Reserve Fund Study

Whitehorse Condominium Corporation No.124

November 30, 2020

Prepared for:

Whitehorse Condominium Corporation No.124
Board of Directors
134 Seine Square
PO Box 31205,
Whitehorse,Yukon
Y1A 5P7

Whitehorse Condominium Corporation No.124 November 30, 2020
PO Box 31205,
Whitehorse, Yukon
Y1A 5P7

Reserve Fund Study for Whitehorse Condominium Corporation No.124

Dear Members of the Board:

Pursuant to your request for a reserve fund study of the within described condominium project, Condo Max Reserve Planners has prepared and submits to you this report.

The Reserve Fund Study describes the reserve fund concepts and major reserve fund items. It provides current and future replacement reserve estimates and recommends reserve fund actions. The Reserve Fund Study is a complex document and should be reviewed in detail and within the context of this report.

We recommend that a reserve fund plan and strategy be adopted and implemented, and that reserve fund contributions of $ 10,000 in 2020 be increased to $ 24,000 per annum in 2021, and further increased as per the cash flow table each subsequent year. As outlined in this report, the current reserve fund and proposed contributions will ensure reserve funds are adequate to cover potential expenditures required to repair or replace common elements or assets of the corporation when needed.

Condo Max Reserve Planners would be pleased to provide you with complete review and updating services for the reserve fund of the corporation, as required in the future. We appreciate the opportunity to perform this reserve fund study for you. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,
Condo Max Reserve Planners

Norman Eady, Certified Reserve Planner

EXECUTIVE SUMMARY OF FACTS AND CONCLUSIONS

This executive summary has been prepared as a quick reference of pertinent facts and estimates of this Reserve Fund Study, and it is provided as convenience only. Readers are advised to refer to the full text of this Reserve Fund Study for detailed information.

Applicant	Board of Directors, Whitehorse Condo Corp #124 PO Box 31205, Whitehorse,Yukon Y1A 5P7
Date of Study	November 20, 2020
Property	Whitehorse Condominium Corporation No.124 PO Box 31205, Whitehorse, Yukon Y1A 5P7

Reserve Fund Components

Architectural Components …… 7 Reserve Components

Finishes Components and Decoration…..5 Reserve Components

Mechanical and Electrical Components…..9 Reserve Components

Site Improvements…..5 Reserve Components

Reserve Fund Consultants…..1 Reserve Component

Inflation Factor	2.00%
Interest Rate	1.00%

Significant Reserve Fund Estimates

Current Replacement Costs	$ 786,124
Future Replacement Costs	$ 1,083,327
Current Reserve Fund Requirements	$ 345,105
Future Reserve Fund Accumulation	$ 396,872
Future Reserve Fund Requirements	$ 686,455
Annual Reserve Fund Contributions	$ 43,555

Cash Flow Table

Condo Max Reserve Planners has prepared the following Cash Flow Table, which projects minimum annual funding requirements proposed to meet estimated Reserve Fund expenditures.

Whitehorse Condominium Corporation #124

Year ending 31-Dec	Opening Balance	Recommended Annual Contribution	Estimated Inflation Adjusted Expenditures	Estimated Interest Earned 1.00%	Percentage Increase in Recommended Annual Contributions	Closing Balance
2021	66,321	24,000	0	663	0.0%	90,984
2022	90,984	24,000	0	910	0.0%	115,894
2023	115,894	30,000	2,122	1,159	25.0%	144,931
2024	144,931	30,000	0	1,449	0.0%	176,380
2025	176,380	36,000	114,725	1,764	20.0%	99,419
2026	99,419	36,000	0	994	0.0%	136,413
2027	136,413	36,000	5,743	1,364	0.0%	168,034
2028	168,034	42,000	48,417	1,680	16.7%	163,298
2029	163,298	42,000	0	1,633	0.0%	206,931
2030	206,931	42,000	49,875	2,069	0.0%	201,125
2031	201,125	46,000	0	2,011	9.5%	249,137
2032	249,137	46,000	32,315	2,491	0.0%	265,313
2033	265,313	46,000	217,823	2,653	0.0%	96,142
2034	96,142	50,000	609	961	8.7%	146,495
2035	146,495	50,000	39,796	1,465	0.0%	158,163
2036	158,163	50,000	7,077	1,582	0.0%	202,668
2037	202,668	52,000	16,803	2,027	4.0%	239,892
2038	239,892	52,000	204,840	2,399	0.0%	89,451
2039	89,451	56,000	6,468	895	7.7%	139,877
2040	139,877	58,000	14,189	1,399	3.6%	185,087
2041	185,087	58,000	0	1,851	0.0%	244,938
2042	244,938	60,000	9,374	2,449	3.4%	298,014
2043	298,014	60,000	244,752	2,980	0.0%	116,242
2044	116,242	60,000	609	1,162	0.0%	176,795
2045	176,795	65,000	12,618	1,768	8.3%	230,945
2046	230,945	65,000	8,039	2,309	0.0%	290,216
2047	290,216	65,000	0	2,902	0.0%	358,118
2048	358,118	72,000	71,704	3,581	10.8%	361,996
2049	361,996	72,000	7,430	3,620	0.0%	430,185
2050	430,185	72,000	6,759	4,302	0.0%	499,729
		1,497,000	1,122,086	58,494		

Recommendations

Condo Max Reserve Planners recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will adequately fund immediate and future reserve fund expenditures.

The condo buildings seem to be in excellent shape. The landscaping is beautiful. The complex has been well maintained. CC124 has a competent property management company looking after the maintenance. Other contractors are hired as needed.

Financially, the condo corporation's reserve funds are inadequate. CC124 needs to build up its reserves in earnest to prepare for the future expenditure obligations. In this vein, CC124 should better account for and manage its reserve funds.

The condo Board has important responsibilities. It must decide wisely to expend funds entrusted to it by its members. A small board needs to get support from outside experts and contractors to make wise decisions and to get essential work done, but not to squander scarce resources.

1. **The current reserve fund contribution of rate should be increased.** The condo corporation needs to build up its reserve fund as a high priority. CC124's reserves are inadequate and increased contributions to the reserve fund are required in the short and medium term or the complex will not be able to afford asset replacements or needed repairs.

2. **The detailed 30-year cash flow projections show what the condo corp. is facing in terms of cash inflows and expenditures.** The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current. The members need to be in tune with the overall future obligations of the condo corporation.

3. **The reserve fund should be fully invested in guaranteed securities, yielding at least 1.00% per annum.**

4. **The corporation should prepare and implement a long-term reserve fund strategy.** In part, this means planning out asset replacement activities over time. As well, who will be doing the work and how will it be monitored? What circumstances have changed affecting priorities?

5. **The condo corporation should make such expenditures, as necessary to maintain the property in optimum condition.** There are a few components that require repair and/or maintenance in 2021:

    a. Repair the fence posts at the front of the complex;

    b. Some southern-facing trim components need paint/repairs;

c. Investigate and address possible water accumulation at the footings at the north end of the complex. Make sure that water is not accumulating at the building footings.

d. Cracks in the asphalt. (These should be filled to prevent further deterioration).

e. Cracks in the concrete sidewalk.[1]

6. Major repairs and replacements should be recorded in, and funded from, a reserve fund account, not from its operating account. The current practice is for CC124 to charge all expenditures to its operating account. It would be better to have separate accounting of the reserve fund.

Capital expenditures (and major repairs) should be funded from the reserve, rather than the operating account. CC124 should set a dollar value for capitalization, say costs of $500 or more would be capitalized. For example, if painting a corridor costed $2,000, this would be charged to the reserve. But if some minor painting were done that only costed $350 this would be treated as a maintenance expense.

7. The builder of the complex did a sub-standard job in some of the subsurface construction work namely:

- the **foundations** of one side of Building B were not properly filled, resulting in frost heaves. This fault was remediated in 2012;
- **the drainage system** could not cope with the water that flowed into one of the catch basins, so a sump pump and piping was added around 2012;
- the **parking lot** at the north end of the complex is showing signs of subsidence near the catch basin and numerous cracks in other places. The subsidence is an indicator of inadequate compaction; while the cracks are likely from frost heaves—stemming from using poor sub-grade fill and/or of having poor drainage.

The estimated cost of repaving the parking lot would be approximately $200,000 in today's dollars. This large cost would not be easily be borne by CC124.

In light of the above it is recommended that CC124 look over the pavement at the north end of the complex and **develop a plan to address the deterioration of the parking lot asphalt**. At a minimum the cracks should be filled each year. Sealing the pavement would also extend its life.[2] Capital expenditures to fix the pavement in places should be considered.

1 See https://www.youtube.com/watch?v=0HkFjPm5SIY

2 See https://www2.gov.bc.ca/assets/gov/driving-and-transportation/transportation-infrastructure/highway-bridge-maintenance/pavement-marking/asphaltpavementmaintenance.pdf.

Limiting Conditions

THIS REPORT IS SUBJECT TO THE FOLLOWING LIMITING CONDITIONS

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.

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

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.
In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be abstracted; it must be used in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the author, and in any event, only with the proper qualifications.

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

Contents

RESERVE FUND STUDY

1. Purpose of Reserve Fund Study

This Reserve Fund Study is a financial document. The purpose of a Reserve Fund Study is to provide cost estimates for various reserve components that are subject to major repairs and/or replacement over the lifetime of the property, and to estimate the funding required for such major repairs and replacement.

This reserve fund study applies as of **November 30, 2020.**

1.1 Reserve Funds – Legal Basis

The requirement for condominium corporations in Yukon to obtain 'reserve studies' is not required under the Condominium Act, R.S.Y. 2002 (the current law).

The Yukon legislature passed the Yukon Condominium Act in 2015. However, the Act has not been proclaimed and has had no regulations to bring the Act into force and effect. The Yukon Government has spent many months in public consultation and deliberation on the possible new regulations.

The Yukon Condominium Act, 2015 states:

157 (2) A condominium corporation must, at the times and in the manner required by the regulations, obtain from a qualified person

- *a) a depreciation report estimating the repair and replacement costs for, and the expected life of, the common property and major common assets of the corporation; and,*
- *b) a recommendation as to the amount needed in the reserve fund to reasonably ensure the corporation has sufficient money to pay for the major repairs and replacement of the common property and common assets where the repair or replacement is of a nature that does not normally occur annually.*

158 Subject to the regulations, a condominium corporation is responsible to determine the amount of the annual contribution to its reserve fund having due regard to its most recent reserve fund study.

