

CAPITAL RESERVE STUDY

prepared for:

Scottsdale 2000 HOA

Date of report:

6/4/2018

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REPORT GUIDE

This report is a budgeting tool designed to help you navigate the uncertain future and contains findings of the current Reserve Fund Status and a recommendation for an appropriate Reserve contribution rate in order to adequately plan for ongoing major maintenance, repair and replacement of common area elements. Our recommendations are just that, recommendations and do not include all possible funding scenarios. This report is divided into the following sections:

EXECUTIVE SUMMARY: this section provides an overview of the project and outlines our findings and recommendations. This section of the report should be used as a quick reference in helping the reader to understand the parameters and results of the study.

INTRODUCTION AND METHODOLOGY: Details the framework, methods, and materials used in developing this report.

FINANCIAL ANALYSIS: This section contains the current reserve fund strength and our recommended funding plan.

DATA TABLES APPENDIX: This section includes detailed tables outlining projected expenses, funding requirements and reserve balance calculations.

PHYSICAL ANALYSIS/MAINTENANCE RECOMMENDATIONS:

This section includes detailed tables outlining projected expenses, funding requirements and reserve balance calculations. Provides in-depth, detailed condition assessments along with maintenance recommendations.

If you have questions about this Reserve Study, please contact us. We look forward to doing business with you in the future.

Thank you,
Capital Reserve Analysts,

Prepared by:

Casey Arnett

Casey Arnett



EXECUTIVE SUMMARY

Scottsdale 2000 is a 40-Unit Condominium Association built during 1964. Association maintenance responsibilities include: Private Asphalt Streets, Unit Exteriors, Landscaped Common Areas and Pool Area.

Project Overview

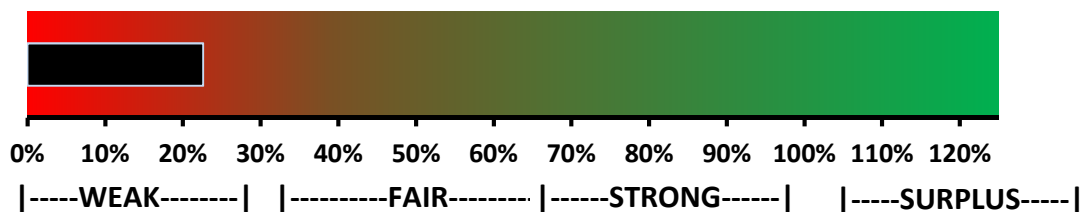
Project Name:	Scottsdale 2000 HOA
Location:	Scottsdale, Arizona
Year Constructed: (Avg. For Budget Purposes)	1964
Type of Analysis:	Level I
Funding Strategy:	Full Funding with a 100% Goal
Number of Voting Units:	40
Date Prepared:	6/4/2018

Financial Assumptions

Fiscal Yr. Start:	1/1/2018
Fiscal Yr. End:	12/31/2018
Inflation Rate: (30-YR Average)	3.00%
Interest Rate: (30-YR Average)	1.28%

Reserve Fund Status

Beginning Reserve Balance:	\$39,201
FFB or 100% Funded Balance:	\$173,382
Percent Funded:	23%
Reserve Fund Strength:	Weak



Clients with a percent funded level of 70% and above have a low risk for special assessments conversely, clients with a percent funded level of 30% and below have a high risk of special assessments and deferred maintenance.

Funding Recommendations

Current Reserve Contributions:	\$5,000			
Recommended Annual Contributions:	\$17,700			
Recommended Contribution Annual Increase:	<table border="1"> <tr> <td>3%</td> <td># of Yrs.</td> <td>15</td> </tr> </table>	3%	# of Yrs.	15
3%	# of Yrs.	15		
Recommended Contribution Annual Increase:	<table border="1"> <tr> <td>2%</td> <td># of Yrs.</td> <td>15</td> </tr> </table>	2%	# of Yrs.	15
2%	# of Yrs.	15		
Special Assessments:	<table border="1"> <tr> <td>\$80,000</td> <td># of Yrs.</td> <td>1</td> </tr> </table>	\$80,000	# of Yrs.	1
\$80,000	# of Yrs.	1		

INTRODUCTION AND METHODOLOGY

Introduction and Purpose

Every property owner can benefit from a Reserve Study. A Reserve Study specifically benefits projects owned or maintained by Common Interest Associations. The Board of Directors or governing body of common interest entities has a fiduciary responsibility to maintain and preserve the value of assets belonging to the community. As part of this fiduciary duty, board members are responsible for the long-term planning and funding of large-scale maintenance or renovation projects such as; building remodeling, retrofit of the fire alarm system and resurfacing of private streets.

