by the BC Strata Property Act, which sets the general rules and guidelines for the creation and governance of stratas in BC. Within this framework, regular updates to Depreciation Reports are mandated.

Supplementing the Act is the BC Strata Property Regulation. This document clarifies particular sections of the Act, specifying the details on how reports are to be conducted and presented.

The BC Strata Property Act & BC Strata Property Regulation documents are available here and here.

Appendix D—Reserve Component Descriptions and Analyses

Component Page Index

#1 / Structural and Architectural / Substructure and Underground Garage

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$56,200 Budget 5%	$80,000 Due in 2035	25 / 35

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.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of 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.
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.

#2 / Structural and Architectural / Courtyard Membrane




Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$206,200	$221,300 Due in 2027	28 / 30

Description	This component consists of a reinforced asphaltic modified bituminous membrane installed over the structural slab, using a hot-mopped and flood-coated application method. Extruded polystyrene (XPS) insulation is positioned above the membrane, offering protection from UV exposure, mechanical wear, and extreme temperature cycles. The membrane serves as the primary waterproofing barrier for the courtyard assembly, often located beneath landscaping, pavers, and other overburden.
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.
Work Completed	We have allowed for exploratory work and repair. A full review is being undertaken by the strata and the scope of work will determine the replacement costs. It assumed these may be higher and done by special levies.
Scope of Work	Remove all landscaping features, planters, pavers, hardscape, and other overburden materials above the courtyard slab. Lift and dispose of existing XPS insulation panels as appropriate. Remove the existing bituminous membrane system completely, exposing the structural slab. Inspect, repair, & patch the underlying concrete slab & reinforcing steel as needed. Prime and detail the slab surface per specifications; install new reinforced bituminous membrane using hot-mopped and flood-coated methods.
Potential Deterioration	Membrane Aging: Loss of elasticity and cracking due to thermal cycling and natural aging, blistering and bubbling caused by trapped moisture. Prompt Repairs: Address localized damage quickly, such as minor splits or punctures, to prevent systemic water intrusion—can often be done by lifting overburden in targeted zones.
Suggested Maintenance	Conduct annual inspections, especially after winter, to check for signs of cracking, blistering, seam separation, or water damage. Monitor Landscaping watching for root intrusion from planters and landscaping, and ensure ongoing inspections of transition details at upstands

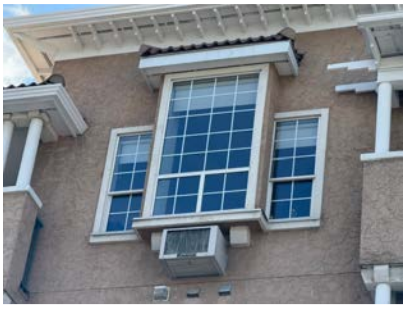
#3 / Structural and Architectural / Stucco Siding



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$321,600 Budget 50%	$546,600 Due in 2040	25 / 40

Description	This component accounts for the stucco siding envelope system. This system includes the building frame, sheathing, building paper, insulation, and stucco siding.
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.
Work Completed	In 2021 the owners authorized the expenditure of up to $ 24,952.00 from the contingency reserve fund to complete planned capital projects, which include, new carpet on the landings and stairways, stucco repair and caulking on the exterior of the building and resurfacing deck membranes (maximum of three), painting of facia, soffits and pergolas.
Scope of Work	Remove and dispose of all or damaged stucco. Repair damaged building frame and sheathing. Replace building paper and insulation as needed. Install new stucco system, work-site clean up, and any special safety preparation and precautions as required.
Potential Deterioration	Includes cracking, splitting, and water ingress caused by environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure. Contributing factors include physical damage, debris accumulation, moss, algae, and mold.
Suggested Maintenance	Regular visual inspection of siding for impact damage, cracking, water ingress, debris build up, and environmental damages. Patch work, paint, clean, and caulk as required.

#4 / Structural and Architectural / Aluminum Frame Windows


Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$222,600 Budget 50%	$378,400 Due in 2040	25 / 40

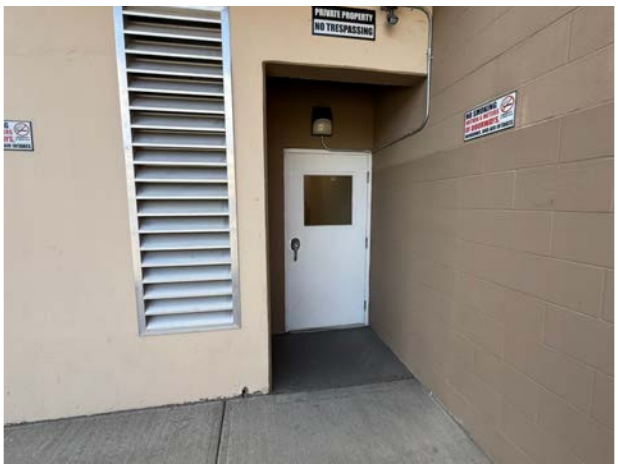
Description	This component accounts for the exterior aluminum-frame windows. This includes the frame, hardware, casing, and aluminum windows.
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of 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.
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.

#5 / Structural and Architectural / Overhead Parkade Gate

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$13,600	$26,600 Due in 2022	25 / 22

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.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged or failed door components as required.
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.

#6 / Structural and Architectural / Exterior Metal Doors



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$19,300 Budget 25%	$23,000 Due in 2030	25 / 30

Description	This component accounts for the common-element exterior metal doors. This includes the doors and all associated hardware.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged door system components as required or desired.
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.

#7 / Structural and Architectural / Exterior Metal and Glass Doors

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$16,200 Budget 33%	$19,300 Due in 2030	20 / 25

Description	This component accounts for the common-element exterior metal-and-glass doors. This includes the doors, glass lites, frames, and all associated hardware.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged door system components as required or desired.
Potential Deterioration	Includes impact damage, glass breakage, seal failure, misalignment, failure to latch, corrosion, fading, warping, and other aesthetic degradation. Contributing factors include wear-and-tear, physical damage, excessive force, 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 seal/paint as required.

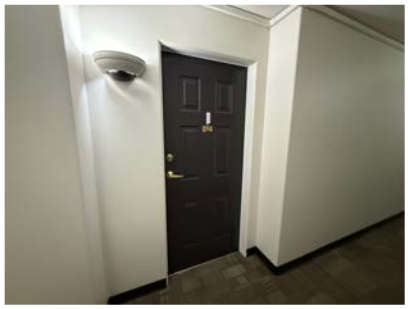
#8 / Structural and Architectural / Exterior Balcony Doors

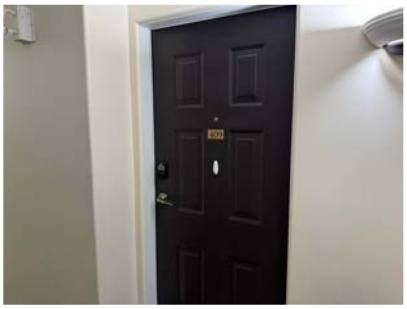


Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$174,700	$208,500 Due in 2030	25 / 30

Description	This component accounts for the common-element balcony doors. This includes the doors, glass, frames, and all associated hardware. Each sliding door system is counted as one opening for the purposes of this report.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged door system components as required or desired.
Potential Deterioration	Includes impact damage, glass breakage, seal failure, misalignment, roller failure, denting, and other aesthetic degradation. Contributing factors include wear-and-tear, physical damage, excessive force, 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, lubricate, and seal/paint as required.

#9 / Structural and Architectural / Interior Wood Doors

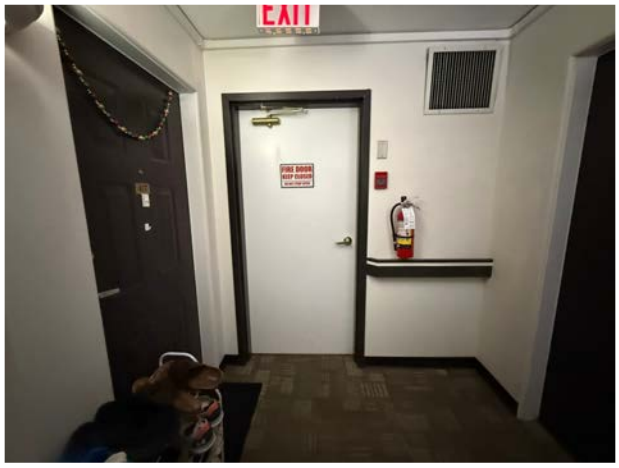


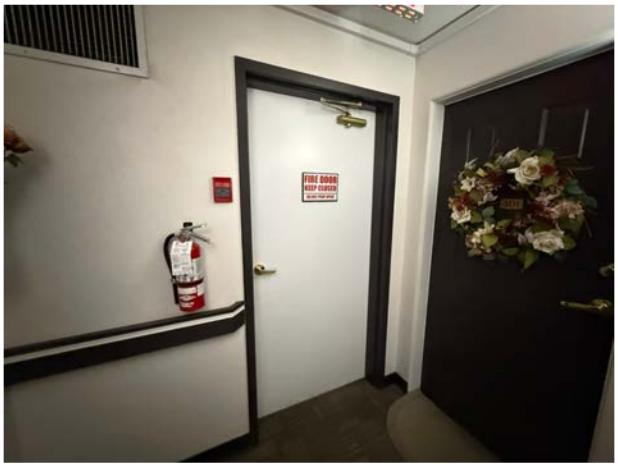


Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$36,800 Budget 33%	$52,500 Due in 2035	25 / 35

Description	This component accounts for the common-element interior wooden doors. This includes the doors, frames, and all associated hardware.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged door system components as required or desired.
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.

#10 / Structural and Architectural / Interior Metal Doors





Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$4,500 Budget 25%	$9,200 Due in 2045	25 / 45

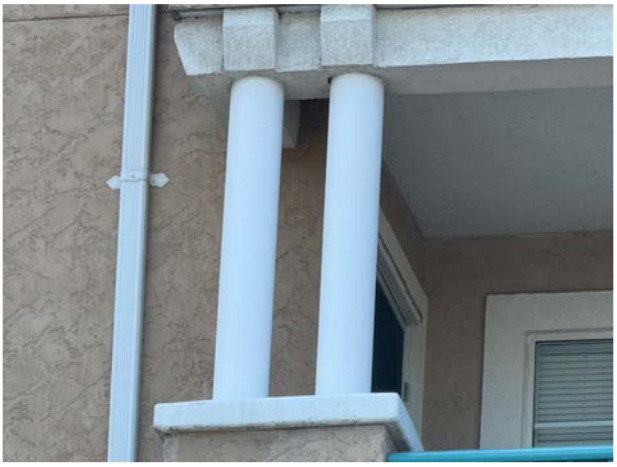
Description	This component accounts for the common-element interior metal doors. This includes the doors, frames, and all associated hardware.
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged door system components as required or desired.
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.

#11 / Structural and Architectural / Wood Fascia and Trim

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$17,400 Budget 50%	$20,800 Due in 2030	20 / 25

Description	This component accounts for the common-element wooden fascia board and trim.
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.
Work Completed	In 2021 the owners authorized the expenditure of up to $ 24,952.00 from the contingency reserve fund to complete planned capital projects, which include, new carpet on the landings and stairways, stucco repair and caulking on the exterior of the building and resurfacing deck membranes (maximum of three), painting of facia, soffits and pergolas.
Scope of Work	Remove and replace damaged elements as required or desired. Appropriate safety preparation and precautions as required.
Potential Deterioration	Includes impact damage, water damage, and deterioration. Contributing factors include physical damage, insufficient paint and caulking, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular visual inspection. Clean, paint, and caulk as required.

#12 / Structural and Architectural / Post Supports



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$22,800 Budget 50%	$55,100 Due in 2050	25 / 50

Description	This component accounts for the common-element structural wooden posts.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged elements as required or desired. Temporary shoring as required. Appropriate safety preparation and precautions as required.
Potential Deterioration	Includes impact damage, water damage, and deterioration. Contributing factors include physical damage, insufficient sealing, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular visual inspection. Clean and re-seal as required.

#13 / Structural and Architectural / Caulking

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$12,900 Budget 50%	$13,800 Due in 2027	10 / 12

Description	This component accounts for the common-element caulking found around the windows, exterior doors, and some trim.
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.
Work Completed	In 2021 the owners authorized the expenditure of up to $ 24,952.00 from the contingency reserve fund to complete planned capital projects, which include, new carpet on the landings and stairways, stucco repair and caulking on the exterior of the building and resurfacing deck membranes (maximum of three), painting of facia, soffits and pergolas.
Scope of Work	Remove and replace failed caulking as required. Appropriate safety preparation and precautions as required.
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.

#14 / Structural and Architectural / Concrete Stairs

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$5,400 Budget 25%	$31,500 Due in 2075	25 / 75

Description	This component accounts for the common-element concrete stairs and landings.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Break and remove concrete stairs. Repair the subgrade. Form and pour concrete.
Potential Deterioration	Includes holes, cracking, spalling, delamination, slab movement, poor grading, ponding water, and expansion joint failure. Contributing factors include impact damage, wear-and-tear, debris accumulation, subsurface shifting, and environmental factors such as temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular inspection of the stairs for deterioration and shifting. Inspect, clean, and repair as required.

#15 / Structural and Architectural / Concrete Balcony Construction

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$71,000 Budget 25%	$120,700 Due in 2040	25 / 40

Description	This component accounts for the common-element balcony structures. The cost reflects periodic repairs rather than a large-scale demo and rebuild.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Sounding, marking, cutting, an allowance for removing concrete to expose small amounts of corroded rebar, reinforcing, bonding the rebar, placing concrete, consolidating, screeding, floating, finishing, and spraying a curing compound. Appropriate safety preparation and precautions as required.
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.

#16 / Structural and Architectural / Balcony Railings

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$108,500 Budget 50%	$154,600 Due in 2035	25 / 35

Description	This component accounts for the metal railing systems, including all associated fasteners and hardware.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace failed railings. Appropriate safety preparation and precautions as required.
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.

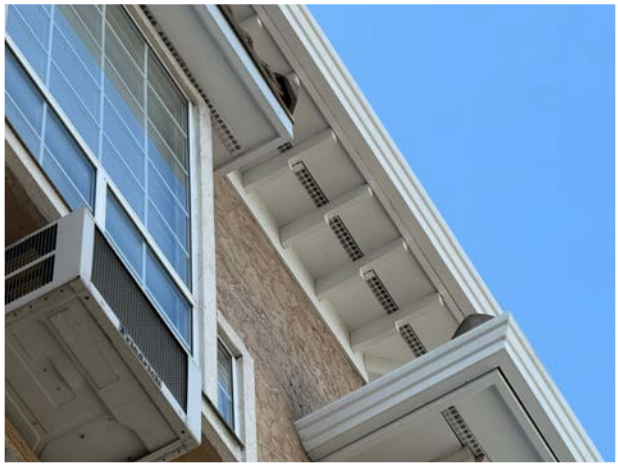
#17 / Structural and Architectural / Pergola Canopies



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$16,000 Budget 25%	$22,800 Due in 2035	25 / 35

Description	This component accounts for the canopy system. This includes the canopy, frame, and associated hardware.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace existing canopy assembly.
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.

#18 / Structural and Architectural / Soffits



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$9,900 Budget 20%	$23,900 Due in 2050	25 / 50

Description	This component accounts for the soffits, also known as the eaves.
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.
Work Completed	In 2021 the owners authorized the expenditure of up to $ 24,952.00 from the contingency reserve fund to complete planned capital projects, which include, new carpet on the landings and stairways, stucco repair and caulking on the exterior of the building and resurfacing deck membranes (maximum of three), painting of facia, soffits and pergolas.
Scope of Work	Remove and replace damaged soffits. Soffits can also be replaced for aesthetic reasons. Appropriate safety preparation and precautions as required.
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.

#19 / Structural and Architectural / Gutters and Downspouts

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$5,000 Budget 30%	$5,900 Due in 2030	25 / 30

Description	This component accounts for the gutters (also referred to as "eavestroughs") and the downspouts.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged gutters and downspouts as required. Appropriate safety preparation and precautions as required.
Potential Deterioration	Includes impact damage, seal failure, warping, and deterioration. Contributing factors include physical damage and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular visual inspection. Clean, seal, and caulk as required.