It is not known when, or if, the Yukon Condo Act regulations will come into effect. Most jurisdictions in Canada require reserve studies to be performed. The legal requirement for Yukon condo corporations to obtain reserve studies is likely in the near future.

2. Methodology

2.1 Reserve Fund Study

A Reserve Fund Study is a financial document, which provides the basis for funding major repairs and replacement of the common elements and assets of the corporation.

This Reserve Fund Study comprises the following elements:

(1) it identifies the reserve components and assesses their quality, normal life span, and present condition;

(2) it estimates the remaining serviceable years for each of the reserve components and proposes a time schedule for repairs and/or replacement;

(3) it provides current replacement cost estimates including the cost of removing worn-out items and special safety provisions;

(4) it projects the future value of current replacement costs at an appropriate and compounded inflation rate;

(5) it projects the future value of current reserve funds compounded at a long term interest rate;

(6) it calculates current reserve fund contributions required and to be invested in interest bearing securities in order to fund future reserve fund expenditures.

The Reserve Fund Study is a practical guide to assist the Board of Directors to plan budgets and maintenance programs.

2.2 REIC Planning Standards

The Real Estate Institute of Canada has established Reserve Fund Planning standards and training that are now recognized and across Canada. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

2.3 General Conditions and Assumptions

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

2.4 Reserve Fund Projection Factors

The Real Estate Institute of Canada standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and

supportable reserve fund estimates which include:

- the estimated cost of major repair or replacement of the common elements and assets of the corporation at the estimated time of the repair or replacement based on an assumed annual inflation rate,
- the annual inflation rate described below,
- the estimated interest that will be earned on the reserve fund based on an assumed annual interest rate, and
- the annual interest rate described below.

What is required is an objective basis for any estimates of inflation factors and interest rates. Inflation factors and interest rates must be derived from an economic analysis of the marketplace.

The estimated inflation factor and the selected interest rate are powerful factors in projecting reserve fund contributions and requirements. They can vary dramatically over time and must be periodically reviewed to ensure their relevance and accuracy.

Although a reserve fund plan is projected over a period of at least 30 consecutive years, a long-term horizon in every respect, reserve fund projection factors can only be based on short-term economic conditions because of their volatility over time.

The reserve fund projection factors must be periodically reviewed and adjusted in accordance with changing economic conditions as part of the reserve fund updating process.

Inflation Factors

Inflation measurement in reserve fund projections must be based on construction indices rather than the widely quoted Consumer Price Index (CPI), which measures the cost of a basket of consumer goods, not construction costs. The Consumer Price Index (CPI) increased 2.0% in Whitehorse in 2019.[3] There are no good data sources available for measuring construction cost inflation just for Yukon. Instead, Statistics Canada data is used.

CANSIM is Statistics Canada's key socioeconomic database. Updated daily, CANSIM provides fast and easy access to a large range of the latest statistics available in Canada. The CANSIM Historical Index, used to calculate annual inflation rates, is based on the computed value as of the end each quarter for an average Vancouver metro area construction rate of inflation.

The following table is from Statistics Canada for the Vancouver metro area for

3 https://yukon.ca/sites/yukon.ca/files/ybs/2019cpiannual_0.pdf

construction costs of residential buildings from Q2 2019 to Q2 2020 (the closest.[4]

Type of building	Geography[2]	Q2 2019	Q1 2020	Q2 2020	Q1 2020 to Q2 2020	Q2 2019 to Q2 2020
		Index, 2017=100			Percentage change	
Residential buildings	Vancouver, British Columbia (map)	112.5	114.7	114.7	0.0	2.0

These data are used rather than Edmonton or Calgary or the Canadian average. In recent years the Yukon economy has been performing strongly with GDP growth above the Canadian average and unemployment rates below the Canadian average.[5] BC's rate of economic growth, housing starts, and construction cost inflation is more applicable than slower growth Alberta.

We have adopted the median rate of **2.0%** for annual inflation in calculating the future replacement costs hereinafter. The inflation rate used will significantly impact the reserve fund requirements, thus your overall cash flow plan. Changes in inflationary trends should be reviewed regularly to maintain more precise projections. Due to the variable nature of economic conditions over time, the projection factors in this report should be reviewed and updated regularly to ensure contributions to the reserve fund are in line with changing inflationary trends.

Interest Rates

Investment income can be a significant and increasing source of revenue for reserve funds, and therefore, it is imperative that reserve funds are continuously and prudently invested.

Reserve fund investments must be directly or indirectly guaranteed by governments. Bank deposits and various investment instruments are insured by the Canada Deposit Insurance Corporation up to a maximum of $100,000, covering principal and interest.

The ability of condominium corporations to earn the highest rate of interest available in the marketplace, given the restricted conditions of investments, depends on the expertise of financial management and the amount of available funds for investment.

Therefore, the reserve fund planner must consider management policies, the historical investment performance and the size of the reserve fund available for investment. In 2020, Whitehorse Condo Corporation #124 is expected to earn 1.0.% on its investments.

In selecting an appropriate interest rate for reserve fund investments for a particular condominium corporation, the balance of the reserve fund is the most critical consideration as it dictates investment options and their corresponding interest rates.

4 Description of the data: https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2317
5 Yukon GDP growth 2.8% and unemployment rate 3.1% (Jul-19). See http://www.eco.gov.yk.ca/stats/ybs.html

Investment opportunities for condo corporations would include from bank deposit accounts, term deposits and guaranteed investment certificates (GICs), money market instruments and government bonds.

Many smaller financial institutions will not service the small Yukon market. The GIC rates available to a Yukon based condo corp. are limited to less than 10 financial institutions that service the Yukon market.

Prudent reserve fund investment requires that investments are reasonably matched with anticipated reserve fund expenditures, ensuring reserve fund liquidity. Therefore, funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed. The benchmark calculations and the reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested.

Interest rates including GIC interest rates have declined since the start of 2020, as world monetary authorities reacted to perceived risks in the economy. They created liquidity which meant interest rates were lowered to all time low rates.

Considering the investment opportunities available in the subject instance and respecting the historical rate of return for the corporation, and the planned capital investments in the early years of the study period, we have selected a **1.00%** interest rate in calculating the future investment performance of the Corporation’s reserve fund.

3. Property Information

3.1 Property Description

Whitehorse Condominium Corporation No.124
134 Seine Place PO Box 31205, Whitehorse,Yukon Y1A 5P7

'Lansing Point' is a relatively new condo complex built in 2008. Whitehorse Condo Corp. No.124 consists of 20 residential units.

The overall construction, materials and workmanship are of good quality. The property is in good-excellent condition.

The condo corporation has hired a contractor to manage the property management of the building and common elements.

3.2 Building Plans

The following plans were examined in the performance of the reserve fund study:

Project Name : Takhini Condos (later Lansing Point)

Architectural and site plans: Zeko Design Build

Structural Engineer: Stoeven Lere Engineering Ltg.

Mechanical Engineer: For Hire Plumbing

Electrical Engineer: FSC/Hyland Electric

Developer: Kareway Homes Ltd.

Builder: Kareway Homes Ltd.

No plans were used for quantifying building components and other improvements. There are good quality architectural plans for the complex. Some quantities were estimated or measured on site. The building and site improvements were inspected on several occasions. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the cost estimates herein.

3.3 Property Data, Site Plan and Basic Construction

Project Data

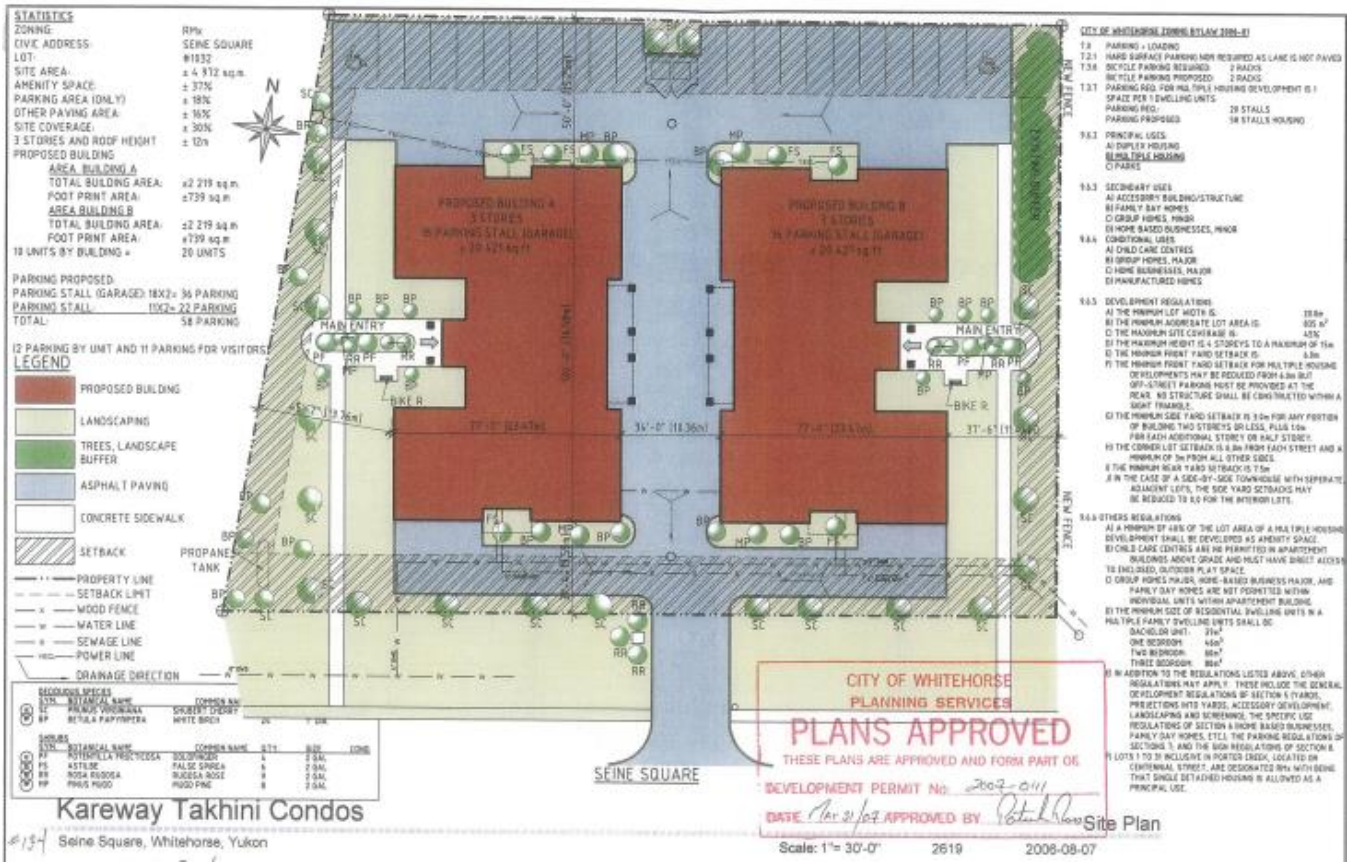
The following data and information have been compiled from the available plans, and

the inspection of the buildings and improvements. The data have been calculated using dimensions taken from the plans and on site measurements.