A **Reserve Study** prepared by an independent, certified consultant will provide specific recommendations regarding the appropriate amount of Reserve Contributions to ensure that funds for major repairs and replacements will be available when needed.

Key benefits include:

- Protect and preserve property values by maintaining physical assets with timely repair/replacement of common elements.
- Fairness: With the help of a Reserve Study, dues/assessments can be set to ensure both **current** and **future** owners pay for the use and enjoyment of amenities.
- Reduce the probability of large or sudden assessments.

A **Reserve Study** is made up of two parts:

1) The **Physical Evaluation/Assessment** is the information about the physical status and repair/replacement cost of the major common area components. This section is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. Condition Assessments and Life and Valuation Estimates will change as time elapses, therefore these should be updated on an annual basis.

2) The **Financial Analysis** is the evaluation and analysis of the Reserve balance, income, and expenses. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan). A Reserve *Funding Plan* typically takes the form of a budget recommendation for a monthly Reserve contribution rate.

Physical Evaluation/Assessment

The Physical Analysis is the first and most important step in developing a Reserve Study because the data and assessments gathered during this phase forms the baseline or foundation of this report. The Physical Analysis contains the following estimates/projections:

Site Inspection:

This phase begins with a project engineer performing the property inspection to record, measure and assess the current condition of each common element/component. As part of the on-site inspection, the project engineer takes photos to document the condition of the common elements.

Reserve Component Criteria:

Reserve Components should be major, predictable expenses. It is incorrect to include “lifetime” components, unpredictable expenses (such as insurance related losses), and expenses more appropriately handled from the operational budget. Capital Reserve Analysts utilizes CAI’s national-standard four-part test as a guideline to determine reserve components.

- ☑ Part 1: Item must be a common area maintenance responsibility per the accepted governing documents.
- ☑ Part 2: the component must have a predictable useful life. Typically items that do not have a predictable useful life include: Electrical Wiring, Underground Utilities and Building Structures.
- ☑ Part 3: the item's life expectancy falls within the projection period. Components with a life expectancy beyond the report time frame (typically 30-years) will not be included under normal circumstances.
- ☑ Part 4: the repair or replacement cost must be above a minimum threshold cost. Minor repairs usually under \$1,000 should be funded with Operating funds in order to minimize clutter in the Reserve Component list.

Assumptions/Notes:

It should be noted that the projections made in this study are just that, projections and do not predict with 100% surety the future. We do however, use well defined methodologies and extensive research is done in preparation of each Reserve Study.

Component Useful Life (UL):

Component Useful Life is the estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained. Useful Life is a prediction based on accurate historical records if provided, exposure to the elements, initial quality and installation, extent of use, and the amount of preventative maintenance exercised. In addition to the above listed factors, the following sources are used to determine Reserve Component Useful Life:

- 1) Visual Inspection (observed wear and age)
- 2) Proprietary Cost Database of experience and similar projects
- 3) Historical component data (client maintenance records)
- 4) Vendor/Manufacturers' Expertise and Recommendations

Remaining Useful Life (RUL):

The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year of this report have "zero" Remaining Useful Life. Intuitively, the RUL of a component should equal the UL (Useful Life) less its chronological age. However, this is not the "real world" reality. To accurately estimate the remaining useful life of a component, the following factors should be considered:

- Chronological age (number of years in service)
- Observed physical condition at the time of inspection
- Extent of utilization compared to design specifications
- Historical and current levels of preventative maintenance
- Exposure to elements
- Quality and design of materials
- Installation method compared to manufacturer's specifications

Assumptions/Notes:

It is important to note that we may recommend future replacement based factors other than normal wear and tear. For example, interior finishes and fixtures may have a functional Useful Life of 30-40 years, however remodeling or updating interior elements will most likely take place at the 15-20 year mark for aesthetic purposes. Another example of recommended replacement before the end of a component's UL would be technology components. Obsolescence and advancements in technology could accelerate the need for replacement of computers, security equipment, electrical components etc.