#20 / Structural and Architectural / Tile Roof Assembly

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$15,200 Budget 25%	$18,200 Due in 2030	25 / 30

Description	This component accounts for the tile roofing system. This includes the tile, underlayment, and an allowance for replacement of damaged sheathing and roof-openings such as vents.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged roofing components as required. Appropriate safety preparation and precautions as required.
Potential Deterioration	Includes chipping, cracking, breaking, moss, and wear-and-tear. Contributing factors include physical damage, pressure-washing, debris accumulation, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular visual inspection of roof for damaged tiles and debris accumulation. Clean (never with a pressure-washer), remove moss, and replace broken tiles as required. Avoid walking directly on the tiles.

#21 / Structural and Architectural / Two Ply Membrane Roof Assembly

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$218,400	$234,400 Due in 2027	20 / 22

Description	This component accounts for the two-ply membrane roofing system. This includes the membrane, insulation, flashing, and an allowance for replacement of roof-openings such as vents.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace existing roofing assembly. Appropriate safety preparation and precautions as required.
Potential Deterioration	Includes punctures, impact damage, water damage, cracking, bubbling, 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, bubbling, and debris accumulation. Clean and repair as required. Keep foot traffic to a minimum.

#22 / Structural and Architectural / Roof Access Hatch

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$1,400 Budget 30%	$1,600 Due in 2030	25 / 30

Description	This component accounts for the roof access hatch. This includes the cover, hatch, curb, and insulation.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace existing hatch assembly. Appropriate safety preparation and precautions as required.
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.

#23 / Structural and Architectural / Metal Chimney Flue

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$2,300	$3,200 Due in 2035	10 / 20

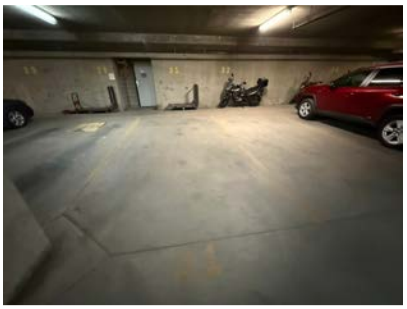
Description	This component accounts for the insulated stainless steel chimneys.
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace damaged chimneys. Appropriate safety preparation and precautions as required.
Potential Deterioration	Includes impact damage and corrosion. 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 damage. Clean and repair as required.

#24 / Building - Finishes and Decoration / Exterior Paint

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$65,300	$72,600 Due in 2028	15 / 18

Description	This component accounts for the exterior paint finish. No caulking is accounted for in this component.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Surface preparation, painting, and clean-up.
Potential Deterioration	Includes impact damage, fading, peeling, chipping, and water damage. Contributing factors include physical damage, debris accumulation, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure. Painting may also be done for aesthetic reasons.
Suggested Maintenance	Regular visual inspection for fading, peeling, chipping, and water damage. Clean, touch-up, and repaint as required or desired.

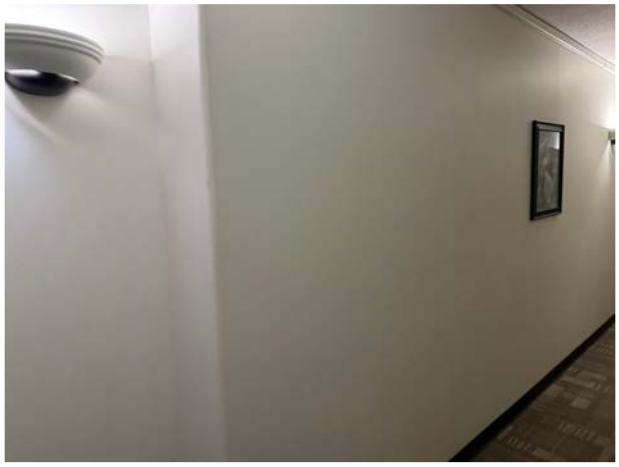
#25 / Building - Finishes and Decoration / Parking Paint and Markings


Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$3,800	$4,300 Due in 2029	4 / 8

Description	This component accounts for the common-element pavement markings.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Repaint existing markings as required or desired.
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.

#26 / Building - Finishes and Decoration / Interior Paint



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$78,300	$96,800 Due in 2031	10 / 16

Description	This component accounts for the interior paint finish in common areas.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Surface preparation, painting, and clean-up.
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.

#27 / Building - Finishes and Decoration / Balcony Waterproofing

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$54,700	$92,900 Due in 2040	0 / 15

Description	This component accounts for the balcony waterproofing membrane.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove old membrane. Prepare balcony surface. Re-install metal flashing. Install vinyl membrane with liquid adhesive and hot-air welding.
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.

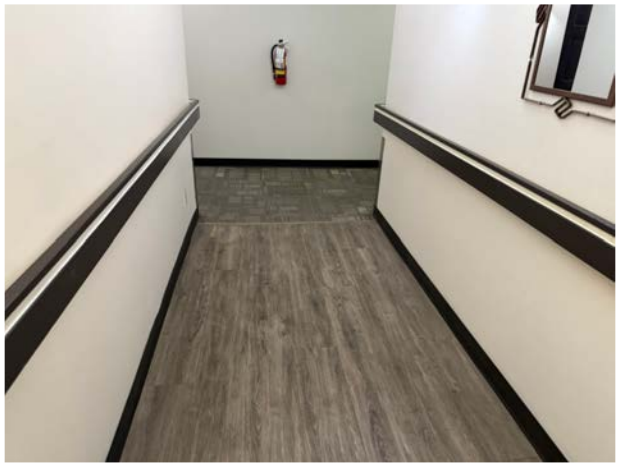
#28 / Building - Finishes and Decoration / Interior Carpet

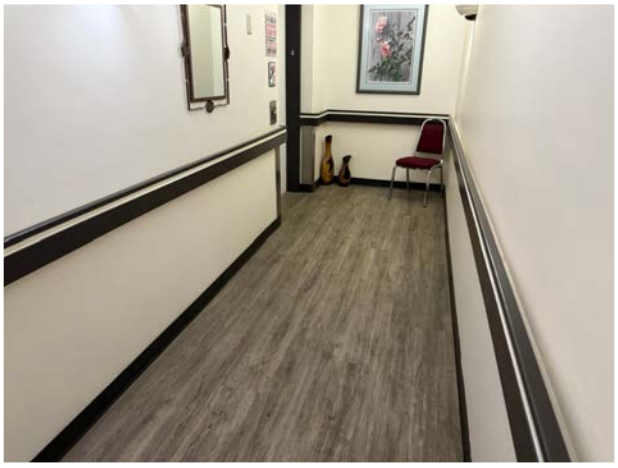


Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$26,300	$37,500 Due in 2035	5 / 15

Description	This component accounts for the interior common-area carpet flooring.
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.
Work Completed	In 2021 the owners authorized the expenditure of up to $ 24,952.00 from the contingency reserve fund to complete planned capital projects, which include, new carpet on the landings and stairways, stucco repair and caulking on the exterior of the building and resurfacing deck membranes (maximum of three), painting of facia, soffits and pergolas.
Scope of Work	Remove and replace the damaged carpet or the entire carpet, including the carpet pad, depending on the extent and cause of the damage.
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.

#29 / Building - Finishes and Decoration / Interior Vinyl/Composite Flooring





Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$1,400	$1,600 Due in 2030	15 / 20

Description	This component accounts for the interior common-area resilient composite flooring.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the damaged flooring or the entire flooring, depending on the extent and cause of the damage.
Potential Deterioration	Includes fading, colour-loss, wear-and-tear, dents, and punctures. Contributing factors include physical damage, water damage, debris accumulation, and damage from environmental factors such as temperature changes, humidity, and sun exposure. Composite flooring may also be replaced for aesthetic reasons.
Suggested Maintenance	Regular inspection of the floor for deterioration. Sweep, dust, mop, and repair as required.

#30 / Building - Finishes and Decoration / Lobby Renovation

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$3,400 Budget 75%	$4,100 Due in 2030	10 / 15

Description	This component accounts for periodic renovations to the common-area lobby. This includes the flooring, lighting, finish, furniture, and décor.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Renovate the lobby components as desired.
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.

#31 / Building - Finishes and Decoration / Elevator Cab Renovation



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$25,500	$27,300 Due in 2027	20 / 22

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.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Renovate the elevator cab components as desired.
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.

#32 / Building - Mechanical Systems / Electric Heaters

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$1,500 Budget 50%	$1,800 Due in 2030	20 / 25

Description	This component accounts for the common-element electric heaters.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace failing units as required.
Potential Deterioration	Includes rising energy costs, corrosion, tube breakage, and controls failure. Contributing factors include wear-and-tear, impact damage, debris accumulation, overheating, insufficient efficiency, and environmental factors such as temperature changes and humidity.
Suggested Maintenance	Regular inspection of the electric heaters for heating ability, impact damage, debris accumulation, and efficiency. Clean and repair as required.

#33 / Building - Mechanical Systems / Water Heater

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$16,200 Budget 45%	$21,500 Due in 2033	7 / 15

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.
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.
Work Completed	One heater was date stamped 09/2019, another 04/2014 and the third 02/2015.
Scope of Work	Remove and replace the failing water heater.
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.

#34 / Building - Mechanical Systems / Building Domestic Water Distribution

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$201,500 Budget 25%	$287,000 Due in 2035	25 / 35

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.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of 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.
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.

#35 / Building - Mechanical Systems / Subsurface Domestic Water Distribution

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$21,200 Budget 25%	$43,000 Due in 2045	25 / 45

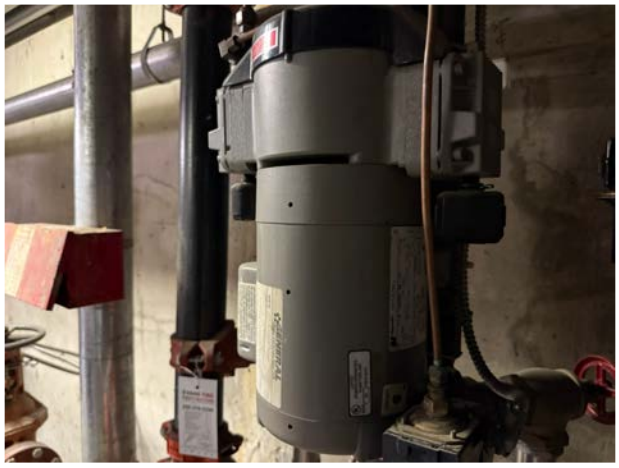
Description	This component accounts for the subsurface common-element domestic water distribution system, both for the supply and removal of domestic water.
Condition Analysis	We were not able to visually inspect this component. No major deficiencies were reported at the time of inspection, so we assume it to be in average condition for its age.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of 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.
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.

#36 / Building - Mechanical Systems / Wet Sprinkler System

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$125,900 Budget 20%	$179,400 Due in 2035	25 / 35

Description	This component accounts for the wet sprinkler system. This includes piping, pipe tees, valves, alarms, sprinkler heads, connections, and associated components.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of 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.
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.

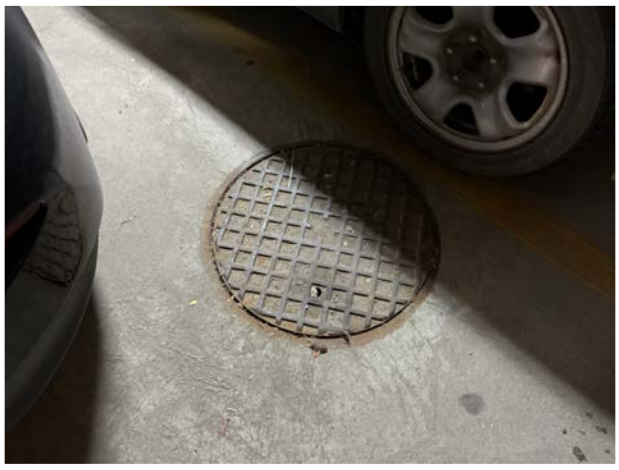
#37 / Building - Mechanical Systems / Dry Sprinkler System



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$78,700 Budget 20%	$93,900 Due in 2030	25 / 30

Description	This component accounts for the dry sprinkler system. This includes piping, pipe tees, valves, alarms, sprinkler heads, connections, air compression, and associated components.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of 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.
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 and water in the pipes, and environmental factors such as extreme temperatures.
Suggested Maintenance	Regular inspection as required or recommended by the inspector. Test, purge water from the lines, monitor corrosion, and repair as required. In some cases, filling the system with nitrogen instead of oxygen can increase the life expectancy of the pipes threefold.

#38 / Building - Mechanical Systems / Sump Pumps



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$1,500	$1,600 Due in 2027	10 / 12

Description	This component accounts for the common-element sump pumps. This includes the sump pump system but excludes the sump pit/tank.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove failed sump pump components and replace as required.
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.

#39 / Building - Mechanical Systems / Cooling Tower

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$117,600 Budget 66%	$167,500 Due in 2035	25 / 35

Description	This component accounts for the cooling tower. This includes an allowance for repairs to the cooling tower pumps and water loop piping.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the failing components as required. This may involve a lengthy planning phase and disruptive work. Increasing repairs are expected towards the end of the unit's life; replacement parts can sometimes become obsolete and repairs can become so frequent and costly that a full replacement becomes necessary.
Potential Deterioration	Includes rising energy costs, corrosion, pump failure, piping failure, and cooling tower failure. Contributing factors include wear-and-tear, impact damage, debris accumulation, scale accumulation, leaks, 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, increasing outages, and increasing system noise. Inspect, test, clean, and repair as required.

#40 / Building - Mechanical Systems / Make Up Air Unit

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$11,500 Budget 66%	$15,800 Due in 2034	11 / 20

Description	This component accounts for the Make-Up Air Unit, an Air Handling Unit that introduces 100% fresh supply air into the HVAC system. This includes the casing, filters, blower, burner, heat exchanger, and associated components.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the failing unit. Small repairs and replacements are expected towards the end of the unit's life.
Potential Deterioration	Includes rising energy costs, belt drive failure, fan failure, heat exchanger failure, and controls failure. Contributing factors include wear-and-tear, corrosion, impact damage, debris accumulation, leaks, overheating, insufficient maintenance, insufficient efficiency, and environmental factors such as extreme temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular inspection by a certified contractor. Be alert to unpleasant odors or the smell of gas in the building, triggered gas detector alarms, poor airflow from grilles, unusual temperatures in the corridors, and increasing system noise. Inspect, clean, and repair as required.

#41 / Building - Mechanical Systems / Fan Exhaust System

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$2,100 Budget 50%	$2,500 Due in 2030	10 / 15

Description	This component accounts for the parkade exhaust fans.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the failed fan parts as required.
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.

#42 / Building - Mechanical Systems / Parkade Heating System

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$8,500 Budget 50%	$10,100 Due in 2030	10 / 15

Description	This component accounts for the parkade fan-forced hydronic unit heater. Connected to a hot water or glycol heating loop (the insulated pipes supply heated fluid). The fan blows air across the finned coil, distributing warm air into the space (in this case, likely a parkade or service garage). The valve with chain is a manual air vent or drain, used for bleeding trapped air or draining the coil.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the failed fan parts as required.
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.

#43 / Building - Electrical Systems / Electrical Service and Distribution

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$29,000 Budget 25%	$70,100 Due in 2050	25 / 50

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.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the various electrical components as required or desired.
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.

#44 / Building - Amenities / Mailboxes

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$9,200	$22,400 Due in 2050	25 / 50

Description	This component accounts for the mailboxes.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the failed mailboxes.
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.

#45 / Common Site Improvements / Landscaping

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$2,500 Budget 15%	$4,300 Due in 2040	10 / 25

Description	This component accounts for the common-element landscaping. This excludes any routine maintenance that is covered by the operating fund.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Regrade as necessary. Replace or repair dead and damaged vegetation. Top up beds. Change landscaping for aesthetic purposes.
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.

