

Depreciation Reports And Your Strata

What is a Depreciation Report?

A depreciation report is a financial planning tool that analyzes the current condition of a building and of the capital reserves and forecasts the anticipated expenditure for replacement or major maintenance of the building's assets over the next 30 years.

Why Do We Need a Depreciation Report?

On December 13, 2011, regulations were passed that brought into effect section 15 of the *Strata Property Amendment Act*, making it a requirement for all strata corporations, who are not exempt, to obtain a depreciation report by December 13, 2013. Exemptions are granted to strata corporations with fewer than five strata lots and strata corporations who pass an annual three quarter vote. In our view, however, owners should also consider the implications of being a proactive strata rather than a reactive strata. A well maintained building with a healthy reserve fund will be more attractive to buyers and to lenders.

DEPRECIATION REPORTS

Engineering Consultants since 1986.

We are an interdisciplinary firm involved in all aspects of building construction.

Our Services Include Asset Management, Building Science, Mechanical Systems, Structural Design and Evaluation, and Sustainability.



**McCUAIG & ASSOCIATES
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DEPRECIATION REPORTS



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Our Depreciation Report Services

In addition to the report, a secure web-based record of your property is provided.

Information that a depreciation report provides:

- What assets you own (roofs, mechanical systems, etc.)
- The condition – chronological age vs. effective age.
- The anticipated expenditure for replacement or major maintenance of these assets over the next 30 years.
- How your current financial model will cope with these costs.
- Financial model options that address forecasted expenditures.

Approach:

- Consult Property Manager and/or strata council members to become familiar with the property.
- Review the construction drawings and specifications of the building(s).
- Review previous reports and documentation pertaining to the maintenance and renewals of the property.
- Conduct detailed visual (non-invasive) review of the property.
- Review the Strata's financial reports and associated documentation.

Report:

- Provides a description of the relevant building components or systems and our opinion of the projected service life and the estimated remaining service life.
- Provides recommendations for all anticipated major expenditures for the Strata to maintain the building for the next 30 years.
- Includes itemized forecasted annual budgets for the next 30 years including ongoing major maintenance and capital costs for replacement items.
- Presents up to four financial scenarios that include variations in both strata fee collection and special assessments.
- Analysis of the financial strategies and a recommended approach.

Data:

McCuaig & Associates provides interactive building asset management software to provide a secure web-based record of the property. Access to this software and three years of data storage is included in our fee. This provides:

- Various levels of secure access – i.e. Consultant, Property Manager, Strata Council, etc.
- Portfolio views for Property Management industry, Municipalities, or Agencies with multiple buildings.
- Ability to track maintenance and renewals.
- Ability to update budgets.
- Ability to create multiple funding models.
- Current Facility Condition Index (FCI).
- Notifications for future work.
- Secure data storage with daily off-site back-ups.
- And much more.

Cost

Cost will be specific to each building based on:

- Level of service requested
- Type of building
- Type of construction
- Size of building and number of units
- Complexity of the building
- Location and access
- Availability of relevant technical and financial documents

Visit www.mccuaig.net or call 604-255-0992 for a fee proposal