Financial Analysis

The data compiled during the physical analysis is the baseline for the Financial Analysis and resulting recommendations. This is because the physical analysis details what you are reserving for and when future expenditures can be expected. The Financial Analysis contains the following key results:

Reserve Fund Strength or Percent Funded Level:

The adequacy of current reserves is determined by comparing what you have (current reserves) to the ideal amount of reserves (the Fully Funded Balance). This is done by dividing current reserves by the Fully Funded Balance (what you should have) and expressing as a percentage. The Percent Funded Level is a metric developed by the CAI (Community Association Institute) to determine a Reserve Fund's strength.

Fully Funded Balance (FFB):

This concept is best illustrated by the following example: Assume XYZ Association has (2) reserve items: a 1-year old roof and a 5-year old pool. Assume a useful life of 20 years for the roof and a current replacement cost estimate of \$50,000. For the pool, assume a useful life of 10 years for resurfacing at a current cost estimate of \$20,000.

The roof has "used up" (1) year of the 20-year useful life or 1/20th of \$50,000 = \$2,500. The pool has "used up" (5) years of the 10-year useful life or 5/10ths of \$20,000 = \$10,000. XYZ's Fully Funded Balance is the total deterioration since the last time the roof was replaced and the last time the pool was resurfaced. The FFB is calculated as \$2,500 + \$10,000 = \$12,500.

Reserve Component Cost Estimates:

We determine cost estimates in the following order:

- Actual client historical records
- Internal database of similar projects
- Local vendor/contractor recommendations
- National cost estimating databases (R S Means, Marshall Swift etc.)

Recommended Reserve Contribution or Funding Plan:

After we project future reserve expenses and calculate the FFB, we begin to develop a recommended funding plan which includes the recommended monthly/annual contributions to reserves. The recommended funding plan is designed to provide sufficient reserves to fund future expenses in a timely manner. Stable contributions are needed to make sure both current and future owners pay their "fair" share of the cost to maintain and replace common area amenities.

FINANCIAL ANALYSIS

Inflation and Interest Assumptions:

Future expense projections are calculated with an inflation factor to current cost estimates. Inflation factors are applied to reserve components in 5-year increments. Future reserve fund balances include interest earnings based on the table below.

*Inflation Assumptions		Interest Earnings (Net after tax)	
Inflation (Yrs. 1-5)	3.00%	Interest (Yrs. 1-5)	0.15%
Inflation (Yrs. 6-10)	3.00%	Interest (Yrs. 6-10)	0.50%
Inflation (Yrs. 11-15)	3.00%	Interest (Yrs. 11-15)	1.00%
Inflation (Yrs. 16-20)	3.00%	Interest (Yrs. 16-20)	1.50%
Inflation (Yrs. 21-25)	3.00%	Interest (Yrs. 21-25)	2.00%
Inflation (Yrs. 26-30)	3.00%	Interest (Yrs. 26-30)	2.50%

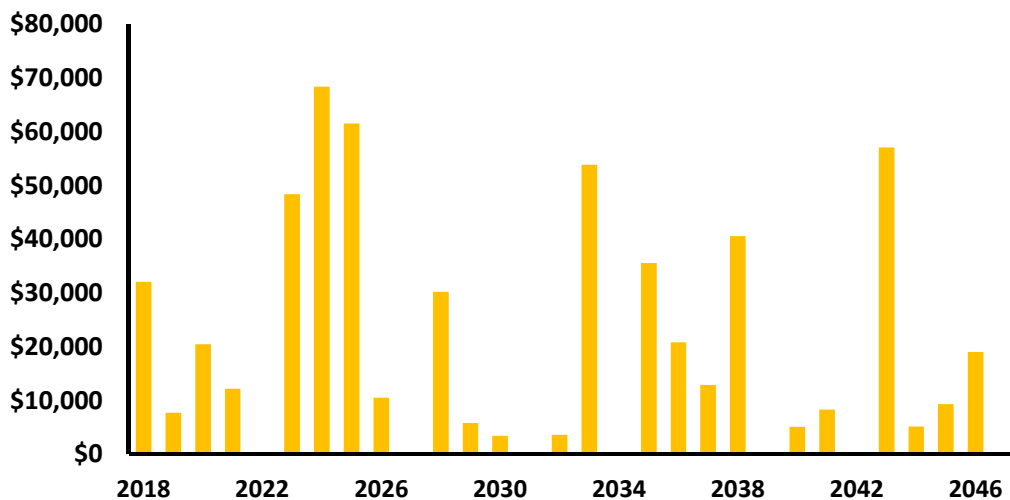
**Inflation rate is based on the average increase of the Consumer Price Index (CPI) over the last 30-years as published by the Bureau of Labor Statistics (www.labor.gov)*