#46 / Common Site Improvements / Pavers

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$27,700 Budget 25%	$80,100 Due in 2055	20 / 50

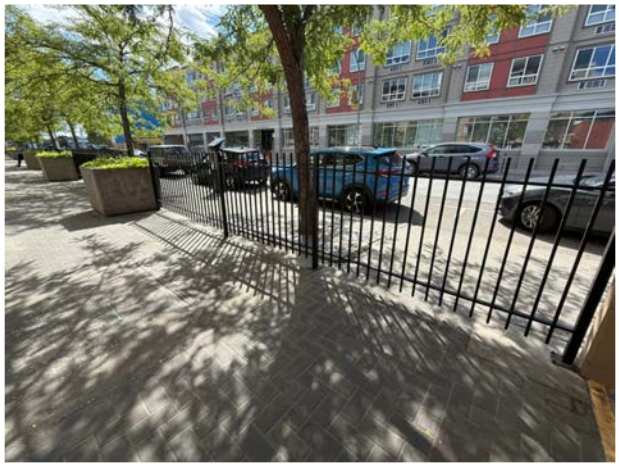
Description	This component accounts for the common-element paving stones.
Condition Analysis	Based on a visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove failing sections and store paving stones nearby. Repair the subgrade and base course as required. Replace pavers: use old pavers where possible.
Potential Deterioration	Includes cracking, crumbling, impact damage, and poor grading. Contributing factors include physical damage, wear-and-tear, debris accumulation, chemical damage (particularly from de-icing chemicals), subsurface shifting, and environmental factors such as temperature changes, rain, snow, and wind.
Suggested Maintenance	Regular inspection of the pavers for deterioration and grading issues. Inspect, clean, replace damaged pavers, and repair as required.

#47 / Common Site Improvements / Concrete Walkways

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$12,700 Budget 50%	$30,800 Due in 2050	25 / 50

Description	This component accounts for the concrete walkways.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Break and remove concrete slabs. Repair the subgrade and base course as required. Form and pour concrete with relief joints.
Potential Deterioration	Includes holes, cracking, spalling, delamination, poor grading, ponding water, and expansion joint failure. Contributing factors include impact damage, wear-and-tear, debris accumulation, subsurface shifting, and environmental factors such as temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular inspection of the walkway for deterioration and shifting. Inspect, clean, and repair as required.

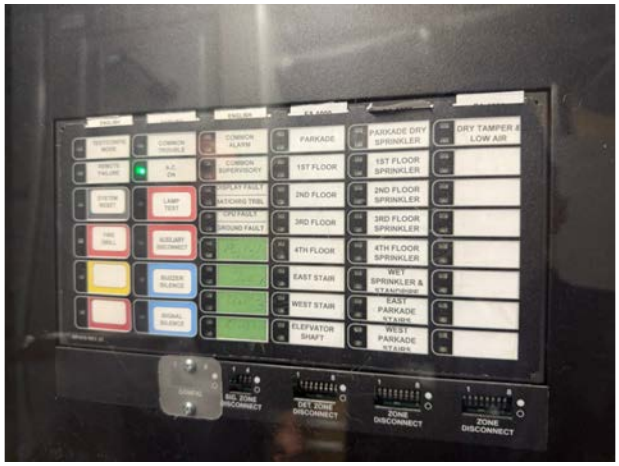
#48 / Common Site Improvements / Metal Fencing



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$15,200 Budget 50%	$30,900 Due in 2045	20 / 40

Description	This component accounts for the common-element metal fencing.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace fencing as required or desired.
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 fence for deterioration. Clean and repair as required.

#49 / Building - Electrical Systems / Fire Detection System



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$18,200 Budget 20%	$21,700 Due in 2030	10 / 15

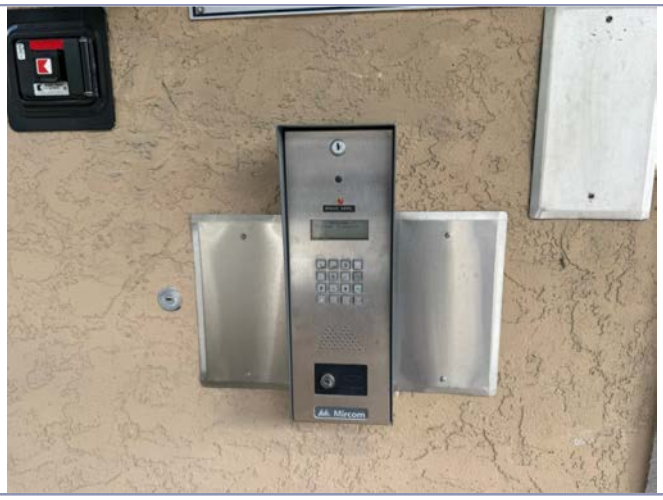
Description	This component accounts for the fire detection and notification system. This includes initiating devices, relays, conduits, wiring, panels, and fire equipment.
Condition Analysis	Based on a partial visual inspection, this component appears to be in average condition for its age. No major deficiencies were noted or reported at the time of inspection.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Repair or replace the various components as required or recommended by qualified fire inspectors.
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.

#50 / Building - Mechanical Systems / Natural Gas Boiler

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$61,000	$72,800 Due in 2030	20 / 25

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.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the failing boiler.
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.

#51 / Building - Electrical Systems / Access Entry System



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$10,600	$12,700 Due in 2030	10 / 15

Description	This component accounts for the common-element access entry system. This includes the intercom terminal and door-release system.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of 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.
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.

#52 / Building - Electrical Systems / Gas Sensor

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$2,200	$2,300 Due in 2026	6 / 7

Description	This component accounts for the common-element gas sensors.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace the expiring gas sensors.
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.

#53 / Building - Electrical Systems / Interior Lighting

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$26,200 Budget 60%	$31,200 Due in 2030	20 / 25

Description	This component accounts for the interior common-area lighting. This includes the fixtures and a small allowance for box and wiring costs.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace failed lighting components as required or desired.
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.

#54 / Building - Electrical Systems / Parkade Lighting

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$7,200 Budget 50%	$8,600 Due in 2030	15 / 20

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.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace failed lighting components as required or desired.
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.

#55 / Building - Electrical Systems / Exterior Lighting

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$15,600 Budget 15%	$20,000 Due in 2032	18 / 25

Description	This component accounts for the common-element exterior lighting. This includes the fixtures and a small allowance for box and wiring costs.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove and replace failed lighting components as required or desired.
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.

#56 / Common Site Improvements / Concrete Retaining Walls

Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$29,000 Budget 15%	$58,900 Due in 2045	20 / 40

Description	This component accounts for the common-element concrete retaining wall system.
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.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Remove damaged sections. Install new retaining wall system with proper drainage.
Potential Deterioration	Includes impact damage, cracking, spalling, water damage, buckling, and leaning. Contributing factors include physical damage, subsurface shifting, debris accumulation, improper installation, poor drainage, and environmental factors such as temperature changes, rain, snow, wind, and sun exposure.
Suggested Maintenance	Regular visual inspection of the retaining wall for wall movement and concrete deterioration. Inspect, slope the ground around the retaining wall for drainage, and repair as required.

#57 / Report / Depreciation Report

NLD Consulting
RESERVE FUND ADVISORS
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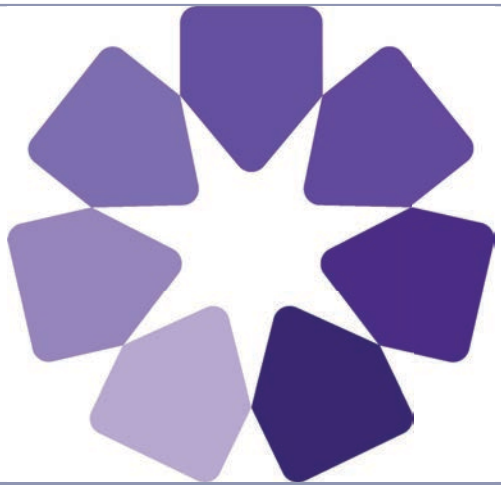
Clarity RS



Estimated Current Cost	Projected Replacement Cost	Effective Age / Lifespan (years)
$7,900	$7,900 Due in 2025	5 / 5

Description	This component accounts for the cost of this report, increased each year with construction inflation. Please note that the future costs of this component are not considered a quote, but rather a statistical estimation of the cost with no prediction as to the provider of the report.
Condition Analysis	This report should be updated every 5 years as prescribed by the Act and Regulations.
Work Completed	Unknown total scope of reserve fund work completed to date.
Scope of Work	Inspect the building, review documents, quantify and budget components, and build a long-term funding and expenditures plan, leading to an implementable Reserve Fund budget.
Potential Deterioration	As this is an economic forecast for budgeting purposes, the property should commission a new report as prescribed by the Act and Regulations, or after a major and unexpected Reserve Fund event that leads to confusion regarding the amount of money to contribute to the contingency reserve fund.
Suggested Maintenance	The report can be completed faster and more accurately by keeping good records and by tracking how much money is spent on each separate reserve component during each year.

Appendix E—Interest Rates

Disclaimer: We are not financial planners and cannot provide you with investment advice. We strongly recommend that you consult an investment professional. This section of the report explains the methodology in selecting an interest rate and should not be taken as investment advice. Long-term economic forecasting is imprecise and interest rates are highly volatile: you are likely to earn substantially different rates each year from the rate we use in this report.

Disclaimer: We are not legal professionals and cannot provide you with legal advice. The following discussion of the relevant legislation as it pertains to permitted investments may not be complete and should not be relied upon. We recommend that you consult a legal professional to ensure that your investments comply with all applicable requirements.

Disclaimer: The legislation excerpts shown below are provided for the convenience of the reader but may not reflect the most current version of the legislation or include all the relevant sections. For accuracy, please refer to the official legislation in its entirety.

The Strata Property Act describes which investments are permitted in section 95:

(2) The strata corporation must invest all of the money in the contingency reserve fund in one or the other or a combination of the following:

(a) those investments permitted by the regulations;

(b) insured accounts with savings institutions in British Columbia.

This is continued in the Strata Property Regulation:

6.11 In addition to an investment permitted under the Act, for the purposes of section 95 (2) (a) or 108 (4) (b) (i) of the Act, as applicable, a strata corporation may invest money held in the contingency reserve fund or money collected on a special levy in one or more of the following investments:

(a) a savings account or chequing account at a financial institution outside of British Columbia with a deposit, all or part of which is eligible to be insured by the Canada Deposit Insurance Corporation;

(b) a term deposit or a guaranteed investment certificate, if all or part of the deposit or certificate

(i) is eligible to be insured by the Canada Deposit Insurance Corporation or guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia, and

(ii) has a predetermined rate or predetermined rates of interest;

(c) a treasury bill issued by the government of Canada;

(d) any bond, debenture or other evidence of indebtedness issued or guaranteed by the government of Canada or a province, or issued by a corporation incorporated under the laws of Canada or a province, if, at the time of purchase,

(i) the bond, debenture or other evidence of indebtedness has a remaining term to maturity of 5 years or less,

(ii) the interest and principal of the bond, debenture or other evidence of indebtedness are payable in Canadian dollars, and

(iii) the bond, debenture or other evidence of indebtedness has a rating of A or higher from DBRS Limited;

(e) a fixed income exchange-traded fund traded on an exchange in Canada, if, at the time of purchase,

(i) the fund's portfolio does not contain securities other than bonds, debentures and other evidence of indebtedness,

(ii) the holdings in the fund portfolio are denominated in Canadian dollars,

(iii) the average remaining term to maturity of the holdings in the fund's portfolio is 5 years or less, and

(iv) 98% or more of the value of the holdings in the fund's portfolio have a rating of BBB or higher as reported by the issuer of that fund.

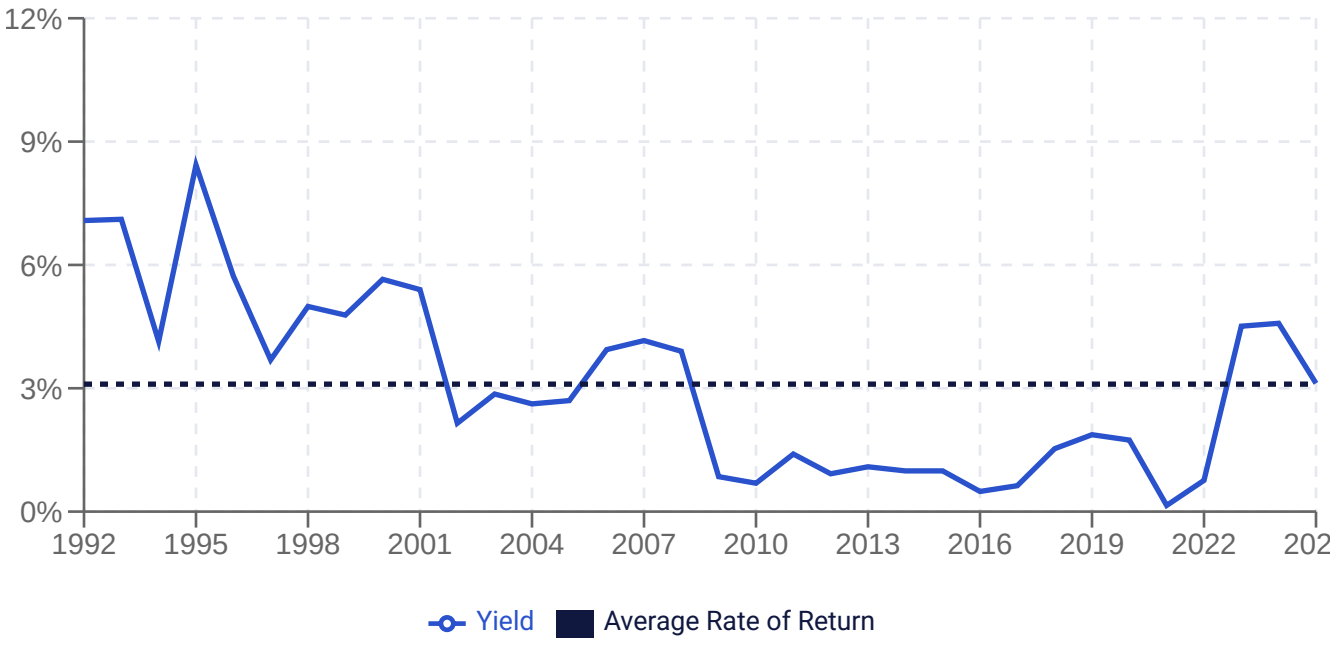
To determine long-term average rates of investment return, it is best to review the strata corporation's investment performance since 1992 (the first year of our government's current inflation rate policy), assuming that investments have been prudently and consistently managed during that time. If such data are not available, the report writer must use their judgment to select a rate, taking into account future advice from financial advisors, likely management policies, historical investment returns, and long-term market trends. In this report, we have projected a future interest rate based on historical rates of return, while adhering to the conservative investment policies described below.

For our study of long-term interest rates, we have focused on low-risk securities, specifically Canadian Treasury Bills (T-Bills). T-Bills are a low-risk investment product that can easily be liquidated to pay for necessary repairs. Our historical analysis of the rates of return on one-year T-Bills allows us to project their average expected return for the remaining life of each component included in this report.

To conduct our analysis, we reviewed the historical yields of one-year T-Bills as of January 1st of each year. We have included data from 1992 to 2025, as inflation targets were stable during this period. The Bank of Canada and the Canadian Government announced new inflationary targets in February 1991, which included a 3% target by the end of 1992, a 2.5% target for mid-1994, and a 2% target by the end of 1995. However, Canada’s Consumer Price Index dropped below 2% by the start of 1992 and remained stable for the rest of the decade.

There is no guarantee that the Bank of Canada will maintain its inflation targets in the future. Economists have differing views on macroeconomic policy, with some advocating for lower inflation, some for higher inflation, and others for the removal of inflation targets altogether. Our forecasted interest rate assumes that Canada's inflation policy will remain unchanged.

In the chart below, we illustrate T-bill yields on January 1st from 1992 to 2025, along with the average rate of return of 3.1%.



Interest rates are highly volatile and unpredictable, making annual predictions unreliable. However, our report uses a long-term average rate to estimate the expected return of the subject strata corporation's investments over the remaining life of each component. This represents our best estimate of long-term T-bill yields, acknowledging that actual T-Bill yields will likely differ.