Property Statistics

Site Area total	**4,972 m²**
Number of Buildings	**2**
Building Coverage	**~ 1,850 m²**
Total Paved Area	**1,692 m²**
Total Concrete Area	**128 m²**
Landscaped area	**1,302 m²**
Occupancy	**20 units**

Site Plan for Whitehorse Condominium Corporation No.124



Basic Construction Components

The complex was constructed in 2007-08, in accordance with applicable building codes, fire codes, city by-laws, and construction practices in existence at that time. The quality of construction, materials and workmanship is considered to be excellent.

The complex consists of two three storey buildings.

Excavation and Foundations

The buildings have monolithic slab on grade concrete foundations.

Exterior Walls and Insulation

The steel and concrete frame building has vinyl siding over insulation, and vapor barrier.

Roof and Drainage Construction

The building has a hip and valley roof with shallow pitch (approx. 3/12). The roofs have asphalt shingles. Drainage is achieved with eavestroughs and downspouts.

There are two catch basins in the parking lot. However, CC124 experienced overflows at its northernmost catch basin in 2011. As a result, a sump pump and a pipe around the perimeter of the complex was installed.

Interior Construction

Concrete slabs separate all the floors. The stairwells between floors are finished. The units have metal stud and drywall walls. The floors on the residential floors have carpet while the main floor has tile flooring. The units vary in size from 1,387 s.f. to 1,459 s.f.. All units have two bedrooms.

Parking

There are 20 main floor parking garages sufficient for 36 stalls. As well, there are 22 parking stalls at the north end of the complex.

Plumbing infrastructure

The building’s water supply connection is located at the property line.

Water and sewer pipes connect the units with the main lines through the main floors and then going up to the units.

Unit owners are responsible for the plumbing fixtures within their units.

Electrical

The electrical infrastructure includes breakers, meters, and electrical distribution panels. Each unit owner owns the electrical wires within their unit, while the condo corp owns the

wires into the units. The condo corporation is responsible for common area lights, switches, heaters and controls.

HVAC

There is an HVAC system provides for heating and air conditioning for the common areas. The system includes, fans, vents and HVAC units.

Life safety system

The buildings a complete life safety systems including fire alarms, control panels, various types of detectors, sprinklers, extinguishers and emergency lighting.

Elevators

The buildings have hydraulic/cable elevators. The condo has a secure contractor for elevator servicing.

Telecom

The electrical utility owns the underground tie lines into the buildings. The telecommunication distribution system is owned by a telecom provider.

Parking facilities

There are parking garages on the main floors of the buildings. As well there are outside parking spaces at the northern end of the parking lot.

4. Reserve Component Analysis and Estimated Costs

4.1 Property Inspection

The property was inspected for the purposes of preparing this report in August, 2020.

4.2 Reserve Fund Studies

No reserve studies have been completed for this complex.

4.3 Component Classification

Reserve Fund Components are conveniently classified in terms of building groups, common element facilities and site improvements. The component inventory consists of the reserve components, described and analyzed hereinafter, and shown in Schedules “A”, “B” and “C”.

There are 27 reserve components, comprising 7 building and architectural components, 5 building finishes components, 9 mechanical and electrical

components, 5 site improvement components, and 1 reserve consultant component.

4.4 Life Span Analysis

Each reserve component has been analyzed in terms of life cycle condition and expected remaining useful life. The life span analysis considers the following factors:

- Type of Component
- Utilization
- Material
- Workmanship
- Quality
- Exposure to Weather Conditions
- Functional Obsolescence
- Environmental Factors
- Regular Maintenance
- Preventive Maintenance
- Observed Condition

The critical aspect in a Life Span Analysis is the observed condition of each reserve component, which includes is based on:

- Actual age of the component
- Maintenance of the component
- Observed deficiencies of the component
- Repair and replacement experience
- Probability of hidden conditions

The Life Span Analysis culminates in component life span estimates, as follows:

1. Normal Life Span

Each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

2. Observed Condition Analysis

This is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle based on the observed condition of the reserve component. The validity of this analysis depends on the experience of the reserve fund planner or analyst, as this is a subjective estimate rather than an objective assessment.

3. Remaining Life Span

Given a normal life span estimate and a sound estimate of the effective age, the remaining life span of a reserve component is determined by subtracting the observed condition estimate from the normal life span estimate. This does not mean that reserve expenditures should only be made at the end of the remaining life. Reserve expenditures should and must be made during the

remaining life span to maintain building components and facilities in good condition.

A life span analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component, and as such, it is only as good as the considered opinion of the reserve fund planner. Furthermore, the life span of a reserve component is subject to change due to numerous factors.

4.5 Current Cost Estimates

Reserve Fund component assessments and current cost estimates are based on our investigation, observation, analyses and our extensive experience in performing reserve fund studies.

Cost data have been calculated using construction cost services, including RSMeans data for Commercial Renovation Costs for costing, modified as to time, location and quality of construction. We also verified some estimates by seeking quotations from contractors, fabricators and suppliers. Moreover, we have used our own computer programs and extensive cost compilations and databases.

All costs are strictly estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required.

The following factors have been considered in calculating the Repair and Replacement Costs Estimates:

Quality of construction

Replacement cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labour and current construction techniques, and including contractors' overhead and profit.

The costs of repairs and/or replacements of many reserve components are invariably higher than original building costs when contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints.

Cost estimates take into account such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

Demolition and Disposal Costs

The estimates herein include provisions for demolition and disposal costs including dumping fees. These costs have been rising in recent years. Particularly, dumping of certain materials has become problematic and very costly. It appears that certain codes and environmental regulations will become more stringent in future years, all of which will further increase disposal costs.

Goods and Services Sales Tax

Goods and Services Tax ("GST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

Contingency Reserves

It is frequently impossible to forecast the incidence of repairs or replacements of various reserve components, particularly, major components, such as road pavement, sewer and water systems. Therefore, reserve estimates are of a contingency nature, and as such, they are subject to changing conditions and repair experience over time.

4.6 Reserve Component Descriptions and Analyses

The following lists each reserve fund component and provides the following information:

- Description
- Reserve Fund expenditure history
- Potential Deterioration
- Life Span Analysis
- Current Repair or Replacement Costs
- Deficiency Analysis

Reserve Component: Structural and Architectural Component – 1. Foundation Repairs		
Physical Description	This component includes any repairs to the building foundations, including and sub-surface elements or structural repairs to the foundations.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account. In 2011 CC124 sued the builder (and related parties) for damages caused by frost heaves. An engineering firm had investigated and found poor and substandard soils around one side of building B. The suit was settled to the favour of CC124 and remediation work took place to fix the problem. There was no net cost to CC124 for this work.	
Potential Deterioration	Potential deterioration includes water penetration and cracking concrete. Salt corrosion and water penetration of reinforcing rebar and freeze thaw cycles could spall concrete in ceilings and wall. Also frost heaves due to poor subsoils, sloppy construction and/or poor drainage.	
Condition Analysis	Satisfactory condition. The property manager noted a concern with one part of a building where water ingress is a concern.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	40 years
	Effective Age	25 years
	Remaining Life Span	15 years
Unit Quantity And Cost Estimates	Unit Quantity	n/a
	Unit Cost Estimate	n/a
	Current Repair or Replacement Cost Estimate	Allowance $25,000
	Estimated Year of Major Repair or Replacement	2035
Deficiency Analysis	Further investigation required.	

A gap between the asphalt and the foundation at the north end of Building A has been highlighted by the property management company for repair work.