Projected Reserve Expenses:

This analysis projects reserve expenses 30-years into the future. Although we use well defined methodologies to project into the future, it is impossible to predict with 100% certainty future conditions. Focus should be on near-term projections (Years 1-5) in this report. Annual updates to this report are recommended to account for changes in association plans, cost estimates and economic conditions.

**Total Projected Expenses
Over 30-Years = \$ 572,158**

Total Expenses



Reserve Fund Status

How much should we have in Reserves? The answer to this question depends on several factors; age, size and quantity are just a few of these factors. CAI and NRSS measure Reserve Fund strength by the ratio of current funds to the "Ideal" amount of funds or FFB.

$$\frac{1 \quad \$39,201}{2 \quad \$173,382} = 23\%$$

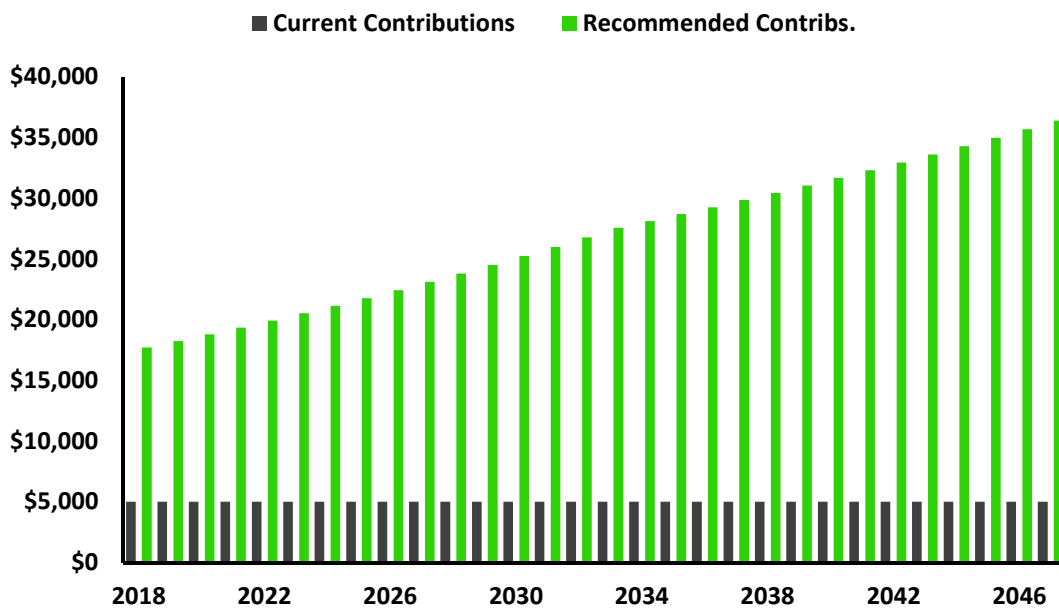
1. The starting reserve balance is as of the beginning date of this analysis and is provided by the client. This figure is not audited.

2. Your Fully Funded Balance is the sum of all the individual components' FFB (see TABLE #5). The FFB number is as of the start of this analysis.