To calculate the future investment performance of the reserve fund, we have used an interest rate of **3.1%**, which is based on our analysis of past T-Bill yields. We have rounded this rate to reflect the inherent uncertainty in long-term economic forecasting. This rate is moderately conservative, assuming investment in a single security without laddering long-term investments.

The benchmark analysis and the reserve fund cash flow projections assume that reserve fund contributions are invested constantly and continuously. The calculations are conservative, assuming that investments will be made at the end of the year.

This interest rate must be reviewed and updated for every subsequent report.

Appendix F—Consumer Price Index (CPI) Inflation

We use a Consumer Price Index (CPI) Inflation rate to convert between nominal dollars and real dollars, and to calculate fair contributions over time in our benchmark analysis. For a detailed explanation of our use of CPI in the benchmark analysis, please refer to Appendix H.

Localized CPI inflation data are published by Statistics Canada, with British Columbia being the most relevant for our purposes. The data cover the period from 1979 to 2024.

We have included data from 1992 onwards, as inflation targets were unstable prior to that period. The Bank of Canada and the Canadian Government announced new inflationary targets in February 1991, which included a 3% target by the end of 1992, a 2.5% target for mid-1994, and a 2% target by the end of 1995. However, Canada's Consumer Price Index dropped below 2% by the start of 1992 and remained stable for the rest of the decade.

There is no guarantee that the Bank of Canada will maintain its inflation targets in the future. Economists have differing views on macroeconomic policy, with some advocating for lower inflation, some for higher inflation, and others for the removal of inflation targets altogether. Our forecasted interest rate assumes that Canada's inflation policy will remain unchanged.

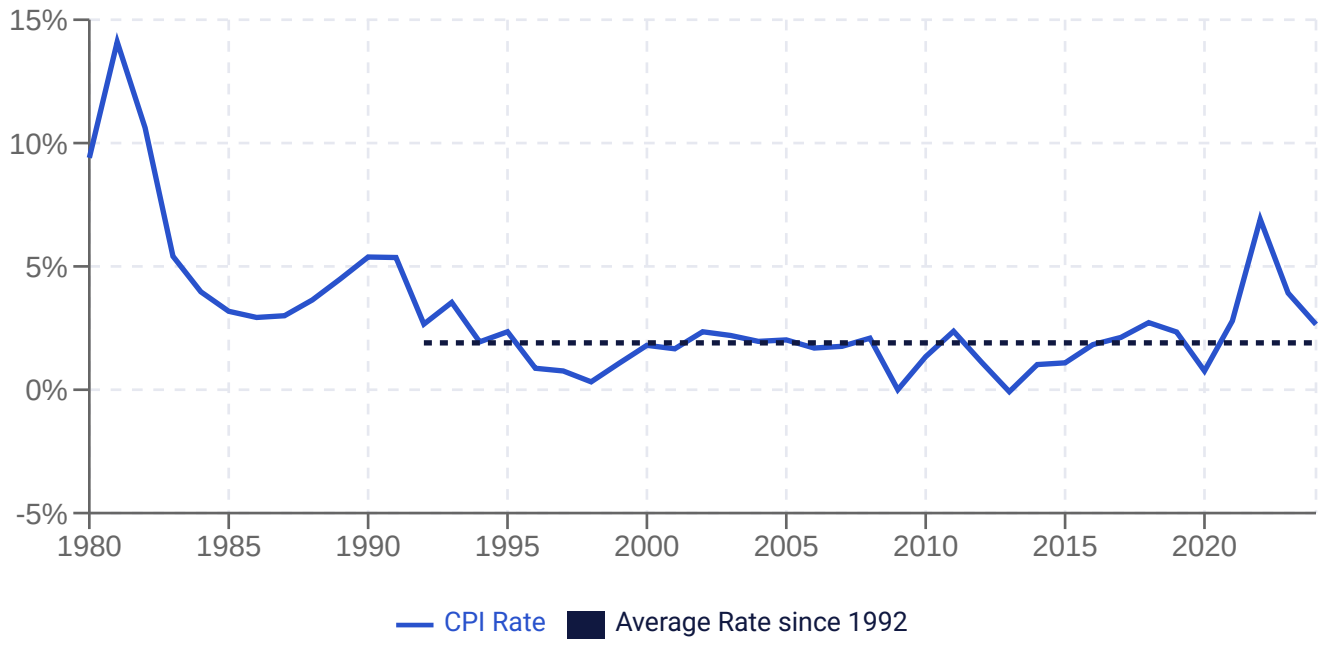
The Statistics Canada data come from CPI data in Table 18-10-0005-01. The table has data available since 1914 and provides Consumer Price Indexes for several baskets of goods. We focus on the total basket of all items in our CPI analysis.

The table includes data for the following Canadian regions:

- Canada
  - Newfoundland and Labrador
    - St. John's
  - Prince Edward Island
    - Charlottetown and Summerside
  - Nova Scotia
    - Halifax
  - New Brunswick
    - Saint John, New Brunswick
  - Quebec
    - Québec City
    - Montréal
  - Ontario
    - Ottawa-Gatineau, Ontario part
    - Toronto
    - Thunder Bay
  - Manitoba

    - Winnipeg
- Saskatchewan
    - Regina
    - Saskatoon
- Alberta
    - Edmonton
    - Calgary
- British Columbia (Selected for this report)
    - Vancouver
    - Victoria
- Whitehorse
- Yellowknife
- Iqaluit

The CPI inflation rates in British Columbia since 1979 are depicted in the chart below.



While inflation rates can be highly unpredictable and volatile, our long-term average rate provides a helpful estimate of localized CPI inflation over the long term. There is an equal chance of the actual inflation rate over the remaining life of each component being higher or lower than this average.

We estimate the average future rate of CPI inflation in British Columbia to be 1.9%. This rate is rounded to emphasize the inherent uncertainty in economic forecasting.

Appendix G—Construction Cost Inflation

To estimate future replacement costs, we rely on Construction Cost Inflation data from Statistics Canada, which breaks the data down based on location and the building's usage.

Our construction inflation rate data begins in 1992, when the Bank of Canada and the Canadian Government announced new inflationary targets of 2%. This included a 3% target by the end of 1992, a 2.5% target for mid-1994, and a 2% target by the end of 1995. However, Canada's Consumer Price Index dropped below 2% at the start of 1992 and remained stable for the rest of the decade. Thus, our data from 1992 to 1995 reflect the 2% inflation target we use for long-term forecasting.

There is no guarantee that the Bank of Canada will maintain its inflation targets in the future. Economists have differing views on macroeconomic policy, with some advocating for lower inflation, some for higher inflation, and others for the removal of inflation targets altogether. Our forecasted interest rate assumes that Canada’s inflation policy will remain unchanged.

The Statistics Canada data come from their Building Construction Price Indexes Table, number 18-10-0289-01. The table has data available since 1981 and provides indexes for general and trade contractors’ work, excluding the cost of land, land assembly, design, development, and real estate fees.

The table includes data for fifteen Canadian cities as well as a composite index that blends them all:

- Fifteen census metropolitan area composite
- Alberta
- British Columbia
- Calgary, Alberta
- Edmonton, Alberta
- Halifax, Nova Scotia
- London, Ontario
- Manitoba
- Moncton, New Brunswick
- Montréal, Quebec
- New Brunswick
- Newfoundland and Labrador
- Nova Scotia
- Ontario
- Ottawa-Gatineau, Ontario part, Ontario/Quebec
- Quebec
- Quebec, Quebec
- Regina, Saskatchewan
- Saskatchewan

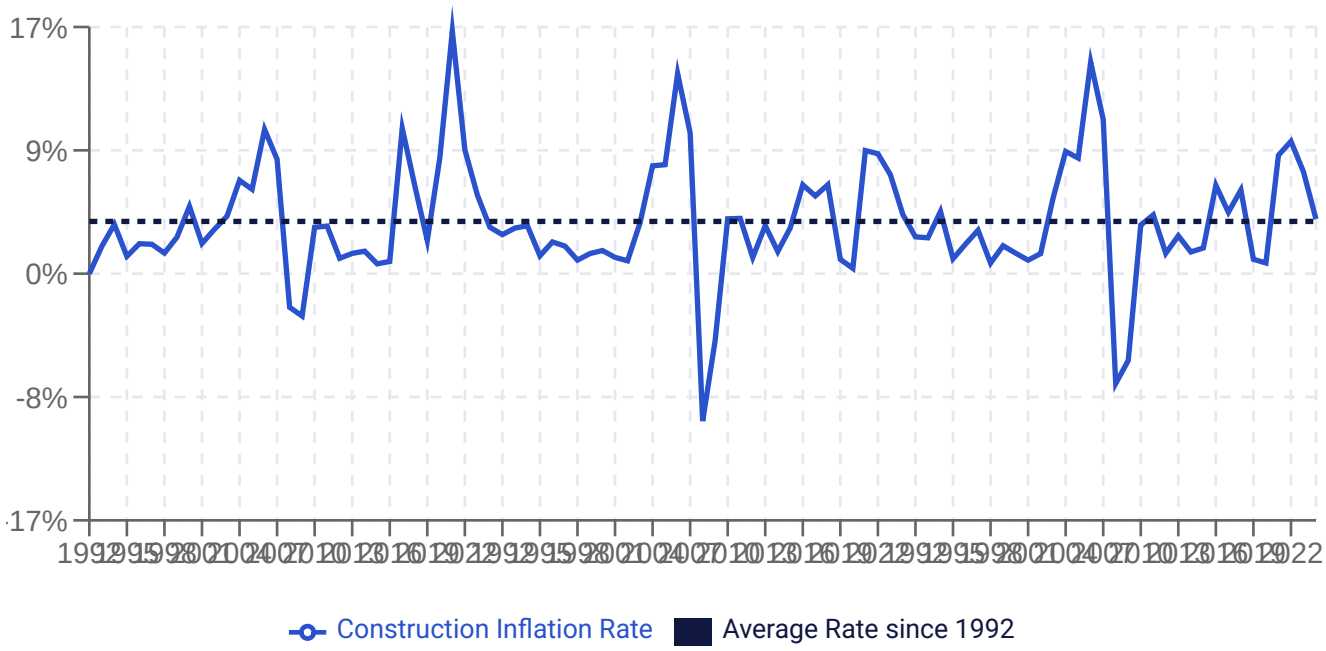
- Saskatoon, Saskatchewan
- St. John's, Newfoundland and Labrador
- Toronto, Ontario
- Vancouver, British Columbia (Selected for this report)
- Victoria, British Columbia
- Winnipeg, Manitoba

The table divides its residential data into the following building types:

- Residential buildings
  - Apartment buildings
    - High-rise apartment building—five or more stories
    - Low-rise apartment building—fewer than five stories (Selected for this report)
  - Single-detached house
  - Townhouse
- Non-residential buildings
  - Commercial buildings
    - Office building (Selected for this report)
    - Warehouse
    - Shopping centre (Selected for this report)
  - Industrial buildings
    - Factory
    - Bus depot with maintenance and repair facilities
  - Institutional buildings
    - School

Statistics Canada has only tracked inflation rates for some building usages in Vancouver, British Columbia since 2017. To complete the inflation rate records for any missing data from 1992 to 2017 we use a blended nation rate for that building type: these are the most appropriate data available from Statistics Canada.

The construction inflation rates for Apartment (Low-Rise), Office, Shopping Centre in Vancouver, British Columbia are depicted in the chart below.



Construction inflation rates can be volatile, and any attempt to predict them on a yearly basis is likely to be inaccurate. However, our long-term average rate is still useful as it provides our best estimate of long-term localized construction inflation for the building types shown above. We acknowledge that the actual construction inflation rate for each component over its remaining life is likely to differ from this average.

For Apartment (Low-Rise), Office, Shopping Centre in Vancouver, British Columbia, the average long-term annual construction inflation rate is expected to be 3.6%.

Appendix H—Funding Reserve Expenditures

To balance the risks of underfunding and overfunding, annual reserve fund contributions should reflect the true cost of ownership and be achievable without significant financial hardship.

Underfunding

A reserve fund is underfunded to the extent that it carries a risk of requiring a special levy. While there are specific situations in which special levies may be desirable, most underfunded reserve funds lead to negative outcomes.

Strata corporations requiring special levies have an elevated risk of failing to raise the capital required for repairs and replacements to their common assets in a timely manner. Underfunded reserve funds are correlated with deferred maintenance, increased scope of work, and lower quality work and materials. Furthermore, an underfunded reserve fund may reduce unit sale prices as it signals an elevated risk to the market.

The risk of a reserve fund being underfunded is asymptotic: the risk approaches 100% as the fund approaches zero dollars, and the risk approaches zero as the fund approaches infinity.

Overfunding

A reserve fund is overfunded to the extent that it confiscates too much money from the unit owners. Exactly what constitutes “too much” depends upon each unit owner and is, to a certain extent, correlated with the risks of underfunding: an owner for whom a given reserve fund contribution is too high is also less likely to be able to pay a special levy in a timely manner.

Every dollar contributed to the reserve fund is recoupable in some way by the unit owner. Either the strata corporation converts the money into a common asset that is made available for the benefit of the unit owner, or the sale price of the owner’s unit increases from the value remaining in the common assets and/or the increased reserve fund balance.

For owners desiring to invest in long-term low-risk assets in their personal portfolios, some amount of “overfunding” may be desirable: strata corporations are generally exempt from tax on investment income (such as interest) earned from the reserve fund.

The real cost of overfunding comes from the lack of autonomy and liquidity associated with an owner’s reserve fund contribution. The strata corporation's investment options are governed by legislation (outlined in Appendix E) and subject to joint decisions by the owners: an owner only has a partial say in what work is done to the common assets with the reserve fund. Furthermore, reserve fund contributions are illiquid assets that are only recoupable to the extent that the repairs and replacements to the common assets are valued by the owner, or to the extent that the reserve fund balance is valued by the market when the unit is sold.

Balanced Funding Plans

The risks associated with underfunding are greater than those associated with overfunding. Underfunded properties are frequently poorly maintained and, in extreme examples, can be significant safety concerns. Overfunded properties encroach on owners' financial freedoms and, in extreme examples, can cause financial hardship, although these consequences are mitigated when the owners buy their unit willingly, are free to sell their unit, vote on annual budgets, and have advanced notice on reserve fund contribution increases.

Balanced funding plans propose contributions that are high enough to significantly reduce the risk that special levies bring and low enough to be implementable without significant financial hardship. Annual contribution increases need to be achievable for the strata corporation's unit owners to prevent undue hardship.

In most cases, contributions should be adjusted to eventually reflect the true cost of ownership: this is the cost of the depreciation of the common assets each year, calculated according to the algorithms described in the Benchmark funding method below. This concept is particularly helpful in alleviating overfunding concerns. Any contribution greater than the true cost of ownership is unnecessary and should usually be reduced, while most of the financial hardship incurred from contributing below the true cost of ownership is a burden that should be borne by the unit owner rather than by the strata corporation.

There are several ways to fund reserve fund expenditures in a manner that balances the risks of underfunding and overfunding. We look at three popular methods here: Special Levies, Cash Flow, and Benchmark.

Special Levies

The Special Levy funding method can include a small annual reserve fund contribution but uses special levies to pay for most of the reserve fund expenditures. There is usually no long-term strategy to reduce the size or frequency of future special levies.

This method allows each owner to plan for the upcoming expenditures in their own way, giving them the freedom to set aside money whenever it is convenient and allowing them every conceivable investment strategy.

However, this method may reduce unit sale prices as the property anticipates special levies. Information asymmetry causes unit sale prices to drop further to compensate buyers for their increased risk. Cash flow difficulties can occur when units do not pay special levies in a timely manner. Strata corporations with underfunded reserve funds typically delay repairs and replacements for years, leading to safety concerns, decreased quality of living, lower unit sale prices, and the risk of increased costs in the long run.

Some strata corporations that cater to affluent, investment-savvy owners who are not interested in low-risk, tax-exempt investments will gravitate toward the Special Levy funding method, although most should avoid this in favor of the Benchmark funding method.

Cash Flow

The Cash Flow method of funding looks at an arbitrary period—usually 30 years—and asks owners to make annual contributions to the reserve fund in such a way that eliminates (or greatly reduces) the number of special levies in that period.