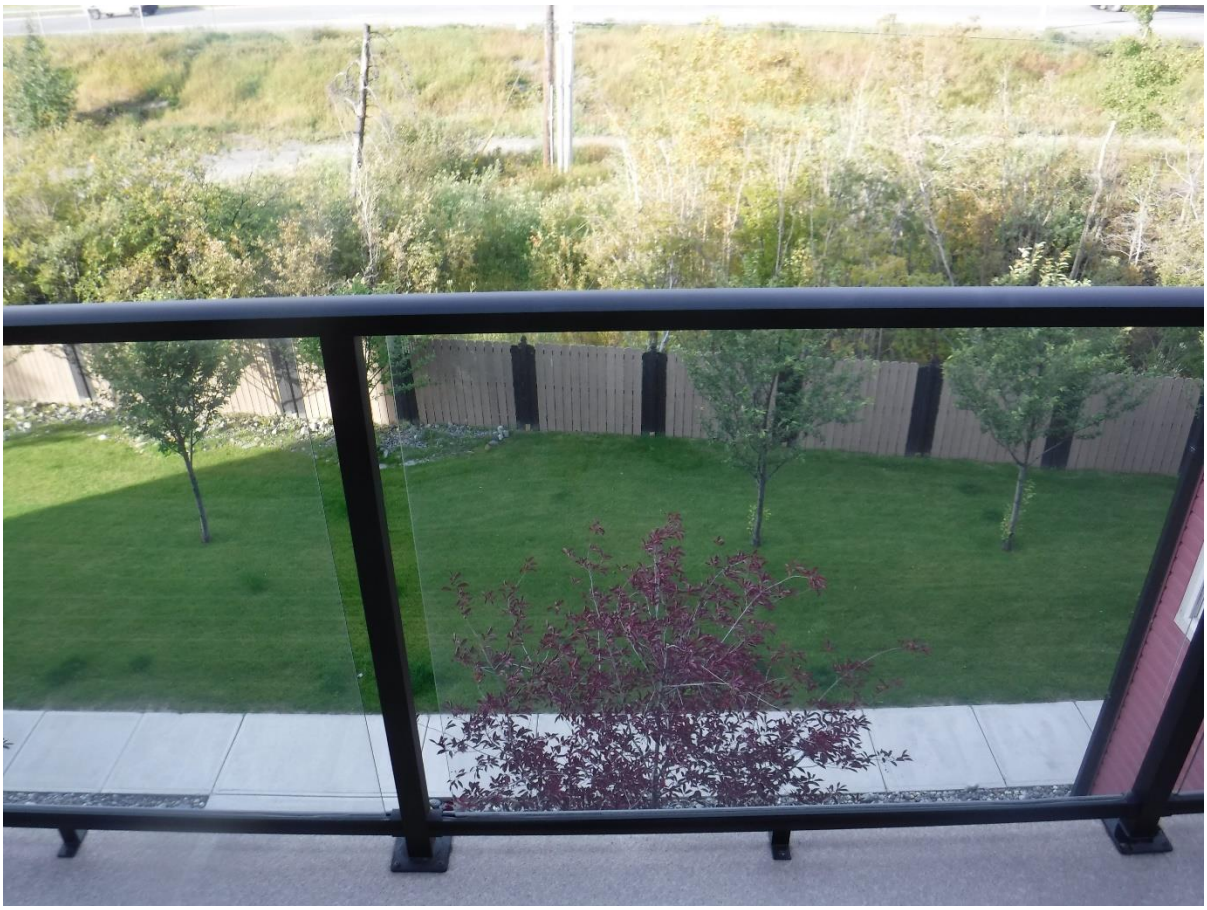
Reserve Component: Structural and Architectural Component – 2. Garage Entrance Doors		
Physical Description	The garage doors face the parking lot.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Exposure the weather through all seasons may wear the paint. The mechanisms may be worn out through constant use.	
Condition Analysis	The doors all looked to be in good condition.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	30 years
	Effective Age	12 years
	Remaining Life Span	18 years
Unit Quantity And Cost Estimates	Unit Quantity	20
	Unit Cost Estimate	$2,000 each
	Current Repair or Replacement Cost Estimate	$40,000
	Estimated Year of Major Repair or Replacement	2038
Deficiency Analysis	None noted.	

Garage door – view from the inside.

Two metal garage doors.

Reserve Component:	Structural and Architectural Component – 3. Balconies	
Physical Description	The balconies are the exclusive use parts on the outsides of the units. The base is concrete. The railings are made of metal and glass.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	The balconies floors and the railings are exposed to the weather and sunlight. The railing glass may be susceptible to breakage for various reasons.	
Condition Analysis	The balconies and guardrails appear to be in excellent condition.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	25 years
	Effective Age	12 years
	Remaining Life Span	13 years
Unit Quantity And Cost Estimates	Unit Quantity	n/a
	Unit Cost Estimate	n/a
	Current Repair or Replacement Cost Estimate	Allowance $2,000/ every 3 years
	Estimated Year of Major Repair or Replacement	2033
Deficiency Analysis	None noted. The condo corporation should ensure bi-annual inspections of all balcony guardrails take place.	

Looking up at the balconies for 4 units.



Closer look at the metal and glass handrail on a balcony.

Reserve Component:	Structural and Architectural Component – 4. Exterior Walls	
Physical Description	The exterior walls and surfaces would also include soffits and fascia, trim. The exterior walls are clad with vinyl siding. The soffits are metal and most of the trim is wood.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Potential deterioration could occur from weather and exposure to the elements. Damage could occur by accidents or vandalism. The wood trim tends to wear quicker from sunlight on the south facing exposures.	
Condition Analysis	The vinyl siding looks to be in excellent condition. The soffits and fascia likewise are in fine shape. Some of the south facing trim is showing signs of wear.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	50 years
	Effective Age	12 years
	Remaining Life Span	38 years
Unit Quantity And Cost Estimates	Unit Quantity	n/a
	Unit Cost Estimate	n/a
	Current Repair or Replacement Cost Estimate	Allowance $4,500
	Estimated Year of Major Repair or Replacement	2058
Deficiency Analysis	No deficiencies noted.	

View from the front of the complex. The siding looks attractive.

View of a corner. Vinyl siding and wood trim.

A vent on an exterior wall. The cladding is vinyl.

A south-facing post. The paint is peeling away. The south facing trim surfaces wear more quickly.

Reserve Component: Structural and Architectural Component – 5. Windows and Balcony Doors		
Physical Description	The windows in the building. Balcony doors are included in this component.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	The windows are primarily susceptible to seal failure due to age. Other deterioration, of frames and sliders can be caused by elements and sunlight causing oxidation. Patio doors may be prone to failure through age and use.	
Condition Analysis	The windows in the complex are relatively new early in their expected life cycle. Good condition.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	35 years
	Effective Age	12 years
	Remaining Life Span	23 years
Unit Quantity And Cost Estimates	Unit Quantity	1,248 square feet
	Unit Cost Estimate	$77.15 per square feet
	Current Repair or Replacement Cost Estimate	$ 96,282
	Estimated Year of Major Repair or Replacement	2043
Deficiency Analysis	None noted.	

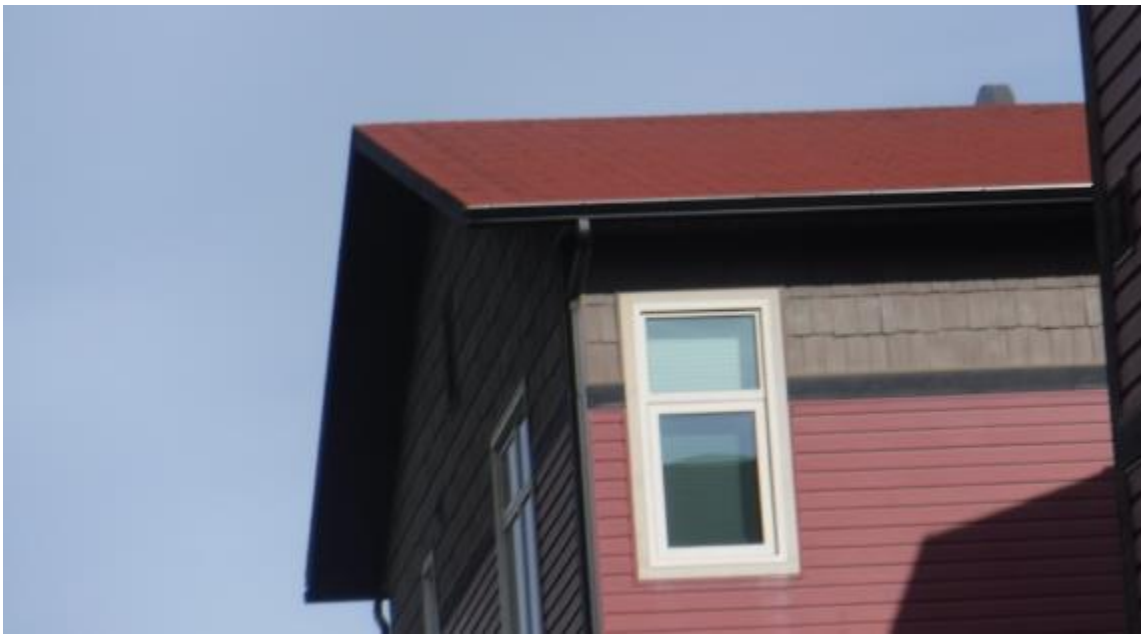
Two larger casement windows.

A good view of the windows from the south-east corner of the complex.

Reserve Component: Structural and Architectural Component – 6. Entrance Doors		
Physical Description	The entrance doors include both glass doors at the main entrances and metal doors in other locations.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Exterior doors are subject to wear and tear from use and damage could occur from excessive force. The hinges and latch mechanisms are all items that are prone to breakage. Other potential deterioration could occur from weather and elements such as water causing oxidation.	
Condition Analysis	All exterior doors seemed to be in working order free from binding or excessive damage. Good condition.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	30-40 years
	Effective Age	7 years
	Remaining Life Span	23-33 years
Unit Quantity And Cost Estimates	Unit Quantity	12 doors
	Unit Cost Estimate	Varies
	Current Repair or Replacement Cost Estimate	$12,000
	Estimated Year of Major Repair or Replacement	2043-53
Deficiency Analysis	The entrance doors look good. No deficiencies noted.	

Front entrance doors.