Recommended Reserve Contributions:

Based on the Starting Reserve Balance, Fully Funded Balance, Percent Funded Level and Projected Future Expenses, our recommended Reserve Contributions are:

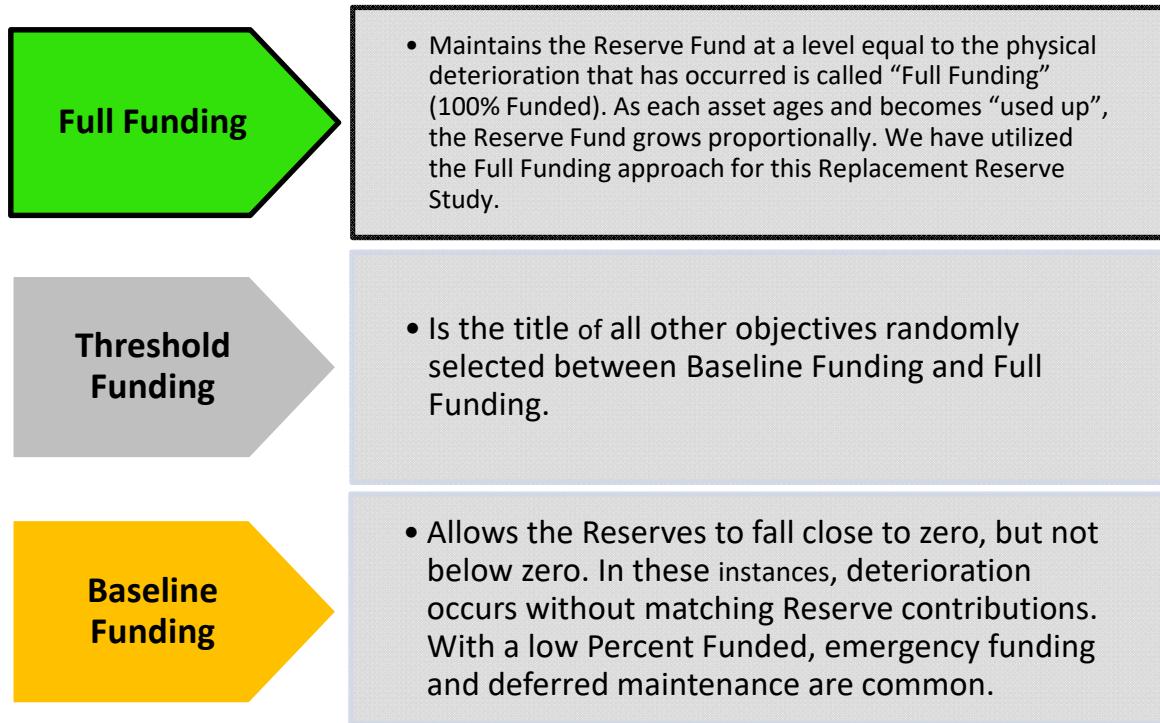
Reserve Contributions		
	Current	Recommended
Per Year	\$5,000	\$17,700
Per Month	\$417	\$1,475
Per Month, Per Unit	\$10.42	\$36.88
Special Assessments		\$80,000



Recommended contributions include annual increases of 2.85% for 20 years followed by 2% increases for 10 years.

Reserve Funding Alternatives

The Community Associations Institute's National Reserve Study Standards defines the following funding plans