This method gives a more predictable contribution schedule to the owners, greatly reducing the risk for buyers and therefore increasing the unit sale prices. When special levies are eliminated, the unit sale prices do not decrease in anticipation of major reserve fund expenditures. Strata corporations with well-funded reserve funds typically make required repairs and replacements without delay. The Cash Flow method of funding is an ideal way to approach underfunded reserve funds that are focusing on short-term goals.

However, the Cash Flow method does not address the true cost of ownership and therefore does not have any way of objectively balancing the risks of underfunding and overfunding, except to ensure that there is enough money for the next major expenditure. This method is reliant upon the arbitrary period chosen and will always be underfunded (compared to the benchmark model) because the study necessarily ignores all expenditures after the period being considered. Some of these expenditures will appear in a later study, leading to funding adjustments (usually increases) that could have been anticipated from the beginning.

The Cash Flow funding method is good at getting an underfunded strata corporation past its immediate major reserve fund expenditures but should not be used for any long-term planning when the reserve fund is healthy.

Benchmark

The Benchmark funding method adjusts the annual reserve fund contributions gradually towards the true cost of ownership, considering the reserve fund's cash flow and avoiding financial hardship where possible.

This method creates a stable and predictable contribution schedule, reducing the risk of underfunding while mitigating overfunding concerns. This can lead to better maintenance of common assets, improved unit sale prices, and a lower risk of special levies.

However, the model is only as good as its inputs. Earlier owners in a component's lifespan pay more than the true cost of ownership when repairs are cheaper or later than predicted and when interest rates or CPI inflation is higher than expected, and the reverse is true for later owners.

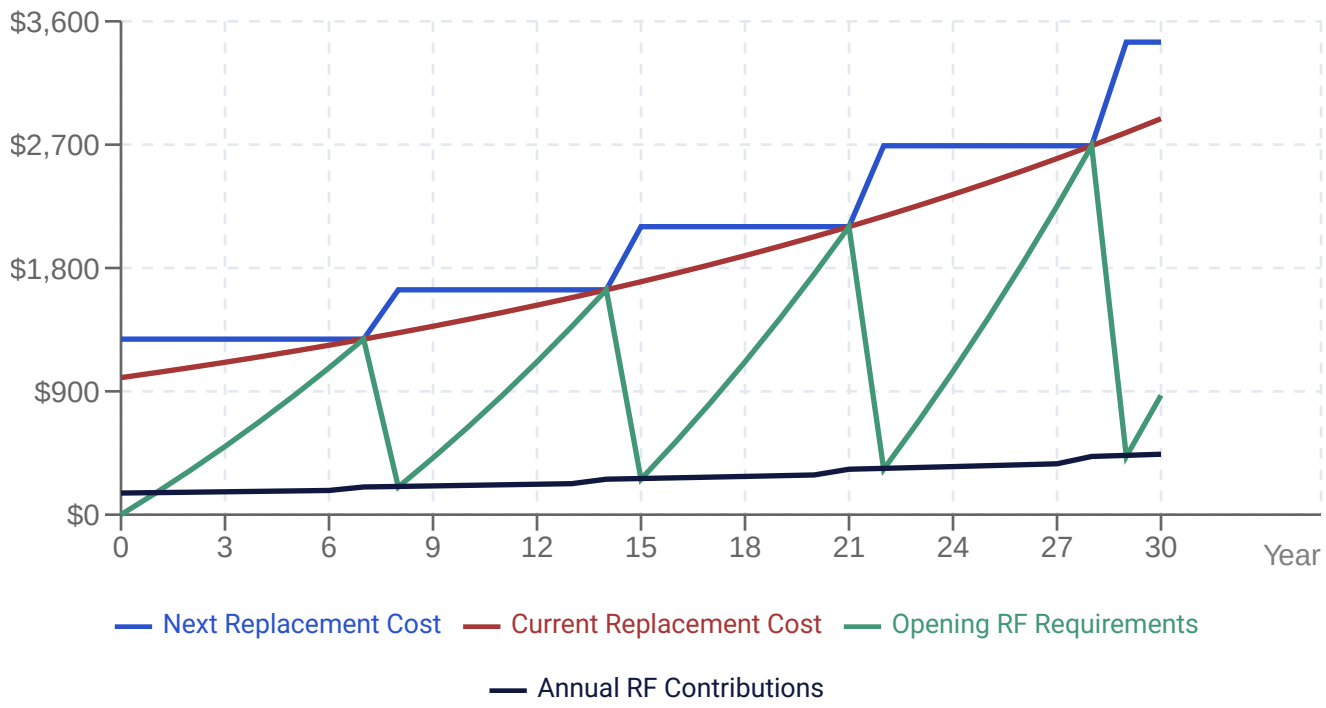
Benchmark funding is the best method available for most strata corporations, combining the best parts of the Cash Flow method with the true cost of ownership.

True Cost of Ownership

The True Cost of Ownership reflects the estimated cost of the depreciation of the common assets. It is calculated for each component by determining the annual reserve fund contribution that, when increased each year by CPI inflation and augmented by interest from previous contributions, equals the estimated future replacement cost by the end of its predicted lifespan. Funding a reserve fund in a manner that mirrors the True Cost of Ownership is known as Ideal, Full, or Benchmark Funding, all of which emphasize equitable and sustainable financial planning.

The chart below illustrates this with a hypothetical component with an expected lifespan of seven years and an estimated replacement cost of $1,000. Note the following:

- Current Replacement Cost starts at $1,000 and increases with construction inflation every year.
- Next Replacement Cost uses the construction inflation rate and the expected lifespan of the component to calculate how much the component is expected to cost when it needs to be replaced.
- Opening RF Requirements shows how much should already be saved in the Reserve Fund at the start of the year: it is a running total of the Annual RF Contributions plus interest.
- Annual RF Contributions are determined such that they increase with CPI inflation every year, and when saved over the life of the component and combined with interest, equal the replacement cost in the replacement year.
- Interest is calculated conservatively by assuming that contributions are made at the end of the year, while expenditures occur at the beginning of the year. This method accounts for the imperfect nature of investing and provides a more realistic picture of the interest earned throughout the property's life.
- Closing Balance is the Opening RF Requirements (less any expenditures) plus Annual RF Contributions plus interest.

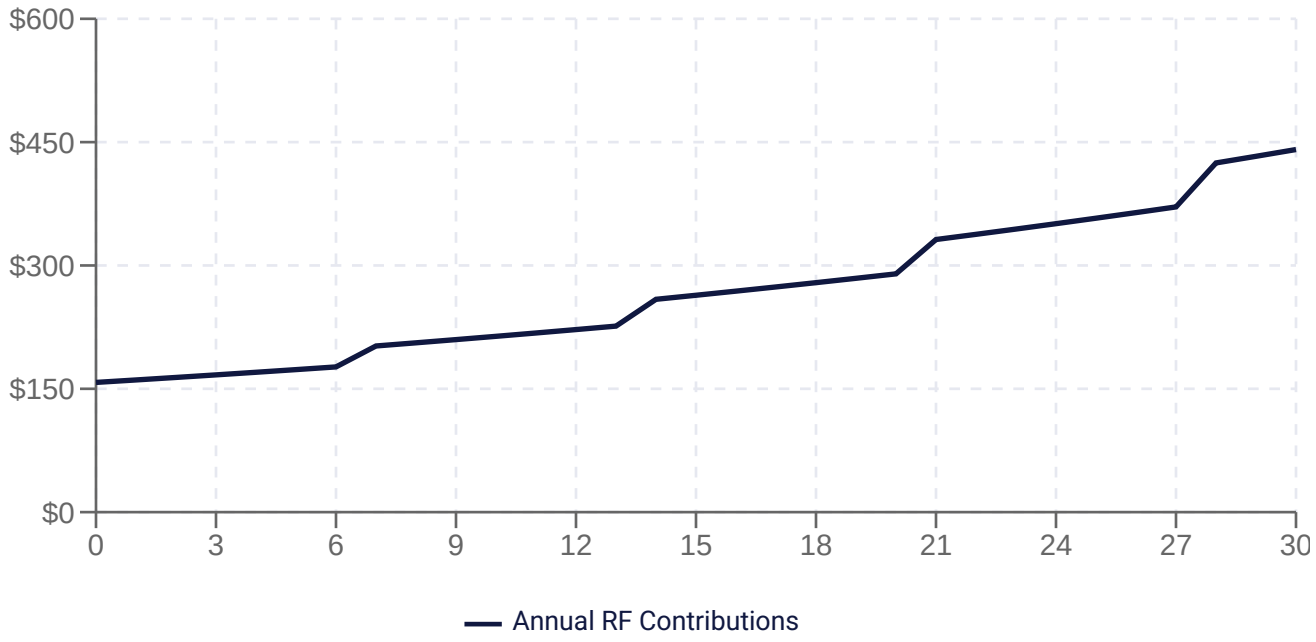


The following table provides a numerical breakdown of the data presented in the chart.

Year	Current Replacement Cost	Next Replacement Cost	Opening RF Requirements	Annual RF Contributions	Interest	Closing Balance
0	$1,000	$1,281	$0	$158	$0	$158
1	$1,036	$1,281	$158	$161	$5	$323
2	$1,073	$1,281	$323	$164	$10	$497
3	$1,112	$1,281	$497	$167	$15	$680
4	$1,152	$1,281	$680	$170	$21	$871
5	$1,193	$1,281	$871	$173	$27	$1,071
6	$1,236	$1,281	$1,071	$177	$33	$1,281
7	$1,281	$1,281	$1,281	$202	$0	$202
8	$1,327	$1,641	$202	$206	$6	$414
9	$1,375	$1,641	$414	$210	$13	$637
10	$1,424	$1,641	$637	$214	$20	$870
11	$1,476	$1,641	$870	$218	$27	$1,115
12	$1,529	$1,641	$1,115	$222	$35	$1,372
13	$1,584	$1,641	$1,372	$226	$43	$1,641
14	$1,641	$1,641	$1,641	$259	$0	$1,900
15	$1,700	$2,102	$259	$264	$8	$531
16	$1,761	$2,102	$531	$269	$16	$816
17	$1,824	$2,102	$816	$274	$25	$1,115

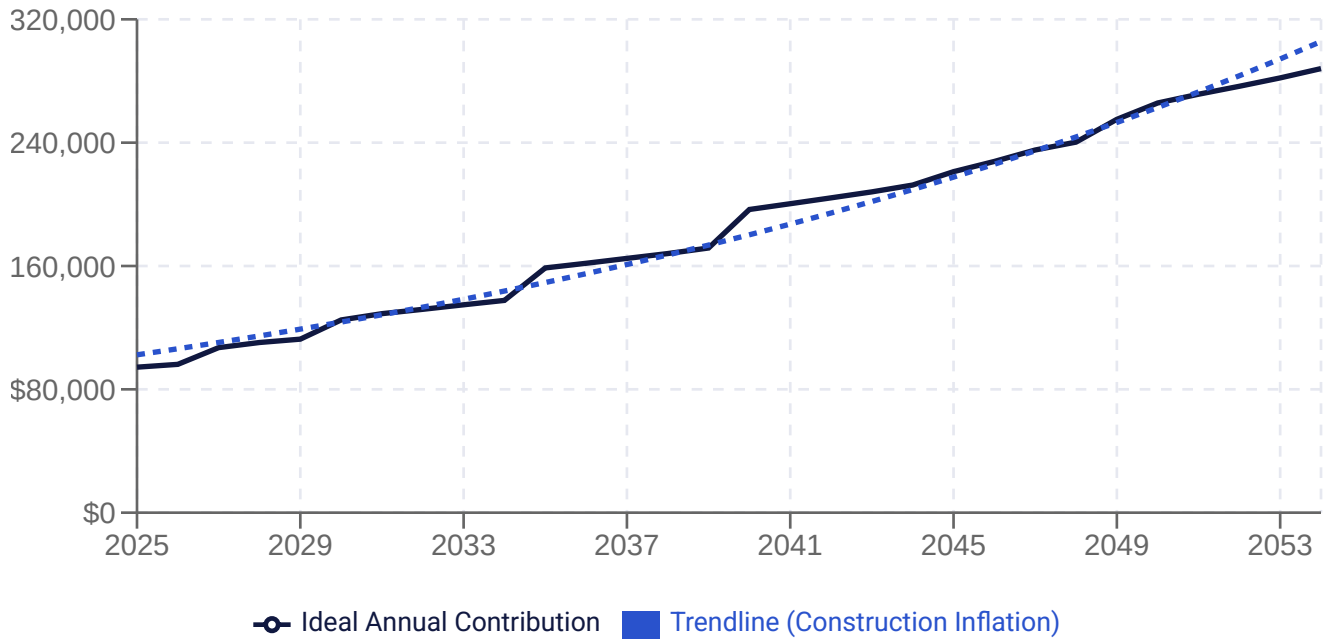
18	$1,890	$2,102	$1,115	$279	$35	$1,429
19	$1,958	$2,102	$1,429	$284	$44	$1,757
20	$2,029	$2,102	$1,757	$290	$54	$2,102
21	$2,102	$2,102	$2,102	$332	$0	$332
22	$2,177	$2,692	$332	$338	$10	$680
23	$2,256	$2,692	$680	$344	$21	$1,045
24	$2,337	$2,692	$1,045	$351	$32	$1,428
25	$2,421	$2,692	$1,428	$357	$44	$1,830
26	$2,508	$2,692	$1,830	$364	$57	$2,251
27	$2,598	$2,692	$2,251	$371	$70	$2,692
28	$2,692	$2,692	$2,692	$425	$0	$425
29	$2,789	$3,448	$425	$433	$13	$871
30	$2,889	$3,448	$871	$441	$27	$1,339
31	$2,993	$3,448	$1,339	$0	$41	$1,380

Annual RF Contributions are shown again in the chart below. Note that each year's payment increases by the CPI inflation rate (1.9%), with a larger increase after each component replacement. Taken on average, the annual payments increase at the rate of construction inflation (3.6%).



By totaling the Annual RF Contributions from each component in the report, we arrive at the true cost of ownership in any given year. If the contributions fall short of the true cost of ownership, it can result in a reserve fund deficiency, while saving more than the true cost of ownership can reduce an existing deficiency or increase a reserve fund surplus.

The following chart demonstrates how the cost of ownership can vary annually, with this property serving as an example. Contributions may rise unevenly when construction inflation varies from CPI inflation, but their average increase is equal to construction inflation. Contributions only decrease after expenses that do not repeat, such as when a component's replacement date is after the building's projected lifespan, as no further funding is required for these items.



Appendix I—Reserve Fund Deficiencies

A reserve fund deficiency occurs when a strata corporation contributes less to their reserve fund than the Ideal Contribution, or the True Cost of Ownership, as recommended by the Benchmark Analysis and outlined in Appendix H. This deficiency must be funded by the end of strata corporation's life as detailed in the Appendix J.

Common ways to make up the deficiency include:

- special levies
- reserve fund contributions that exceed the True Cost of Ownership (plus missed interest)
- declaring an end-of-life date
- below-average quality standards
- above-average maintenance (which increases component lifespans)
- shrewd management (to lower replacement costs)

This study's scope is limited to special levies, reserve fund contributions, and declaring an end-of-life date, as management practices 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 year, while practicality refers to the likelihood that the funding plan is followed.

When creating financial plans to fund a historical deficiency, we take several factors into consideration. It may seem equitable to make the next year's contributions at least as high as the Ideal Contribution for that year, but this can often require excessive reserve fund contribution increases. A more practical approach balances the need for large payment increases with the need for advanced notice about them, to give unit owners time to make appropriate accommodations.

It is often appropriate to reduce the annual contributions by spreading the repayment of the deficiency over as many years as possible, given the expected life of the building. However, this strategy can increase the risk of special levies, so the need for lower annual contributions should be balanced with the need for stable payment schedules.

Appendix J—End-of-Life Date

An End-of-Life date specifies a point in time after which a strata corporation no longer saves for component repairs or replacements. At this point, both the reserve fund and any deficiency or surplus are eliminated. If the end of the property's life is anticipated, the reserve fund contributions should gradually decrease over several years.

There is no single method for determining the End-of-Life date for a strata corporation. In practice, a property often concludes in one of two ways: it is sold to avoid paying for necessary repairs, or someone makes an offer above market value for the property.