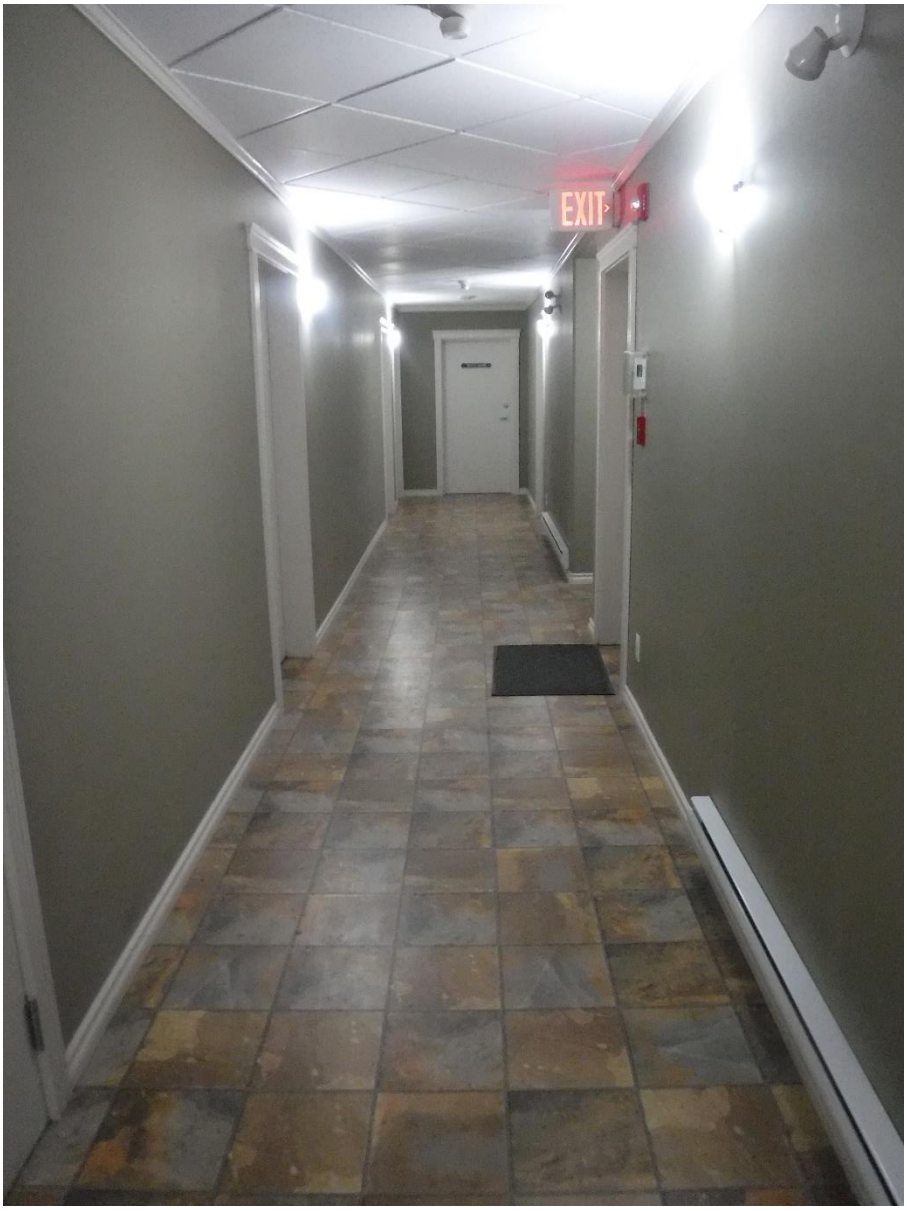
Reserve Component: Structural and Architectural Component - 7. Roofing System		
Physical Description	The hip and valley roof are covered with asphalt shingles. Drainage from the roofs are achieved through eavestroughs and downspouts.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	The roof is exposed to sun and weather: ice and snow in the winter; rain and heat in the summer. The freeze – thaw cycle causes wear on the shingles.	
Condition Analysis	The roof appears to be good condition and with proper care should last another 13 years.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 25 years 12 years 13 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	22,164 square feet $6.00 /square ft. $ 132,985 2033
Deficiency Analysis	The roof appears to be in good shape.	



The shallow pitched roof appears to be in good shape.

View of the Lansing Point condo complex from the Alaska Highway. The roof angles are more visible than from an on-site vantage point.

Reserve Component: Building Finishes Component – 8. Corridor Renovation		
Physical Description	This component includes the corridors leading to the units and on the main floor to the garages. It would also include the stairwells between floors. It would include carpet on the residential floors and costs for repainting the walls.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	The carpets are worn out over time. Damage may occur when moving residents in and out of units. Paint becomes discoloured over time.	
Condition Analysis	The corridors appear to be in very good condition.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 15 years 7 years 8 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	6 floors $16,390/floor $ 98,340 2028
Deficiency Analysis	No deficiencies noted.	

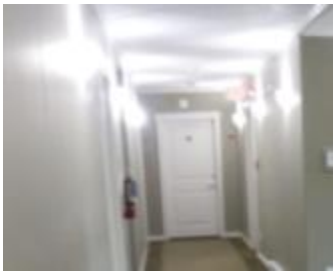


The corridors on the main floor have tile.

While on the upper two floors there is commercial carpet on the floors.

The stairwells between floors are nicely finished with paint and trim.

Reserve Component: Building Finishes and Decoration – 9. Suite Doors		
Physical Description	This component consists of the doors to the suites within the building.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Damage due to wear and tear.	
Condition Analysis	The doors are in excellent shape.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 40 years 12 years 28 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	20 $800 each $16,000 2048
Deficiency Analysis	No deficiencies noted.	



Reserve Component: Building Finishes and Decoration – 10. Lobby Renovation		
Physical Description	This component consists of the lobby renovations of the floors and walls. The small lobbies are located on the two top floors. Also included would be the costs of renovation the front entrances.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Damage due to wear and tear. Paint fades over time. Carpet wears out through usage.	
Condition Analysis	The lobbies look fine. The tile on the lower floor eliminates the need to renovate the flooring at the front entrances.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 20 years 10 years 10 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	1,056 s.f. $58.95 /s.f. $ 62,251 2033
Deficiency Analysis	No deficiencies noted.	

A lobby on one of the floors.

Reserve Component: Building Finishes and Decoration – 11. Furniture		
Physical Description	This component consists of furniture owned by CC124. Also included are some minor equipment owned by the condo corporation: a snow blower and an air compressor.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Damage due to wear and tear.	
Condition Analysis	The furniture looks fine.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 18 years 8 years 10 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a $500 allowance/every 2 years 2030
Deficiency Analysis	No deficiencies noted.	

Reserve Component: Building Finishes and Decoration – 12. Elevator Interior Renovation		
Physical Description	This reserve covers the renovation of the elevator cab. The elevator services all floors of the building. This cost does not include safety features, or mechanical or electrical components within the elevator enclosures.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	The elevator cabs are most prone to impact damage caused by moving items in and out. Most cab interiors are constructed of materials to allow for a resistance to deterioration of this type.	
Condition Analysis	The elevator cab is in good condition. The cab has impact resistant, commercial grade, melamine panels for its interior finishes.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	40 years
	Effective Age	12 years
	Remaining Life Span	28 years
Unit Quantity And Cost Estimates	Unit Quantity	Per cab
	Unit Cost Estimate	$10,560
	Current Repair or Replacement Cost Estimate	$21,120
	Estimated Year of Major Repair or Replacement	2048
Deficiency Analysis	None noted.	

The elevator interior appears to be in great shape.

Reserve Component: Mechanical and Electrical Components – 13. Elevator		
Physical Description	This component makes up the mechanical and electrical sections of the elevator. This would include the hoist machinery, sheaves, hydraulic seals, and associated equipment. This also includes the rails, counterweights, hoist rope, wiring etc. in the elevator shaft.	
Financial Analysis	This component has had no expenditures from the reserve account 2016-2020.	
Potential Deterioration	These components are susceptible to mechanical and electrical failures that will increase in frequency, as the equipment gets older and wears out. However, good maintenance routines and preventive maintenance is a key to maintaining a long service for this equipment. The elevator is one of the keys to a quality building as frequent breakdowns and entrapments are very frustrating for owners.	
Condition Analysis	The condo corporation has a good working relationship with an elevator service provider. No major maintenance issues have been noted.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 30 years 12 years 18 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	2 elevators $40,500 $81,000 2048
Deficiency Analysis	No deficiencies noted. The elevators are critical asset for CC124. It behooves the condo corporation to ensure the elevator servicing company stays on top of the servicing.	

Electrical components associated with the elevator.

Reserve Component: Mechanical and Electrical Components – 14. Mechanical System Contingency		
Physical Description	This component is a contingency allowance for mechanical system repairs or replacements.	
Financial Analysis	There have been no expenditures on this item from 2016 to 2020 from the reserve account.	
Potential Deterioration	Complex mechanical systems that wear out, fail or require replacement.	
Condition Analysis	This component is a contingency.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 12 years 0 years 12 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a Allowance $25,000 2032
Deficiency Analysis	No deficiencies noted.	

Reserve Component: Mechanical and Electrical Components – 15. HVAC in Common Areas		
Physical Description	This component includes the HVAC system, vents, grills, fans and make-up air units. The condo corporation's requirements extend only to the building common areas—unit owners are responsible for the HVAC systems in their individual units.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Equipment wears out through use, particularly mechanical equipment that is in constant use. A lack of maintenance could lead to the system being worn out quicker.	
Condition Analysis	The system is in good operating condition. The building air conditioning systems seem to be well maintained.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 25 years 12 years 13 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a Allowance $3,000/ 3 years 2033
Deficiency Analysis	No deficiencies identified.	

Reserve Component: Mechanical and Electrical Components – 16. Electrical System and Lights		
Physical Description	This component includes the electrical power main feed, distribution system, distribution panels and end devices. Also included are the light fixtures in the common areas and on the outside of the building.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Potential deterioration is caused by overloading, improper phase balance, single phasing or power failure causes heat from built up resistance to possibly damage insulation or melt conductors. Improper or loose connections could also shorten life or melt conductors. Lights age and wear out. Some light fixtures are exposed to the weather.	
Condition Analysis	The electrical system and lights appeared to be in good condition.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 35 years 12 years 23 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a Allowance $10,000 2043
Deficiency Analysis	No deficiencies noted.	

Meter room.

An outdoor light at the side of a building.

Ornate hall lights.

Reserve Component: Mechanical and Electrical Components – 17. Life Safety Systems		
Physical Description	This component includes wet and dry sprinklers, pipes for the sprinklers, fire hose cabinets and fire hoses, the fire panel enunciator; the devices such as pull stations smoke and heat detectors, trouble and tamper devices.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Deterioration can be caused by the failure of electrical and mechanical components. There are many legislated requirements to insure equipment is operational but to longevity of equipment life relies on a quality preventive maintenance routine is being followed. As the system gets older and codes change, systems become outdated. Mechanical and electrical failures of switches and devices such as heat and smoke detectors. Dust and construction damage are also circumstances that cause premature deterioration and failure.	
Condition Analysis	The life safety systems are modern and there have been no problems with the systems. Good condition. The condo corp has been testing its life safety systems routinely.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 20 years 12 years 8 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a $31,000 2028
Deficiency Analysis	No deficiencies noted. An annual fire inspection is advised.	

Fire panel at the front door.

Reserve Component: Mechanical and Electrical Components – 18. Access Control System		
Physical Description	This component would capture the access intercom and control system.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Some areas of deterioration could be electrical and mechanical failures or malfunctions of switches, buttons or electronics. This typically occurs from age, vandalism or misuse.	
Condition Analysis	No issues noted.	
Life Cycle Analysis	Date of Acquisition:	2008
	Normal Life Span	25 years
	Effective Age	12 years
	Remaining Life Span	13 years
Unit Quantity And Cost Estimates	Unit Quantity	System
	Unit Cost Estimate	$10,200
	Current Repair or Replacement Cost Estimate	$20,400
	Estimated Year of Major Repair or Replacement	2033
Deficiency Analysis	No deficiencies were noted with the access intercom or control system.	

Intercom panel.