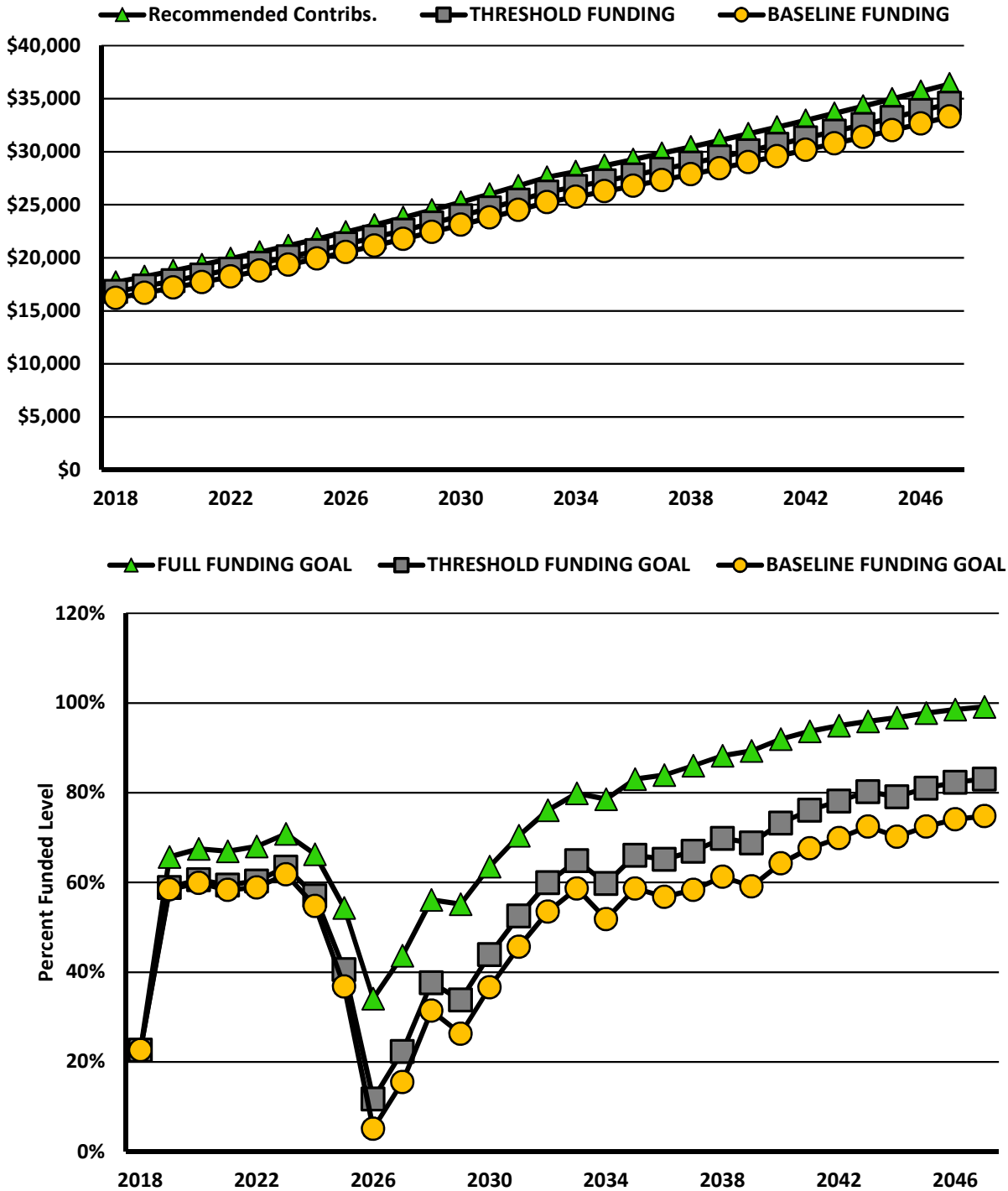


It is important to note the level of risk (probability of a budget deficit) is different with each plan. The need for Special Assessments or Emergency Capital are greatest with a "Baseline" approach and smallest with a "Full Funding" approach. In order to ensure funds are available when needed and contributions are evenly distributed, we recommend implementing a "Full Funding" objective.

Funding Method	Reserve Contributions	Min Reserve Balance	Total Contributions	Average Percent Funded Level
Full Funding	\$17,700	\$27,939	\$923,198	75%
Threshold Funding	\$16,800	\$9,602	\$870,324	60%
Baseline Funding	\$16,200	\$4,191	\$841,741	54%

Funding Plan Comparisons

The graphs below show comparisons of Reserve Contributions and Reserve Fund Strength (Percent Funded) over time with each of the three funding objectives (Full, Threshold and Baseline).



DATA TABLES APPENDIX

- TABLE 1.** is a 30-year income/expense summary showing percent funding levels based with a "Full Funding" objective.
- TABLE 2.** is a 30-year income/expense summary showing percent funding levels based with a "Threshold Funding" objective.
- TABLE 3.** is a 30-year income/expense summary showing percent funding levels based with a "Baseline Funding" objective.
- TABLE 4.** is a detailed listing of your Reserve Components. This table is the baseline and driver of our recommendations.
- TABLE 5.** shows the significance or impact each component has on the Fully Funded Balance and ultimately the Reserve contribution rate.
- TABLES 6-8.** shows detailed annual expense projections for each component for all 30 years.