For properties facing End-of-Life due to expensive repairs, it is often appropriate to use a short-term Cash Flow funding method (detailed in Appendix H) to maintain their assets in the cheapest way possible until the expected end of the property's life. Whether the expensive repairs are expected or unexpected, these properties are typically so underfunded that they are much closer to ideal funding after specifying an End-of-Life date.

For properties in good repair that accept an offer on their property, the End-of-Life is usually unexpected. This means that the more well-funded the reserve fund was shortly before the offer is accepted, the more over-funded it is immediately afterwards. However, extra money in the reserve fund is typically returned to the unit owners upon the sale of the property, and so the only downside to properly funding a property with a sudden End-of-Life is the same trade-off as seen with all reserve fund contributions: it sacrifices individual freedom in favor of predictability and a greater likelihood of maintaining the property's common assets.

While setting an End-of-Life date can avoid overfunding upon the termination of the property, it may also lead to difficulties in selling units and has the risk of severe underfunding if the date is misjudged. It may be worth setting an End-of-Life date in anticipation of a large expenditure several years down the road to lower the current annual contributions; however, this type of decision can be a self-fulfilling prophecy as the strata corporation is far more likely to terminate if it is facing a major expenditure with no money to pay for it.

Overall, determining an End-of-Life date requires careful consideration of a range of factors, including the expected lifespan of components, market conditions, and the financial goals of the strata corporation.

Appendix K—Alternate Funding Models

The report presents three funding models for reserve expenditures: Minimum Funding, Adequate Funding, and Full Funding. The recommended model is Adequate Funding, detailed in Section 5 of the report, while the other models are provided here.

Each funding model option considers the need to fund future reserve component repairs and replacements, while placing varying degrees of emphasis on three primary considerations:

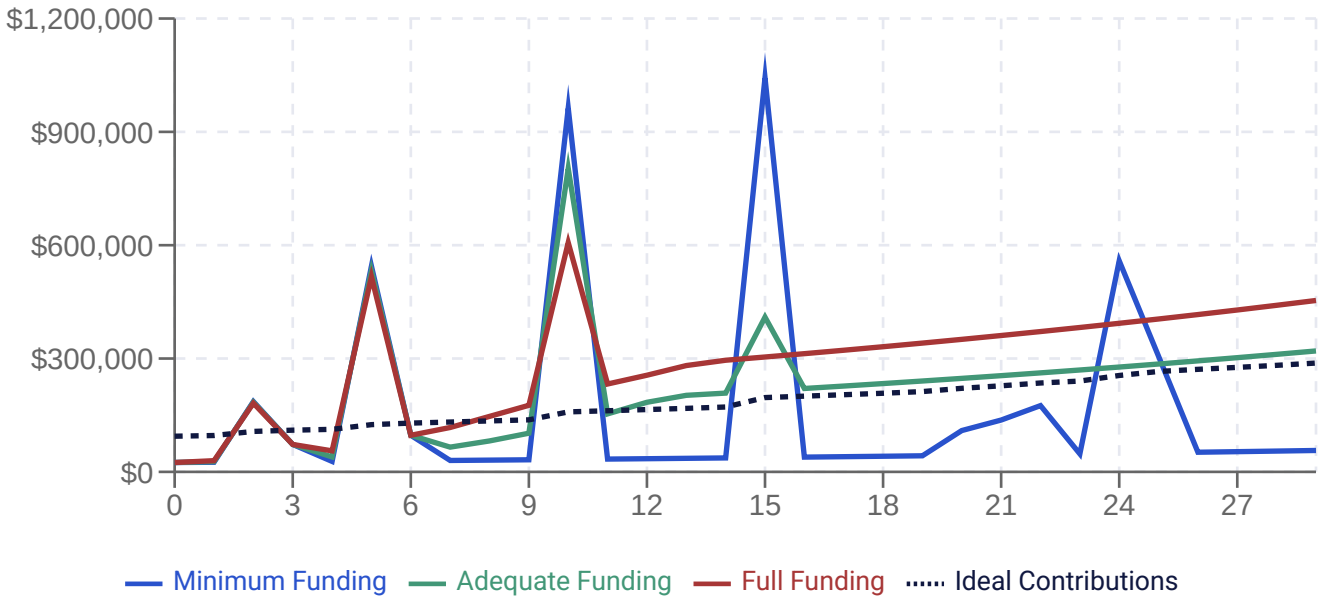
1. Offering sufficient notice to owners about increases to their annual reserve fund contributions, and keeping those increases affordable.
2. Increasing funding to minimize the risk of future special levies.
3. Moving towards full funding, thereby ensuring a fair allocation of the True Cost of Ownership, which includes funding any existing deficiency.

The **Minimum Funding Model** maintains current funding contributions while ensuring that they align with the legislated minimum requirements, making minor adjustments in line with anticipated inflation. This model focuses primarily on providing ample notice of contribution increases but neglects factors related to the risk of special levies and working towards full funding. It can rely heavily on special levies to pay for reserve fund expenditures.

The **Adequate Funding Model** aims to strike a balance among all factors by gradually increasing contributions, mitigating the risk of significant special levies, and addressing the reserve fund deficiency equitably. This model is developed in partnership with the strata corporation's representatives.

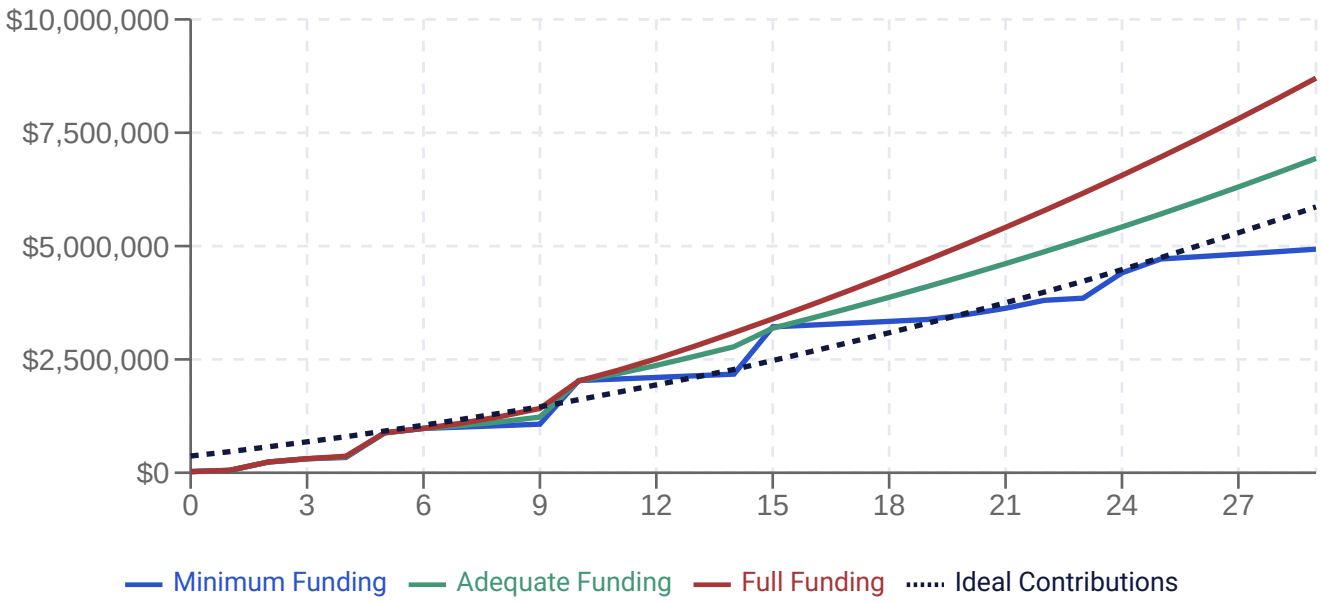
The **Full Funding Model** prioritizes minimizing special levies and achieving full funding by the end of the projection period. As such, it may not adequately address the need for sufficient notice of contribution increases and can propose excessive fees. There is a risk of over-funding if projections overestimate costs or if actual replacements occur later than projected, which can place an undue burden on those owners who contributed to reduce the deficiency.

The following chart depicts the proposed annual contributions for all three models over a 30-year projection period, combining regular contributions and special levies.



Each funding model projects the same total contributions over the lifespan of the building, disregarding interest. In reality, buildings with lower contributions often make long-term decisions that result in higher overall costs.

The chart provided below illustrates the cumulative reserve contributions in nominal dollars. It is important to note that although the Minimum Funding Model may appear to have lower total expenditures in a particular year, it ultimately requires the greatest contributions over the building's lifespan due to the absence of interest earnings.



The following pages provide 30-Year Reserve Fund Schedules and Cash Flow Tables for the Minimum and Full Funding Models. For a detailed breakdown of expenditures by component, please refer to Section 5.2.

Reserve Fund Projection—Minimum Funding Model

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%
Minimum Balance	$0

Schedule	Jan 2025 – Dec 2025	Jan 2026 – Dec 2026	Jan 2027 – Dec 2027	Jan 2028 – Dec 2028	Jan 2029 – Dec 2029	Jan 2030 – Dec 2030	Jan 2031 – Dec 2031	Jan 2032 – Dec 2032	Jan 2033 – Dec 2033	Jan 2034 – Dec 2034	Jan 2035 – Dec 2035	Jan 2036 – Dec 2036	Jan 2037 – Dec 2037	Jan 2038 – Dec 2038	Jan 2039 – Dec 2039
Opening Balance	$276,100	$280,600	$312,400	$0	$0	$23,400	$0	$0	$10,200	$16,800	$33,000	$0	$33,800	$63,800	$101,600
Reserve Fund Income															
Recommended Contribution	$24,700	$25,400	$26,200	$26,900	$27,700	$28,500	$29,300	$30,200	$31,100	$32,000	$32,900	$33,800	$34,800	$35,800	$36,900
Interest Income	$7,700	$8,600											$900	$2,000	$2,400
Special Levy			$159,900	$45,700		$515,900	$67,500				$929,700				
Income Total	$32,400	$34,100	$186,000	$72,600	$27,700	$544,400	$96,800	$30,200	$31,100	$32,000	$962,600	$33,800	$35,700	$37,800	$39,300
Reserve Fund Expenditures															
Total Expenditures	$27,900	$2,300	$498,400	$72,600	$4,300	$567,800	$96,800	$20,000	$24,500	$15,800	$995,600		$5,800		$23,600
Closing Balance	$280,600	$312,400	$0	$0	$23,400	$0	$0	$10,200	$16,800	$33,000	$0	$33,800	$63,800	$101,600	$117,300
Deficiency Analysis															
Ideal Contribution	$94,400	$96,200	$107,100	$110,400	$112,500	$125,000	$129,100	$131,900	$134,800	$137,700	$158,700	$161,800	$164,900	$168,100	$171,700
Ideal Closing Balance	$2,236,500	$2,399,700	$2,067,300	$2,166,900	$2,342,100	$1,954,400	$2,044,200	$2,218,900	$2,397,300	$2,593,000	$1,805,600	$2,023,400	$2,245,100	$2,482,700	$2,707,000
Reserve Fund Deficiency (Surplus)	$1,955,900	$2,087,300	$2,067,300	$2,166,900	$2,318,800	$1,954,400	$2,044,200	$2,208,700	$2,380,500	$2,560,000	$1,805,600	$1,989,500	$2,181,300	$2,381,200	$2,589,800
Actual/Ideal Contributions	26%	26%	24%	24%	25%	23%	23%	23%	23%	23%	21%	21%	21%	21%	21%
DCQ Score	60.4	61.3	79.0	80.5	83.7	68.6	69.7	73.2	76.6	80.0	54.9	58.8	61.1	63.0	65.9

Reserve Fund Projection—Minimum Funding Model, Continued

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%
Minimum Balance	$0

Schedule	Jan 2040 — Dec 2040	Jan 2041 — Dec 2041	Jan 2042 — Dec 2042	Jan 2043 — Dec 2043	Jan 2044 — Dec 2044	Jan 2045 — Dec 2045	Jan 2046 — Dec 2046	Jan 2047 — Dec 2047	Jan 2048 — Dec 2048	Jan 2049 — Dec 2049	Jan 2050 — Dec 2050	Jan 2051 — Dec 2051	Jan 2052 — Dec 2052	Jan 2053 — Dec 2053	Jan 2054 — Dec 2054
Opening Balance	$117,300	$0	$39,000	$80,400	$124,300	$143,200	$0	$0	$0	$11,100	$0	$0	$15,900	$69,800	$116,500
Reserve Fund Income															
Recommended Contribution	$37,900	$39,000	$40,200	$41,300	$42,500	$43,800	$45,000	$46,300	$47,700	$49,100	$50,500	$52,000	$53,500	$55,000	$56,600
Interest Income			$1,200	$2,500	$3,000								$500	$1,800	$2,400
Special Levy	$1,005,000					$65,600	$92,100	$129,000		$509,500	$255,400				
Income Total	$1,043,000	$39,000	$41,400	$43,800	$45,600	$109,400	$137,200	$175,400	$47,700	$558,600	$305,900	$52,000	$54,000	$56,900	$59,000
Reserve Fund Expenditures															
Total Expenditures	$1,160,200				$26,600	$252,500	$137,200	$175,400	$36,600	$569,800	$305,900	$36,100		$10,200	$38,300
Closing Balance	$0	$39,000	$80,400	$124,300	$143,200	$0	$0	$0	$11,100	$0	$0	$15,900	$69,800	$116,500	$137,300
Deficiency Analysis															
Ideal Contribution	$196,700	$200,400	$204,200	$208,100	$212,500	$221,200	$227,800	$235,200	$240,400	$255,100	$265,700	$271,400	$276,600	$282,000	$288,000
Ideal Closing Balance	$1,791,400	$2,047,400	$2,315,000	$2,594,900	$2,860,400	$2,909,900	$3,086,500	$3,236,600	$3,539,600	$3,317,000	$3,370,200	$3,708,900	$4,100,400	$4,499,100	$4,887,100
Reserve Fund Deficiency (Surplus)	$1,791,400	$2,008,300	$2,234,600	$2,470,600	$2,717,200	$2,909,900	$3,086,500	$3,236,600	$3,528,400	$3,317,000	$3,370,200	$3,693,000	$4,030,600	$4,382,500	$4,749,800
Actual/Ideal Contributions	19%	19%	20%	20%	20%	20%	20%	20%	20%	19%	19%	19%	19%	20%	20%
DCQ Score	47.2	51.4	54.0	56.4	59.6	66.5	68.5	69.8	74.0	67.6	66.7	71.1	74.7	77.1	80.4