Reserve Component: Mechanical and Electrical Components – 19. Water and Sewer Systems		
Physical Description	This component includes the all water and sewer pipes in and to the building, except those within the condo units.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Deterioration can be caused as the system gets older and pipes wear out.	
Condition Analysis	The water system is new and in excellent condition.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 60 years 12 years 48 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a Allowance $2,000 /year 2068
Deficiency Analysis	No deficiencies noted.	

Reserve Component: Mechanical and Electrical Components – 20. Drainage System		
Physical Description	This component includes the drainage pipes, the catch basins and the sum pump.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Deterioration can be caused due to poor design, weather, especially precipitation, frost-freeze cycles.	
Condition Analysis	The originally designed system could not cope with large water volumes and flooded out. Eight years ago CC124 added an ancillary system – a sump pump and above ground pipes to remedy the system capacity problems.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 15 years 8 years 7 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a $5,000 allowance 2027 onwards
Deficiency Analysis	No deficiencies noted.	

A manhole for one of the two catch basins located in the parking lot.

The yellow arrow points to the PVC drainage pipe that carries excess water off the property.

Reserve Component: Site Improvements – 21. Front Gate and Control System		
Physical Description	This component includes the front gate (for vehicles) and the control mechanisms.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Deterioration can be caused by weather and usage. Mechanical components age and may fail as they get worn out. Electronics may fail for a variety of reasons including power surges, exposure to extreme temperatures or abuse.	
Condition Analysis	Generally, the equipment condition appears to be good.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 20 years 12 years 8 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	1 system $25,000 $25,000 2028
Deficiency Analysis	No deficiencies noted.	

The automated front gate.

The front gate motor and control mechanisms.

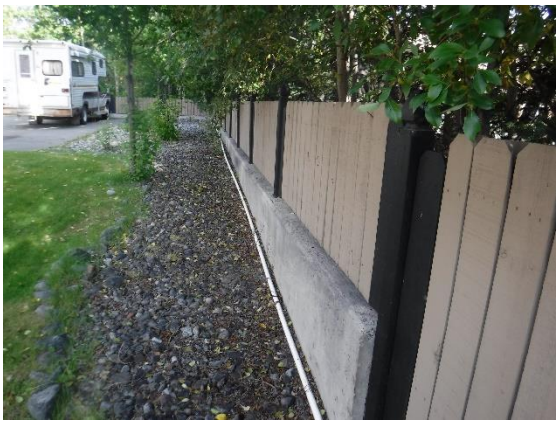
Gate control interface.

Reserve Component: Site Improvements – 22. Watering System		
Physical Description	This component includes the automated lawn watering system, the pipes and sprinklers.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Deterioration can be caused by weather, freezing in particular. Exposure to freeze-thaw cycles can lead to equipment component destruction of it is not drained of water before a freeze. Normal wear and tear is expected.	
Condition Analysis	No deficiencies noted.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 22 years 12 years 10 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	1 system $8,000 $8,000 2030
Deficiency Analysis	No deficiencies noted.	

The control panel for the watering system.

Reserve Component: Site Improvements – 23. Sidewalks and concrete finishes		
Physical Description	This component includes the sidewalks that extend the length of each building. It also would include the short pony wall in the northern corners of the complex.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	Deterioration can be caused by weather and exposure to freeze-thaw cycles that can lead to crack forming and surface erosion. If cracks are left they grow with time.	
Condition Analysis	Generally, the condition appears to be good. A few cracks noted.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 50 years 12 years 38 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	1,302 s.f. $10.10/s.f. $13,959 2038
Deficiency Analysis	No major deficiencies noted. A few small cracks have appeared. Very little spalling. Some damage near the north-west gate.	

Damaged sidewalk by a gate post.



The concrete wall on the eastern property line.

Small cracks in the sidewalk by a front door.

Reserve Component: Site Improvements – 24. Parking Lot		
Physical Description	This component consists of the asphalt parking lot that covers the interior, the front and rear of the complex.	
Financial Analysis	This component has had no in expenditures from 2016 to 2020 from the reserve fund.	
Potential Deterioration	The asphalt surfaces are exposed to the weather 365 days per year. The freeze-thaw cycle would cause wear through time. During thaw periods water flows over parts of the parking lot and there could be some pooling. UV radiation from sunlight breaks down the integrity of the asphalt over time. At the time of installation if there was inadequate compaction and or poor fill this could lead to subsidence and/or premature aging of the asphalt surface. This seems to be the case in parts of the north end of the CC124 parking lot.	
Condition Analysis	Most of the parking lot appears to be in good condition. However, some parts of the north parking lot are subsiding and sinking or cracking.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 35 years 15 years 20 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	24,029 s.f. $8.35/s.f. $200,646 for repaving the surfaces. An allowance of $5,000 every 3 years is used instead of this estimate. 2040
Deficiency Analysis	Deficiencies noted above. The condo corporation should inspect the asphalt surfaces annually and patch any cracks. Due consideration should be given to sealing the asphalt to better protect it.	

An area of subsidence in the asphalt. Now cracks have appeared and weeds are starting to grow through the cracks.

The view of the parking lot looking towards the front gate. Building A is on the left. No cracks.

Same shot, but with Building B visible on the right. Cracks visible.

Reserve Component: Site Improvements –25. Wooden Fence		
Physical Description	This component includes all wooden fences in the complex.	
Financial Analysis	This component has had no in expenditures from 2016 to 2020.	
Potential Deterioration	Fences are exposed to the weather all year. As well the UV radiation from sunlight leads to weathering and deterioration of this component.	
Condition Analysis	Good condition. The tops of a few fenceposts have deteriorated.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 35 years 12 years 23 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	932 l.f. $35.65/ l.f. $33,220 2043
Deficiency Analysis	The fences are in good condition. Some of the ornamental post tops at the front of the complex have deteriorated badly.	

The front fence looks great.

This section of back fence looks great.

This ornamental top of the fence post has broken off.

Big cracks in this fence post top.

Reserve Component: Site Improvements – 26. Landscaping		
Physical Description	This component describes all landscaped areas including the trees, shrubs and lawn. The condo corporation has one structure in in its common area for plants.	
Financial Analysis	This component has had no expenditures from 2016-2020.	
Potential Deterioration	Inclement weather, freeze thaw cycles, and lack of care are factors that drive deterioration of some parts of this component. Trees and shrubs may die or grow too much over time.	
Condition Analysis	The landscaping in the complex looks great. The grass, shrubs and trees are beautiful. Well maintained.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	2008 50 years 12 years 38 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	n/a n/a Allowance $500/yr n/a
Deficiency Analysis	None noted.	

Fabulous front landscaping.

Lawn and trees on the west side of the complex.

A garden box.

Reserve Component: Site Improvements – 27. Reserve Fund Study		
Physical Description	This component includes the costs of all reserve studies.	
Financial Analysis	This component has had no expenditures 2016-2020 from the reserve account.	
Potential Deterioration	n/a	
Condition Analysis	Kudos to CC124 for getting a reserve study done.	
Life Cycle Analysis	Date of Acquisition: Normal Life Span Effective Age Remaining Life Span	n/a 5 years n/a 5 years
Unit Quantity And Cost Estimates	Unit Quantity Unit Cost Estimate Current Repair or Replacement Cost Estimate Estimated Year of Major Repair or Replacement	Study $3,570 $3,570 2025
Deficiency Analysis	None noted.	

5 Reserve Fund Component Estimates

5.1 Condo Max Reserve Planners Benchmark Analysis

The Condo Max Reserve Planners Benchmark analysis shows the physical aspects of the various reserve components, including the life cycle analysis and the cost estimates on a single spreadsheet for convenient examination and easy reference. The cost estimates are pursuant to prudent reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

The reserve fund estimates have been prepared without regard to the current financial position of the corporation or the current reserve fund contributions by unit owners, and as such, they represent the optimum reserve fund operation, which assumes that the corporation has continuously assessed adequate reserve funding from the beginning.

This Benchmark Analysis is the foundation of the Condo Max Reserve Planners Reserve Fund Planning System, as it provides the basis for comparison to the actual reserve fund operation. The Condo Max Reserve Planners Benchmark Analysis provides the standard for reserve fund planning and property maintenance, and as such, it is a valuable management and maintenance resource document.

The foregoing program represents the practical application of reserve fund budget planning and management. When applied, as outlined, the reserve fund will cover anticipated reserve fund expenditures and any contingencies.

5.2 Schedule A – Schedule Reserve Fund Component Estimates

The following Schedule of Reserve Fund Component Estimates shows detailed computations for the various reserve items using the projection factors explained later in this Report:

Long-term inflation rate: 2.00 %

Long-term interest rate: 1.00 %

Due to rounding automatically executed by computer, there may be minor discrepancies in the data, which are not deemed significant.