TABLE 1. 30-YEAR SUMMARY FULL FUNDING

Year	Starting Balance	Fully Funded Balance	Percent Funded	Recomm Reserve Contribs.	SA	Interest	Expenses	Ending Balance
2018	\$39,201	\$173,382	23%	\$17,700	\$80,000	\$108	\$32,096	\$104,913
2019	\$104,913	\$159,739	66%	\$18,231	\$0	\$165	\$7,725	\$115,584
2020	\$115,584	\$171,215	68%	\$18,778	\$0	\$172	\$20,444	\$114,091
2021	\$114,091	\$170,375	67%	\$19,341	\$0	\$177	\$12,175	\$121,433
2022	\$121,433	\$178,478	68%	\$19,922	\$0	\$197	\$0	\$141,552
2023	\$141,552	\$199,830	71%	\$20,519	\$0	\$638	\$48,411	\$114,298
2024	\$114,298	\$172,440	66%	\$21,135	\$0	\$453	\$68,419	\$67,466
2025	\$67,466	\$124,114	54%	\$21,769	\$0	\$238	\$61,535	\$27,939
2026	\$27,939	\$81,939	34%	\$22,422	\$0	\$169	\$10,540	\$39,990
2027	\$39,990	\$91,547	44%	\$23,094	\$0	\$258	\$0	\$63,342
2028	\$63,342	\$112,840	56%	\$23,787	\$0	\$601	\$30,206	\$57,525
2029	\$57,525	\$104,216	55%	\$24,501	\$0	\$669	\$5,817	\$76,878
2030	\$76,878	\$121,027	64%	\$25,236	\$0	\$878	\$3,449	\$99,543
2031	\$99,543	\$141,372	70%	\$25,993	\$0	\$1,125	\$0	\$126,661
2032	\$126,661	\$166,487	76%	\$26,773	\$0	\$1,382	\$3,630	\$151,186
2033	\$151,186	\$189,243	80%	\$27,576	\$0	\$2,071	\$53,878	\$126,955
2034	\$126,955	\$161,572	79%	\$28,128	\$0	\$2,115	\$0	\$157,198
2035	\$157,198	\$189,229	83%	\$28,690	\$0	\$2,306	\$35,569	\$152,625
2036	\$152,625	\$181,763	84%	\$29,264	\$0	\$2,353	\$20,804	\$163,438
2037	\$163,438	\$189,987	86%	\$29,849	\$0	\$2,579	\$12,874	\$182,992
2038	\$182,992	\$207,351	88%	\$30,446	\$0	\$3,558	\$40,595	\$176,402
2039	\$176,402	\$197,432	89%	\$31,055	\$0	\$3,839	\$0	\$211,296
2040	\$211,296	\$229,798	92%	\$31,676	\$0	\$4,492	\$5,078	\$242,386
2041	\$242,386	\$258,698	94%	\$32,310	\$0	\$5,088	\$8,293	\$271,491
2042	\$271,491	\$285,970	95%	\$32,956	\$0	\$5,759	\$0	\$310,206
2043	\$310,206	\$323,444	96%	\$33,615	\$0	\$7,462	\$57,076	\$294,206
2044	\$294,206	\$304,120	97%	\$34,287	\$0	\$7,719	\$5,176	\$331,037
2045	\$331,037	\$338,567	98%	\$34,973	\$0	\$8,596	\$9,334	\$365,273
2046	\$365,273	\$370,685	99%	\$35,673	\$0	\$9,340	\$19,036	\$391,249
2047	\$391,249	\$394,720	99%	\$36,386	\$0	\$10,236	\$0	\$437,871