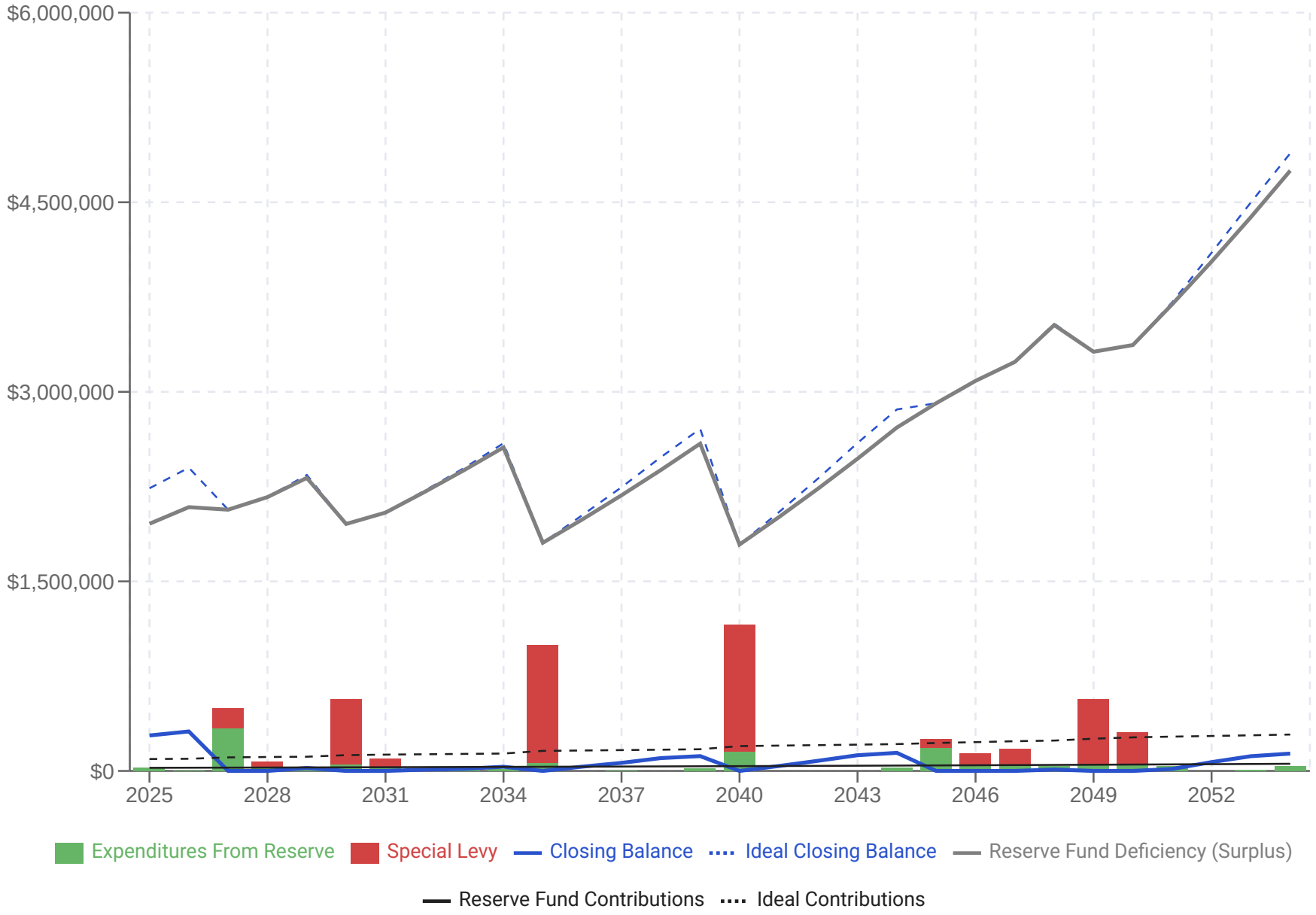
Nominal Cash Flow—Minimum Funding

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%

Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Levy	Interest Income	Projected Expenditures	Closing Balance
2025	$276,097	$24,712	$38		$7,695	$27,875	$280,628
2026	$280,628	$25,428	$39		$8,628	$2,310	$312,375
2027	$312,375	$26,166	$40	$159,860		$498,401	
2028		$26,925	$42	$45,652		$72,576	
2029		$27,705	$43			$4,347	$23,359
2030	$23,359	$28,509	$44	$515,908		$567,775	
2031		$29,336	$45	$67,506		$96,842	
2032		$30,186	$47			$19,966	$10,220
2033	$10,220	$31,062	$48			$24,463	$16,819
2034	$16,819	$31,963	$49		$31	$15,827	$32,985
2035	$32,985	$32,889	$51	$929,748		$995,623	
2036		$33,843	$52				$33,843
2037	$33,843	$34,825	$54		$870	$5,768	$63,770
2038	$63,770	$35,835	$55		$1,977		$101,582
2039	$101,582	$36,874	$57		$2,417	$23,614	$117,259
2040	$117,259	$37,943	$59	$1,005,012		$1,160,214	
2041		$39,044	$60				$39,044
2042	$39,044	$40,176	$62		$1,210		$80,430
2043	$80,430	$41,341	$64		$2,493		$124,264
2044	$124,264	$42,540	$66		$3,026	$26,644	$143,186
2045	$143,186	$43,773	$68	$65,588		$252,548	
2046		$45,043	$70	$92,130		$137,173	
2047		$46,349	$72	$129,042		$175,391	
2048		$47,693	$74			$36,553	$11,140
2049	$11,140	$49,076	$76	$509,538		$569,754	
2050		$50,500	$78	$255,386		$305,885	
2051		$51,964	$80			$36,098	$15,866
2052	$15,866	$53,471	$83		$492		$69,829
2053	$69,829	$55,022	$85		$1,850	$10,158	$116,543
2054	$116,543	$56,617	$87		$2,425	$38,324	$137,261

Minimum Funding Chart - Nominal Values



Reserve Fund Projection—Full Funding Model

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%
Minimum Balance	$0

Schedule	Jan 2025 – Dec 2025	Jan 2026 – Dec 2026	Jan 2027 – Dec 2027	Jan 2028 – Dec 2028	Jan 2029 – Dec 2029	Jan 2030 – Dec 2030	Jan 2031 – Dec 2031	Jan 2032 – Dec 2032	Jan 2033 – Dec 2033	Jan 2034 – Dec 2034	Jan 2035 – Dec 2035	Jan 2036 – Dec 2036	Jan 2037 – Dec 2037	Jan 2038 – Dec 2038	Jan 2039 – Dec 2039
Opening Balance	$276,100	$280,600	$316,600	$0	$0	$51,300	$0	$0	$97,500	$222,100	$388,900	$0	$232,600	$489,700	$786,200
Reserve Fund Income															
Recommended Contribution	$24,700	$29,700	$35,600	$44,500	$55,600	$72,300	$94,000	$117,500	$146,800	$176,200	$211,400	$232,600	$255,800	$281,400	$295,500
Interest Income	$7,700	$8,600							$2,300	$6,400			$7,000	$15,200	$23,600
Special Levy			$146,200	$28,100		$444,200	$2,900				$395,300				
Income Total	$32,400	$38,300	$181,800	$72,600	$55,600	$516,500	$96,800	$117,500	$149,100	$182,600	$606,800	$232,600	$262,900	$296,600	$319,100
Reserve Fund Expenditures															
Total Expenditures	$27,900	$2,300	$498,400	$72,600	$4,300	$567,800	$96,800	$20,000	$24,500	$15,800	$995,600		$5,800		$23,600
Closing Balance	$280,600	$316,600	$0	$0	$51,300	$0	$0	$97,500	$222,100	$388,900	$0	$232,600	$489,700	$786,200	$1,081,700
Deficiency Analysis															
Ideal Contribution	$94,400	$96,200	$107,100	$110,400	$112,500	$125,000	$129,100	$131,900	$134,800	$137,700	$158,700	$161,800	$164,900	$168,100	$171,700
Ideal Closing Balance	$2,236,500	$2,399,700	$2,067,300	$2,166,900	$2,342,100	$1,954,400	$2,044,200	$2,218,900	$2,397,300	$2,593,000	$1,805,600	$2,023,400	$2,245,100	$2,482,700	$2,707,000
Reserve Fund Deficiency (Surplus)	$1,955,900	$2,083,100	$2,067,300	$2,166,900	$2,290,900	$1,954,400	$2,044,200	$2,121,400	$2,175,200	$2,204,100	$1,805,600	$1,790,800	$1,755,400	$1,696,500	$1,625,300
Actual/Ideal Contributions	26%	31%	33%	40%	49%	58%	73%	89%	109%	128%	133%	144%	155%	167%	172%
DCQ Score	60.4	54.4	58.1	48.7	41.2	27.0	21.8	18.1	14.6	12.1	8.5	7.7	6.7	5.7	5.1

Reserve Fund Projection—Full Funding Model, Continued

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%
Minimum Balance	$0

Schedule	Jan 2040 – Dec 2040	Jan 2041 – Dec 2041	Jan 2042 – Dec 2042	Jan 2043 – Dec 2043	Jan 2044 – Dec 2044	Jan 2045 – Dec 2045	Jan 2046 – Dec 2046	Jan 2047 – Dec 2047	Jan 2048 – Dec 2048	Jan 2049 – Dec 2049	Jan 2050 – Dec 2050	Jan 2051 – Dec 2051	Jan 2052 – Dec 2052	Jan 2053 – Dec 2053	Jan 2054 – Dec 2054
Opening Balance	$1,081,700	$225,600	$545,400	$884,300	$1,243,000	$1,594,900	$1,734,700	$2,008,000	$2,260,800	$2,675,400	$2,564,200	$2,733,000	$3,196,900	$3,724,400	$4,270,300
Reserve Fund Income															
Recommended Contribution	$304,000	$312,900	$321,900	$331,300	$340,900	$350,800	$360,900	$371,400	$382,200	$393,300	$404,700	$416,400	$428,500	$440,900	$453,700
Interest Income		$7,000	$16,900	$27,400	$37,700	$41,600	$49,500	$56,800	$69,000	$65,300	$70,000	$83,600	$99,100	$115,100	$131,200
Special Levy															
Income Total	$304,000	$319,900	$338,800	$358,700	$378,600	$392,400	$410,500	$428,200	$451,100	$458,500	$474,700	$500,000	$527,600	$556,000	$584,900
Reserve Fund Expenditures															
Total Expenditures	$1,160,200				$26,600	$252,500	$137,200	$175,400	$36,600	$569,800	$305,900	$36,100		$10,200	$38,300
Closing Balance	$225,600	$545,400	$884,300	$1,243,000	$1,594,900	$1,734,700	$2,008,000	$2,260,800	$2,675,400	$2,564,200	$2,733,000	$3,196,900	$3,724,400	$4,270,300	$4,816,900
Deficiency Analysis															
Ideal Contribution	$196,700	$200,400	$204,200	$208,100	$212,500	$221,200	$227,800	$235,200	$240,400	$255,100	$265,700	$271,400	$276,600	$282,000	$288,000
Ideal Closing Balance	$1,791,400	$2,047,400	$2,315,000	$2,594,900	$2,860,400	$2,909,900	$3,086,500	$3,236,600	$3,539,600	$3,317,000	$3,370,200	$3,708,900	$4,100,400	$4,499,100	$4,887,100
Reserve Fund Deficiency (Surplus)	$1,565,900	$1,501,900	$1,430,800	$1,351,900	$1,265,500	$1,175,100	$1,078,400	$975,700	$864,100	$752,800	$637,200	$512,000	$376,000	$228,700	$70,200
Actual/Ideal Contributions	155%	156%	158%	159%	160%	159%	158%	158%	159%	154%	152%	153%	155%	156%	158%
DCQ Score	5.2	4.7	4.2	3.8	3.3	3.0	2.6	2.3	1.9	1.6	1.3	1.0	0.7	0.4	0.1

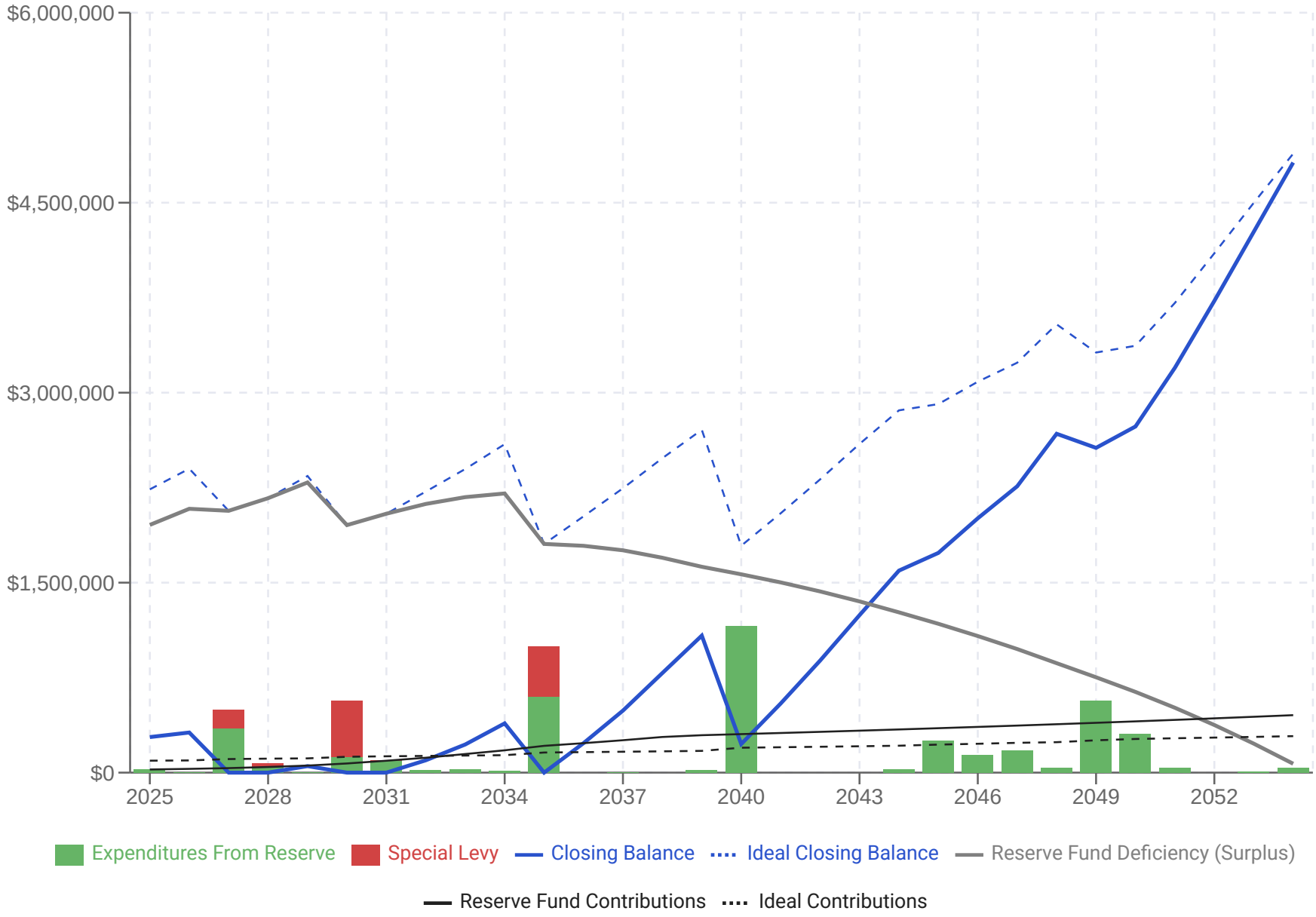
Nominal Cash Flow—Full Funding

Desert Gardens

Construction Inflation Rate	3.6%
Long-Term Interest Rate	3.1%
Inflation Rate (CPI)	1.9%

Fiscal Year End	Opening Balance	Annual Contribution	Avg Monthly Contribution per Unit	Special Levy	Interest Income	Projected Expenditures	Closing Balance
2025	$276,097	$24,712	$38		$7,695	$27,875	$280,628
2026	$280,628	$29,654	$46		$8,628	$2,310	$316,600
2027	$316,600	$35,585	$55	$146,215		$498,401	
2028		$44,481	$69	$28,095		$72,576	
2029		$55,601	$86			$4,347	$51,255
2030	$51,255	$72,282	$112	$444,239		$567,775	
2031		$93,966	$145	$2,875		$96,842	
2032		$117,458	$181			$19,966	$97,491
2033	$97,491	$146,822	$227		$2,264	$24,463	$222,115
2034	$222,115	$176,187	$272		$6,395	$15,827	$388,870
2035	$388,870	$211,424	$326	$395,328		$995,623	
2036		$232,567	$359				$232,567
2037	$232,567	$255,824	$395		$7,031	$5,768	$489,653
2038	$489,653	$281,406	$434		$15,179		$786,238
2039	$786,238	$295,476	$456		$23,641	$23,614	$1,081,742
2040	$1,081,742	$304,045	$469			$1,160,214	$225,573
2041	$225,573	$312,862	$483		$6,993		$545,428
2042	$545,428	$321,935	$497		$16,908		$884,271
2043	$884,271	$331,271	$511		$27,412		$1,242,955
2044	$1,242,955	$340,878	$526		$37,706	$26,644	$1,594,895
2045	$1,594,895	$350,764	$541		$41,613	$252,548	$1,734,724
2046	$1,734,724	$360,936	$557		$49,524	$137,173	$2,008,011
2047	$2,008,011	$371,403	$573		$56,811	$175,391	$2,260,834
2048	$2,260,834	$382,174	$590		$68,953	$36,553	$2,675,407
2049	$2,675,407	$393,257	$607		$65,275	$569,754	$2,564,184
2050	$2,564,184	$404,661	$624		$70,007	$305,885	$2,732,968
2051	$2,732,968	$416,396	$643		$83,603	$36,098	$3,196,869
2052	$3,196,869	$428,472	$661		$99,103		$3,724,444
2053	$3,724,444	$440,898	$680		$115,143	$10,158	$4,270,327
2054	$4,270,327	$453,684	$700		$131,192	$38,324	$4,816,879

Full Funding Chart - Nominal Values



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

CUSPAP 2024 comprises eight standards, each containing rules, comments, and definitions. These Standards include an Ethics Standard, a Reporting Standard, a Real Property Appraisal Standard, a Review Standard, a Consulting Standard, a Reserve Fund Study Standard, a Machinery and Equipment Appraisal Standard, and a Mass Appraisal Standard. A Depreciation Report falls under the Reserve Fund Study Standard of the Appraisal Institute of Canada (AIC) CUSPAP rules.