	Inflation Factor	2.00%							Amount that should be in the reserve today.							
	Interest Rate	1.00%														
	BENCHMARK ANALYSIS - CC#124	Year of	EXPECTED	OBSERVED	REMAINING	Unit	Unit	Unit	CURRENT	FUTURE	CURRENT	FUTURE	FUTURE	ANNUAL	RESERVE FUNI
	Reserve Components	Acquisition	LIFESPAN	CONDITION	LIFE SPAN	Quantity	Measure	Cost	REPLACEMENT	REPLACEMENT	RESERVE FUND	RESERVE FUND	RESERVE FUND	RESERVE FUND	ASSESSMENT
			Years	Years	Years				COST	COSTS	REQUIREMENTS	ACCUMULATION	REQUIREMENTS	ASSESSMENT	ALLOCATION
	Structural & Architectural Components														
1	**Foundation repairs**	2008	40	25	15	1	allowance	$ 25,000	25,000	33,647	15,625	18,140	15,507	923	2.12%
2	**Garage Entrance Doors**	2008	30	12	18	20	each	$ 2,000	40,000	57,130	16,000	19,138	37,991	1,838	4.22%
3	**Balconies**														
	a. General Repairs	2008	25	12	13	1	allowance	$ 2,000	2,000	2,587	960	1,093	1,495	104	0.24%
4	**Exterior Walls**														
	a. Repair allowance	2008	50	12	38	1	allowance	$ 3,000	3,000	6,367	720	1,051	5,316	103	0.24%
	b. Flashings, trim, grills	2008	30	13	17	1	allowance	$ 12,000	12,000	16,803	5,200	6,158	10,645	550	1.26%
5	**Windows & Balcony Doors**														
	a. Phased Replacement	2008	35	12	23	1,248	sq.ft.	$ 77.15	96,282	151,827	33,011	41,500	110,327	4,006	9.20%
	b. Failed Unit Replacement	2008	5	0	5	1	allowance	$ 2,000	2,000	2,208	-	0	2,208	428	0.98%
6	**Entrance Doors**														
	a. Glass Entrance Doors	2008	30	7	23	2	each	$ 3,000	6,000	9,461	1,400	1,760	7,701	280	0.64%
	b. Metal Service Doors	2008	40	7	33	10	each	$ 600	6,000	11,533	1,050	1,458	10,075	234	0.54%
7	**Roofing System**														
	a.Gutter and eavestrough repairs	2008	15	12	3	1	allowance	$ 2,000	2,000	2,122	1,600	1,648	474	155	0.36%
	b.Membrane Replacement	2008	25	12	13	22,164	sq.ft.	$ 6.00	132,985	172,030	63,833	72,648	99,383	6,938	15.93%
	Building Finishes & Decoration														
8	**Corridor Renovation**	2008	15	10	5	6	floors	$ 16,390	98,340	108,575	65,560	68,904	39,671	7,684	17.64%
9	**Suite Doors**	2008	40	12	28	20	each	$ 800	16,000	27,856	4,800	6,342	21,514	615	1.41%
10	**Lobby Renovation**	2008	20	10	10	1,056	sq.ft.	$ 58.95	62,251	75,884	31,126	34,382	41,502	3,860	8.86%
11	**Furniture**	2008	18	8	10	1	allowance	$ 500	500	609	222	245	364	34	0.08%
12	**Elevator Interior Renovation**	2008	40	12	28	2	cabs	$ 10,560	21,120	36,770	6,336	8,372	28,399	812	1.86%
	Mechanical & Electrical Components														
13	**Elevator**														
	a. Modernization	2008	30	12	18	2	each	$ 40,500	81,000	115,688	32,400	38,755	76,933	3,722	8.55%
14	**Mechanical Systems Contingency**	2008	12	0	12	1	allowance	$ 25,000	25,000	31,706	-	0	31,706	2,418	5.55%
15	**HVAC in common areas**	2008	25	12	13	1	allowance	$ 3,000	3,000	3,881	1,440	1,639	2,242	157	0.36%
16	**Electrical System and Lights**														
	a. Distribution System	2008	35	12	23	1	allowance	$ 15,000	15,000	23,653	5,143	6,465	17,188	624	1.43%
	b. Lighting Retrofit	2008	25	12	13	1	allowance	$ 10,000	10,000	12,936	4,800	5,463	7,473	522	1.20%
17	**Life Safety Systems**														
	a. Repair Allowance	2008	20	12	8	1	allowance	$ 2,000	2,000	2,343	1,200	1,299	1,044	123	0.28%
	b. Replacement	2008	20	12	8	1	system	$ 31,000	31,000	36,321	18,600	20,141	16,180	1,912	4.39%
18	**Access Control System**	2008	25	12	13	2	system	$ 10,200	20,400	26,390	9,792	11,144	15,245	1,064	2.44%
19	**Water and Sewer Systems**														
	a. Water lines and pipes	2008	60	12	48	1	allowance	$ 2,000	2,000	5,174	400	645	4,529	63	0.15%
20	**Drainage systems**	2012	15	8	7	1	allowance	$ 5,000	5,000	5,743	2,667	2,859	2,884	393	0.90%
21	**Front gate and control system**	2008	20	12	8	1	system	$ 25,000	25,000	29,291	15,000	16,243	13,049	1,542	3.54%
	Site Improvements														
22	**Watering system**	2008	22	12	10	1	system	$ 8,000	8,000	9,752	4,364	4,820	4,932	459	1.05%
23	**Sidewalks and concrete finishes**														
	a. Replacement	2008	50	12	38	1,382	sq.ft.	$ 10.10	13,959	29,625	3,350	4,890	24,736	478	1.10%
24	**Parking Lot**														
	a. Pavement Replacement	2008	35	15	20	1	allowance	$ 5,000	5,000	7,430	2,143	2,615	4,815	206	0.47%
25	**Wooden Fence replacement**	2008	35	12	23	932	l.f.	$ 35.65	33,217	52,380	11,389	14,318	38,063	1,382	3.17%
26	**Landscaping**	2008	50	12	38	1	allowance	$ 2,500	2,500	5,306	600	876	4,430	86	0.20%
27	**Reserve Fund Study**	n/a	5	0	5	1	per unit	$ 3,570	3,570	3,942	-	0	3,942	763	1.75%
	TOTAL RESERVES								786,124	1,083,327	345,105	396,872	686,455	43,555	

5.3 Summary of Reserve Fund Estimates

The Reserve Fund position and estimated requirements of Whitehorse Condominium Corporation No.124 are as follows:

Current Replacement Reserves or Costs

which are provisions for all major repairs and replacements at current prices **$ 786,124**

Future Replacement Reserves or Costs

which are provisions for all major repair and replacement costs in the future at the end of the expected life span **$ 1,083,327**

Current Reserve Fund Requirements

which are reserve fund estimates based on the notion of effective age and should have been contributed by unit owners **$ 345,105**

Future Reserve Fund Accumulations

which are the current reserve fund requirements together with interest compounded over the remaining life span **$ 396,872**

Future Reserve Fund Requirements

which are to be funded by unit owners' payments to the reserve fund plus any interest earned **$ 686,455**

Annual Reserve Fund Assessments

which are the annual reserve fund payments		
to be made by unit owners	**$**	**43,555**

In accordance with these estimates, the corporation should have $ **66,321** in its reserve fund at the end of its current fiscal year, and the assessed annual payments or contributions to the reserve fund by unit owners should be **$ 24,000 in 2021** based on the stated assumptions.

6 Analysis of Reserve Fund Operations

6.1 Corporation's Financial Statements

Reviewing and analyzing the reserve fund operation of Whitehorse Condominium Corporation No.124, we have examined the available financial statements for the past three years and the proposed budget for CC124 operations, which will end December 31, 2021.

The condo corporation's financial statements were unaudited.

6.2 Schedule B - Statement of Reserve Fund Operations

Schedule "B" - STATEMENT OF RESERVE FUND OPERATIONS					
Whitehorse Condominium Corporation No.124					
	Year	Year	Year	Year	Year
Year ending 31-Dec	2016	2017	2018	2019	2020
					Estimate
OPENING BALANCE	**36,690**	**45,957**	**45,028**	**53,672**	**56,321**
Reserve Fund Contributions	**9,267**	-	**8,644**	**2,649**	**10,000**
Interest Income	-	-	-	-	-
Special assessments	-	-	-	-	-
	9,267	-	**8,644**	**2,649**	**10,000**
RESERVE FUND EXPENDITURES	0	929	0	0	0
CLOSING BALANCE	45,957	45,028	53,672	56,321	66,321
Return on Investments (annualized)	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Notes					
1. Interest income for all years is estimated.					
2.Balances per CC124 records or estimated where not available.					

6.3 Benchmark Deficiency Analysis

The Benchmark Deficiency Analysis shows the difference between the actual reserve fund balance and the current reserve fund requirement, as calculated in the Benchmark Analysis.

The current reserve fund requirement is an estimate of a fully funded reserve fund, based on the Benchmark calculation.

The Benchmark Deficiency Analysis has been developed by Condo Max Reserve Planners as a guide for property managers and the board of directors to ensure that the reserve fund is neither under-funded nor over-funded.

The reserve fund of Whitehorse Condominium Corporation No.192 is showing a shortfall at the end of the 2020 fiscal year, as shown below:

Opening Balance January 1,2021	**$**	**66,321**
Recommended Budgeted Reserve Fund Contribution for the Year	**$**	**24,000**
Tax-Free Interest Income To be Earned on the Reserve Fund	**$**	**631**
Extraordinary additions	**$**	**0**
Less: Estimated Reserve Fund Expenditures for Fiscal Year 2021	**$**	**0**
Projected Reserve Fund Balance As of December 31, 2021		**$ 90,984**
Estimated Reserve Fund Deficiency as of December 31, 2021		**$ 245,120**

Any deficiency should be eliminated over time, as shown in Schedule “C” -30 Year Reserve Fund Cash Flow Projections and Deficiency Analysis hereinafter.

Adequacy of Reserve Fund

Adequacy of Reserve Fund may be defined as the reserve fund balance together with regular contributions and investment income, which constitutes sufficient cash resources available for all possible and potential reserve fund expenditures, required repairing or replacing common elements or assets of the corporation when needed.

The most direct and stringent measure of the adequacy of reserve fund is the reserve fund deficiency analysis, whereby the actual closing reserve fund balance is compared with the currently required reserve fund balance, as estimated by a competent reserve fund planner.

Any significant difference between the actual reserve fund balance and the required reserve fund balance will show the amount of a reserve fund surplus or reserve fund deficiency (shortfall).

A reserve fund surplus, particularly when such surplus is increased by excessive reserve fund contributions, means that unit owners have contributed too much to the reserve fund, a situation which should be corrected to eliminate such reserve fund surplus.

A reserve fund deficit or shortfall indicates that unit owners have not contributed enough to the reserve fund, causing the discrepancy between a fully funded reserve fund and the actual reserve fund balance.

The adequacy of a reserve fund does not require the test of an estimated fully funded reserve fund. The test as to the adequacy of a reserve fund should be sufficient cash resources to fund all potential repairs and replacements, including unforeseen events and contingencies.

Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgement of the reserve fund planner to conclude whether the reserve fund is adequate or not.

In our opinion, the current reserve fund and proposed contributions for Whitehorse Condominium Corporation No..202 require adherence to the recommendations listed in this report to remain adequate for future reserve fund expenditures.

7. Reserve Fund Management – 30 Year Projections

7.1 Schedule C – 30 Year Projected Cash Flow and Deficiency Analysis

The Reserve Fund - Projected Cash Flow and Deficiency Analysis presents a 30 year reserve fund projection showing cash positions, cash flows and cash expenditures in a form and detail, which conforms to financial statement presentation of reserve fund operations.

Opening Cash Balance

This is the reserve fund position at the beginning of each and every fiscal year showing the cash resources available, which consist of (1) bank deposits, (2) qualified investments, and (3) accrued interest earned.