More specifically, **CUSPAP Section 14 - Reserve Fund Study Standard Rules** deals with the procedures for the development and communication of a Depreciation Report and incorporates the minimum content necessary to produce a credible result.

In the Completion of the Depreciation Report the consultant must:

Identify the authorized client and other authorized users by name
KAS 1911—Desert Gardens, c.o CML Properties

Identify the authorized 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 2.1.

Identify the effective date of the study
August 8, 2025

Identify the date of completion of the study
January 29, 2026

Identify the legislation that applies to the assignment
The BC Strata Property Act and the BC Strata Property Regulation

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 at least one Cash Flow projection
See Section 5.4 of the report.

Provide an opinion on the adequacy of the reserve fund contributions
See Section 5.5 of the report.

Provide at least one reserve fund funding model
See Section 5.3 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.

Identify whether the Report is an update
We have conducted a full Depreciation Report including a visual inspection. Please refer to Section 2.4 of the report for information on previous Depreciation Reports if applicable.

Include a signed certification

See signed certification.

Additionally, **CUSPAP Section 15 - Reserve Fund Study 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** related to the Reserve Fund Study Standard states:

7 **PRACTICE NOTES RELATING TO THE RESERVE FUND STUDY STANDARD RULES (RFSSR)**

7.1 **Reserve Fund Study (RFSSR 14.2)**

7.1.1 Reserve Fund Studies are not completed to provide financial planning advice.

7.1.2 The Reserve Fund 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.

7.1.3 A Reserve Fund Study must specify the type of property under review (e.g., condominium townhouse, condominium apartment, dockominium, float home, parking stall, vacant land condominium, common element condominium, and recreation condominium). If a Reserve Fund Study is for something other than a condominium or strata, the report should describe the real estate accordingly (e.g., co-operative, office structure, institutional facility, municipal infrastructure and improvements, not-for-profit, etc.)

7.2 **Legislation Considerations in a Reserve Fund Study (RFSSR 14.2.2)**

7.2.1 Reserve Planners complete Reserve Fund Studies without providing financial planning advice, the study should consider applicable legislation and policies defining those components the study is to cover, and incorporate a comprehensive benchmark analysis including, as a minimum:

7.2.1.i life cycle analysis;

7.2.1.ii current and future replacement costs;

7.2.1.iii the current reserve balance; and,

7.2.1.iv estimated future reserve fund accumulations.

7.2.2 The study should comment on any apparent deficiency in the reserve fund account or in estimated future reserve fund accumulation, along with a cash flow model covering an appropriate period.

7.2.3 Reserve Planners need to be familiar with the legislation governing reserve fund studies in the jurisdiction within which they work, along with any consequential regulations and policies.

7.3 **Exclusions in a Reserve Fund Study (RFSSR 14.2.4)**

7.3.1 A Client might request that the study exclude certain short-lived items. The study needs to identify exclusions clearly. While such exclusions might be permitted, the Reserve Planner must ensure that the resulting study is not capable of misleading the reader. It is the Reserve Planner's responsibility to ensure that the assignment meets the “Reasonable Appraiser” test, if exclusions are made.

7.4 **Benchmark Analysis in a Reserve Fund Study (RFSSR 14.2.5)**

7.4.1 Provision should be made for inflation or deflation in costs between the date of the reserve fund study and the time at which repairs and replacements are expected.

7.4.2 A benchmark analysis entails estimating expected life and remaining life; for various components as well as:

7.4.2.i total cost of replacement or repair;

7.4.2.ii current replacement cost estimates;

7.4.2.iii reserve fund requirements;

7.4.2.iv future replacement cost estimates;

7.4.2.v reserve fund accumulations;

7.4.2.vi reserve fund requirements; and

7.4.2.vii annual reserve fund contributions.

7.5 **Cash Flow Projection in a Reserve Fund Study (RFSSR 14.2.6)**

7.5.1 The Reserve Planner should also consider the state of the fund relative to repair and replacements that will happen in the period immediately following the term chosen for the cash flow projection.

7.5.1.i For example, a study could prescribe cash flows which will result in a balance near zero at the end of the projection period. This is not prudent if a large expense is expected within a few years of the end of the cash flow projection, as the fund will not be adequate to deal with such an expense.

7.5.2 A cash flow projection and reserve fund funding model are intertwined. The Reserve Planner specifies the funding model(s) that forms the basis for the cash flow projection.

7.6 **Adequacy Analysis of the Reserve Fund Contributions (RFSSR 14.2.7)**

7.6.1 The cash flow projection should identify whether the existing fund balance and recommended funding level are sufficient to meet most of the repair and replacement obligations. If deficiencies are evident, they should be identified and incorporated in the recommendations.

7.7 **Preparing a Reserve Fund Funding Model (RFSSR 14.2.8)**

7.7.1 The reserve fund funding model should make one or more recommendations to ensure a prudent level of funding is provided in the contingency reserve. If legislated or deemed appropriate by the Reserve Planner, options should be discussed within the study. The Reserve Planner should ensure that the options provided are prudent, incorporate the minimum requirements within Reserve Study Standard and any applicable provincial legislation.

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 6.2.9, 3.73, and 7.11).

Appendix M—Glossary

Adequate Funding Model
The preferred funding model detailed in this Depreciation Report. This funding approach seeks to balance the requirements of the strata by providing sufficient notice of contribution increases, limiting the risk of special levies, and addressing any reserve deficiency in an equitable manner.

Annual Contribution
This denotes the sum allocated to the reserve fund every fiscal year, excluding elements such as interest, fund transfers, and special levies.

Benchmark Analysis
This signifies a funding analysis that captures a specific moment in time, based on a theoretically fully funded reserve fund. It computes the ideal opening or closing balance, in addition to the ideal annual contribution, assuming a fully-funded scenario. Contributions determined through this analysis express the True Cost of Ownership in nominal dollars, without adjustment for inflation or other factors.

Budget Percentage
Alternatively known as 'Budget Allowance', 'Budget Amount', 'Budget Provision' or simply 'Budget'. This is a percentage applied to the total cost anticipated for the full repair or replacement of a component. The percentage is used in situations where the cost projections reflect a full scope of work, i.e., replacing the entire system, but full replacements are not expected. Therefore, the budget percentage is a forward-looking estimation that highlights the variability in the actual future replacement needs and costs.

Certified Reserve Planner (CRP)
This is a professional designation bestowed by the Real Estate Institute of Canada (REIC) for professionals qualified in preparing Reserve Fund Studies.

Closing Balance
The reserve fund position at the end of a fiscal year, carried forward to the next year as an Opening Balance. It represents the remaining amount in the reserve fund after all expenses and contributions have been accounted for during the fiscal year.

Component
A physical improvement or element of the development that contributes to its overall structure, functionality, or appearance. Components are integral parts of the property and may require maintenance, repair, or replacement over time.

Construction Cost Inflation
The rate of inflation specifically related to changes in localized construction costs for a particular building usage. It is measured using construction cost indexes from Statistics Canada, which track the fluctuation in the prices of construction materials, labor, equipment, and other related expenses over time.

Contingency Reserve Fund (CRF)
Referred to as a 'Reserve Fund' in this report, the CRF is a term defined by the legislation of the British Columbia Strata Property Act. This fund embodies the long-term financial reserves held by a condominium corporation (or section, as outlined in the Act) for facilitating major repairs and replacements of common assets. These expenditures, typically occurring less frequently than once-per-year and not accounted for in the operating budget, are thus supported by the CRF.

Contribution
See Annual Contribution.

CPI Inflation
A measurement of inflation using the Consumer Price Index (CPI), a statistical representation of the change in purchasing power between two years.

Deficiency
The discrepancy between the projected Benchmark Closing Balance for a particular year and the actual Closing Balance recorded or projected at the end of that year.

Deficiency/Contribution Quotient (DCQ)
A key metric for evaluating the financial health of a reserve fund. The DCQ effectively shows how many times your current annual contribution you would need to pay as a lump sum to eliminate the deficiency. It offers an unbiased view of a property's reserve fund status by not penalizing properties for spending their savings on necessary repairs and replacements. This metric serves as a comparative tool, allowing for benchmarking a property against others and tracking a property's progress over time.

DCQ = (Deficiency + Outstanding Loan Balance) / (Contributions + Interest Earned + Special Levies)

Depreciation Report
This term is synonymous with a Reserve Fund Study, but it is conducted to align with the standards set out by the British Columbia Strata Property Act. For further details, please refer to the definition of Reserve Fund Study.

Effective Age
A subjective assessment of the observed age of a reserve component, which may differ from its actual or current age based on its performance relative to expectations. Effective Age is used in conjunction with Lifespan in our funding models to determine the projected year of replacement for each component.

End of Life
The stage at which the Reserve Component(s) have collectively reached a state of physical failure or where the current improvements no longer maximize the utility of the subject site. It signifies that no further reserve fund savings are necessary, as there are no anticipated reserve component replacements. At the End of Life, the building's reserve fund Deficiency is zero.

Expenditure
See Reserve Expenditure.

Full Funding Model
A Funding Model that prioritizes minimizing the likelihood of special levies and aims to eliminate any existing deficiency before the conclusion of the projection period.

Fully Funded
This term describes a reserve fund when its closing balance is equivalent to the benchmark closing balance, resulting in zero deficiency. This signifies that the reserve fund holds a fair amount of savings for each component, considering their anticipated costs and estimated replacement years.

Functional Obsolescence
This refers to a situation where a component's utility is compromised due to outdated design or features. It represents a state in which the component cannot be effectively updated or remedied to meet modern standards or expectations.

Funding Model
This is a 30-year projection outlining the cash flow within the reserve fund. It takes into account the estimated costs and replacement dates for each component and provides a recommended schedule of contributions to adequately fund these future expenditures.

Ideal Annual Contribution
The annual amount recommended by the benchmark analysis to be contributed to the reserve fund each year. It represents an equitable and balanced contribution to save if the reserve fund has no deficiency, reflecting the True Cost of Ownership.

Ideal Balance
An equitable reserve fund balance as determined by the Benchmark Analysis. This balance represents the financial state the reserve fund would have achieved if owners consistently contributed the True Cost of Ownership via the Ideal Annual Contribution every year.

Interest
The financial return generated from the investments of the reserve fund. It is conservatively calculated assuming that the expenditures for a particular year precede any contributions to the fund.

Lifespan
The average expected duration of a Reserve Component, indicating the typical life expectancy or useful life of the component.

Minimum Balance
Within a funding model, it represents the lowest allowable closing balance for each fiscal year. It increases in alignment with CPI inflation and serves as a form of Threshold Funding.

Minimum Funding Model
A funding model that maintains current funding contributions while ensuring that they align with any legislated minimum requirements, making minor adjustments in line with anticipated inflation. This model focuses primarily on providing ample notice of contribution increases but neglects factors related to the risk of special levies and working towards full funding. It typically requires paying for expenditures through special levies.

Nominal Dollars
A dollar amount that has not been adjusted for inflation. Nominal dollars represent the exact amounts spent, saved, or earned without accounting for changes in purchasing power over time. Unless otherwise specified, all dollar amounts are assumed to be in nominal terms. This stands in contrast to Real Dollars, which are adjusted for inflation.

Non-Reserve Component
This refers to an element that may bear similarities to reserve components or has been considered as such in the past but is explicitly excluded from the reserve fund. This exclusion may be stipulated by the governing documents or determined in consultation with strata representatives. As non-reserve components, these elements do not fall under the reserve fund's purview and are thus exempt from allocations or funding derived from the reserve fund.

Opening Balance
The reserve fund position at the start of each fiscal year. It is the amount carried forward from the previous fiscal year's Closing Balance, serving as the initial fund amount for the new fiscal year's financial operations.

Operating Fund
The fund utilized by a strata corporation to cover the operational expenses of the corporation. It includes contributions and expenditures related to day-to-day operating costs, excluding reserve expenditures, which are separately funded through the reserve fund.

Qualified Person
In BC, a Qualified Person is described under Section 6.2 (0.1) as a 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," and is one of the following: an engineer, architect, applied science technologist, AACI appraiser, CRP, or quantity surveyor.

Real Dollars
A dollar amount that has been adjusted for inflation, reflecting the actual buying power as it changes over time. It is relative to a reference or base year, typically the year in which the study was conducted. Real dollars reflect the true purchasing power of money, providing a more accurate understanding of how the value of currency will 'feel' and allowing for a better assessment of actual increases or decreases in buying power, unlike nominal dollars which do not account for the effects of inflation.

Remaining Life
The difference between a component's Effective Age and its expected Lifespan. It indicates the estimated duration before the component requires repair or replacement.

Reserve Component
A physical element of a strata corporation included in the inventory of reserve components for analysis in a Depreciation Report.

Reserve Expenditure
The amount withdrawn from the reserve fund to cover the costs associated with repairs or replacements of Reserve Components.

Reserve Fund
This term, recognized by legislation in most provinces or territories, refers to the financial assets held by a strata corporation specifically allocated for long-term repairs and replacements. These are intended for the upkeep of shared assets, particularly for expenses that arise less frequently than annually and are not incorporated into the operating budget. The Reserve Fund plays a crucial role in ensuring the sustainability and ongoing maintenance of common property.

Reserve Fund Deficiency

This is determined as the discrepancy between the Closing Balance and the Ideal Closing Balance, as calculated via the Benchmark Analysis. A deficiency manifests when the reserve fund has been funded at a level below the True Cost of Ownership. This represents an outstanding amount that is inevitably required to be paid by the end of the property's economic lifespan. It underscores a shortfall in the reserve fund that may necessitate additional funding or adjustments in future contributions.

Reserve Fund Study

A comprehensive budget planning tool that combines both a physical and a financial analysis. It is designed to identify and establish long-term funding plans for the repair and replacement of major common elements within a property.

Special Levy

Also known as "Special Assessment," a special levy refers to a distinct and non-regular contribution made by owners toward the Reserve Fund. This type of contribution is typically utilized when the reserve fund balance is insufficient to cover required projects or expenditures. While special levies may be employed as part of a long-term funding strategy or in response to unexpected expenses, they can also indicate the lack of a comprehensive long-term plan for the reserve fund.

Strata Property Act

The legislation specific to strata corporations in BC that governs their establishment, operation, and management. This Act sets out the legal framework and requirements for Depreciation Reports.

Strata Property Regulation

The accompanying regulations that supplement and provide detailed guidelines for the implementation and enforcement of the Strata Property Act. These regulations further specify and clarify the requirements outlined in the Act, offering additional guidance on various aspects of condominium governance, management, and operation.

Threshold Funding

This is a possible strategy for dictating future Contributions to the Reserve Fund. It disregards the Benchmark Analysis and is centered exclusively on maintaining the reserve fund balance above a predetermined threshold. Although we include a Minimum Balance in our forecasts (often set at $0), an over-reliance on Threshold Funding may result in inequitable contributions. It's a method that aims at financial stability, but it may not reflect the True Cost of Ownership or account for longer-term component replacement needs.

True Cost of Ownership

This reflects the estimated annual cost of the depreciation of the Reserve Components. It is calculated for each component by determining the ideal annual reserve fund contribution that, when increased each year by CPI inflation and augmented by interest from previous contributions, equals the estimated future replacement cost by the end of its predicted lifespan. Funding a reserve fund in a manner that mirrors the True Cost of Ownership is known as Ideal, Full, or Benchmark Funding, all of which emphasize equitable and sustainable financial planning.