Cash Flows

These are the regular reserve fund contributions, special assessments, and interest income.

Opening Cash Funds

These represent the total cash resources available in any fiscal year and include the current year's cash flow.

Cash Expenditures

These are annual expenditures listed in the categories established by the Reserve Fund Study. Records or ledger accounts of these expenditure categories should be kept showing reserve fund allocations and charges in a chronological order for control and reference.

Closing Cash Fund

This is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

Deficiency Analysis

The Reserve Deficiency has been projected by formula taking into account the inflation factor, interest rates and reserve fund expenditures. Therefore, any reserve fund expenditures will not affect the reserve fund deficiency because such expenditures will also affect the reserve requirements.

30 YEAR RESERVE FUND CASH FLOW PROJECTIONS AND DEFICIENCY ANALYSIS

WCC#124 - 20 Units		Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Year ending 31-December		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
OPENING BALANCE		66,321	90,984	115,894	144,931	176,380	99,419	136,413	168,034	163,298	206,931	201,125	249,137	265,313	96,142	146,495	158,163	202,668	239,892	89,451	139,877	185,087	244,938	298,014	116,242	176,795	230,945	290,216	358,118	361,996	430,185
Reserve Fund Contributions		24,000	24,000	30,000	30,000	36,000	36,000	36,000	42,000	42,000	42,000	46,000	46,000	46,000	50,000	50,000	50,000	52,000	52,000	56,000	58,000	58,000	60,000	60,000	60,000	65,000	65,000	65,000	72,000	72,000	72,000
Special Assessments																															
Reserve Fund Interest Income	1.00%	663	910	1,159	1,449	1,764	994	1,364	1,680	1,633	2,069	2,011	2,491	2,653	961	1,465	1,582	2,027	2,399	895	1,399	1,851	2,449	2,980	1,162	1,768	2,309	2,902	3,581	3,620	4,302
Total Cash Resources		90,984	115,894	147,053	176,380	214,144	136,413	173,777	211,714	206,931	251,000	249,137	297,628	313,966	147,104	197,960	209,745	256,695	294,291	146,345	199,276	244,938	307,388	360,994	177,404	243,563	298,255	358,118	433,699	437,615	506,487
RESERVE FUND EXPENDITURES																															
1 Foundation repairs																33,647															
2 Garage Entrance Doors																			57,130												
3 Balconies														2,587			2,587			2,587			2,587			2,587			2,587		
4 Exterior Walls																															
a. Repair allowance																															
b. Flashings, trim, grills																		16,803													
5 Windows & Balcony Doors																															
a. Phased Replacement																								151,827							
b. Failed Unit Replacement						2,208					2,208					2,208					2,208					2,208					2,208
6 Entrance Doors																															
a. Glass Entrance Doors																								9,461							
b. Metal Service Doors																															
7 Roofing System																															
a.Gutter and eavestrough repairs				2,122															2,122												
b.Membrane Replacement														172,030																	
8 Corridor Renovation						108,575																									
9 Suite Doors																													27,856		
10 Lobby Renovation											43,116																				
11 Furniture											609		609		609		609		609		609		609		609		609		609		609
12 Elevator Interior Renovation																													36,770		
13 Elevator																															
a. Modernization																			115,688												
14 Mechanical Systems Contingency													31,706													0					
15 HVAC in common areas														3,881			3,881			3,881			3,881			3,881			3,881		
16 Electrical System and Lights																															
a. Distribution System																								23,653							
b. Lighting Retrofit														12,936																	
17 Life Safety Systems																															
a. Repair Allowance									2,343																						
b. Replacement									36,321																						
18 Access Control System														26,390																	
19 Water and Sewer Systems																															
a. Water lines and pipes																															
20 Drainage systems								5,743															2,297								
21 Front gate and control system																			29,291												
22 Watering system									9,752																						
23 Sidewalks and concrete finishes																															
a. Replacement																															
24 Parking Lot																															
a. Pavement Replacement																					7,430			7,430			7,430			7,430	
25 Wooden Fence replacement																								52,380							
26 Landscaping																															
27 Reserve Fund Study						3,942					3,942					3,942					3,942					3,942					3,942
TOTAL EXPENDITURES		0	0	2,122	0	114,725	0	5,743	48,417	0	49,875	0	32,315	217,823	609	39,796	7,077	16,803	204,840	6,468	14,189	0	9,374	244,752	609	12,618	8,039	0	71,704	7,430	6,759
DEFICIENCY ANALYSIS																															
Closing Balance	345,105	90,984	115,894	144,931	176,380	99,419	136,413	168,034	163,298	206,931	201,125	249,137	265,313	96,142	146,495	158,163	202,668	239,892	89,451	139,877	185,087	244,938	298,014	116,242	176,795	230,945	290,216	358,118	361,996	430,185	499,729
From the benchmark																															
Reserve Requirements		345,105	388,660	430,092	473,647	402,477	446,032	483,844	478,982	522,537	516,218	559,773	571,013	396,744	439,690	443,449	479,927	506,679	345,394	382,481	411,847	455,402	489,583	288,386	331,332	362,269	397,785	441,340	413,192	449,317	486,113
Reserve Fund Surplus (Deficiency)		-254,120	-272,765	-285,162	-297,267	-303,058	-309,619	-315,810	-315,685	-315,607	-315,092	-310,636	-305,700	-300,602	-293,195	-285,285	-277,259	-266,787	-255,943	-242,604	-226,760	-210,464	-191,570	-172,144	-154,537	-131,324	-107,570	-83,222	-51,196	-19,131	13,616

7.2 Future Reserve Fund Management

Condominium Act, 2015

Plan for Future Funding

The Yukon Condominium Act 2015 was never proclaimed to be in force. However, the intent of the Act is that the condo corporations would plan for future funding of reserve funds. Per the Act condo boards are not bound by the recommendations of the reserve fund planner, provided that the reserve fund is adequate for financing all future major repairs and replacements, to wit:

> *94(8) Within 120 days of receiving a reserve fund study, the board shall review it and propose a plan for the future funding of the reserve fund that the board determines will ensure that, within a prescribed period of time and in accordance with the prescribed requirements, the fund will be adequate for the purpose for which it was established.*

This means that the Board of Directors can vary the recommended funding. In the subject instance, instead of increasing reserve fund contributions, the condo corporation members may levy a special assessment or several assessments to eliminate the shortfall.

Projected Reserve Fund Expenditures

The proposed reserve fund expenditures in the 30 Year Cash Flow Projection are mere guides in terms of timing, based on the remaining life span analysis.

Reserve fund expenditures should readily be varied to conform to actual management and maintenance plans, and therefore, they should not be dogmatically interpreted.

In essence, reserve fund expenditures are the responsibility of management, and any targeted expenditures are guidelines only.

8. Recommendations

Condo Max Reserve Planners recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will adequately fund immediate and future reserve fund expenditures.

The condo buildings seem to be in excellent shape. The landscaping is beautiful. The complex has been well maintained. CC124 has a competent property management company looking after the maintenance. Other contractors are hired as needed.

Financially, the condo corporation's reserve funds are inadequate. CC124 needs to build up its reserves in earnest to prepare for the future expenditure obligations. In this vein, CC124 should better account for and manage its reserve funds.

The condo Board has important responsibilities. It must decide wisely to expend funds entrusted to it by its members. A small board needs to get support from outside experts and contractors to make wise decisions and to get essential work done, but not to squander scarce resources.

1. **The current reserve fund contribution of rate should be increased.** The condo corporation needs to build up its reserve fund as a high priority. CC124's reserves are inadequate and increased contributions to the reserve fund are required in the short and medium term or the complex will not be able to afford asset replacements or needed repairs.
2. **The detailed 30-year cash flow projections show what the condo corp. is facing in terms of cash inflows and expenditures.** The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current. The members need to be in tune with the overall future obligations of the condo corporation.
3. **The reserve fund should be fully invested in guaranteed securities, yielding at least 1.00% per annum.**
4. **The corporation should prepare and implement a long-term reserve fund strategy.** In part, this means planning out asset replacement activities over time. As well, who will be doing the work and how will it be monitored? What circumstances have changed affecting priorities?
5. **The condo corporation should make such expenditures, as necessary to maintain the property in optimum condition.** There are a few components that require repair and/or maintenance in 2021:
    a. Repair the fence posts at the front of the complex;
    b. Some southern-facing trim components need paint/repairs;

c. Investigate and address possible water accumulation at the footings at the north end of the complex. Make sure that water is not accumulating at the building footings.

d. Cracks in the asphalt. (These should be filled to prevent further deterioration).

e. Cracks in the concrete sidewalk.[6]

6. **Major repairs and replacements should be recorded in, and funded from, a reserve fund account, not from its operating account.** The current practice is for CC124 to charge all expenditures to its operating account. It would be better to have separate accounting of the reserve fund.

Capital expenditures (and major repairs) should be funded from the reserve, rather than the operating account. CC124 should set a dollar value for capitalization, say costs of $500 or more would be capitalized. For example, if painting a corridor costed $2,000, this would be charged to the reserve. But if some minor painting were done that only costed $350 this would be treated as a maintenance expense.

7. The builder of the complex did a sub-standard job in some of the subsurface construction work namely:

- the **foundations** of one side of Building B were not properly filled, resulting in frost heaves. This fault was remediated in 2012;
- **the drainage system** could not cope with the water that flowed into one of the catch basins, so a sump pump and piping was added around 2012;
- the **parking lot** at the north end of the complex is showing signs of subsidence near the catch basin and numerous cracks in other places. The subsidence is an indicator of inadequate compaction; while the cracks are likely from frost heaves—stemming from using poor sub-grade fill and/or of having poor drainage.

The estimated cost of repaving the parking lot would be approximately $200,000 in today's dollars. This large cost would not be easily be borne by CC124.

In light of the above it is recommended that CC124 look over the pavement at the north end of the complex and **develop a plan to address the deterioration of the parking lot asphalt**. At a minimum the cracks should be filled each year. Sealing the pavement would also extend its life.[7] Capital expenditures to fix the pavement in places should be considered.

6 See https://www.youtube.com/watch?v=0HkFjPm5SIY

7 See https://www2.gov.bc.ca/assets/gov/driving-and-transportation/transportation-infrastructure/highway-bridge-maintenance/pavement-marking/asphaltpavementmaintenance.pdf.