TABLE 2. 30-YEAR SUMMARY THRESHOLD FUNDING

Year	Starting Balance	Fully	Percent Funded	Recomm	SA	Interest	Expenses	Ending Balance
		Funded Balance		Reserve Contribs.				
2018	\$39,201	\$173,382	23%	\$16,800	\$70,000	\$100	\$32,096	\$94,005
2019	\$94,005	\$159,739	59%	\$17,304	\$0	\$148	\$7,725	\$103,732
2020	\$103,732	\$171,215	61%	\$17,823	\$0	\$154	\$20,444	\$101,265
2021	\$101,265	\$170,375	59%	\$18,358	\$0	\$157	\$12,175	\$107,604
2022	\$107,604	\$178,478	60%	\$18,909	\$0	\$176	\$0	\$126,688
2023	\$126,688	\$199,830	63%	\$19,476	\$0	\$561	\$48,411	\$98,314
2024	\$98,314	\$172,440	57%	\$20,060	\$0	\$371	\$68,419	\$50,326
2025	\$50,326	\$124,114	41%	\$20,662	\$0	\$149	\$61,535	\$9,602
2026	\$9,602	\$81,939	12%	\$21,282	\$0	\$75	\$10,540	\$20,419
2027	\$20,419	\$91,547	22%	\$21,920	\$0	\$157	\$0	\$42,496
2028	\$42,496	\$112,840	38%	\$22,578	\$0	\$387	\$30,206	\$35,255
2029	\$35,255	\$104,216	34%	\$23,255	\$0	\$440	\$5,817	\$53,133
2030	\$53,133	\$121,027	44%	\$23,953	\$0	\$634	\$3,449	\$74,271
2031	\$74,271	\$141,372	53%	\$24,671	\$0	\$866	\$0	\$99,808
2032	\$99,808	\$166,487	60%	\$25,412	\$0	\$1,107	\$3,630	\$122,697
2033	\$122,697	\$189,243	65%	\$26,174	\$0	\$1,633	\$53,878	\$96,626
2034	\$96,626	\$161,572	60%	\$26,697	\$0	\$1,650	\$0	\$124,972
2035	\$124,972	\$189,229	66%	\$27,231	\$0	\$1,812	\$35,569	\$118,447
2036	\$118,447	\$181,763	65%	\$27,776	\$0	\$1,829	\$20,804	\$127,248
2037	\$127,248	\$189,987	67%	\$28,331	\$0	\$2,025	\$12,874	\$144,730
2038	\$144,730	\$207,351	70%	\$28,898	\$0	\$2,778	\$40,595	\$135,811
2039	\$135,811	\$197,432	69%	\$29,476	\$0	\$3,011	\$0	\$168,298
2040	\$168,298	\$229,798	73%	\$30,066	\$0	\$3,616	\$5,078	\$196,901
2041	\$196,901	\$258,698	76%	\$30,667	\$0	\$4,162	\$8,293	\$223,437
2042	\$223,437	\$285,970	78%	\$31,280	\$0	\$4,782	\$0	\$259,499
2043	\$259,499	\$323,444	80%	\$31,906	\$0	\$6,173	\$57,076	\$240,501
2044	\$240,501	\$304,120	79%	\$32,544	\$0	\$6,355	\$5,176	\$274,224
2045	\$274,224	\$338,567	81%	\$33,195	\$0	\$7,154	\$9,334	\$305,238
2046	\$305,238	\$370,685	82%	\$33,859	\$0	\$7,816	\$19,036	\$327,878
2047	\$327,878	\$394,720	83%	\$34,536	\$0	\$8,629	\$0	\$371,042

TABLE 3. 30-YEAR SUMMARY BASELINE FUNDING

Year	Starting Balance	Fully	Percent Funded	Recomm	SA	Interest	Expenses	Ending Balance
		Funded Balance		Reserve Contribs.				
2018	\$39,201	\$173,382	23%	\$16,200	\$70,000	\$99	\$32,096	\$93,404
2019	\$93,404	\$159,739	58%	\$16,686	\$0	\$147	\$7,725	\$102,512
2020	\$102,512	\$171,215	60%	\$17,187	\$0	\$151	\$20,444	\$99,406
2021	\$99,406	\$170,375	58%	\$17,702	\$0	\$153	\$12,175	\$105,087
2022	\$105,087	\$178,478	59%	\$18,233	\$0	\$171	\$0	\$123,491
2023	\$123,491	\$199,830	62%	\$18,780	\$0	\$543	\$48,411	\$94,404
2024	\$94,404	\$172,440	55%	\$19,344	\$0	\$349	\$68,419	\$45,677
2025	\$45,677	\$124,114	37%	\$19,924	\$0	\$124	\$61,535	\$4,191
2026	\$4,191	\$81,939	5%	\$20,522	\$0	\$46	\$10,540	\$14,219
2027	\$14,219	\$91,547	16%	\$21,137	\$0	\$124	\$0	\$35,480
2028	\$35,480	\$112,840	31%	\$21,771	\$0	\$313	\$30,206	\$27,358
2029	\$27,358	\$104,216	26%	\$22,425	\$0	\$357	\$5,817	\$44,323
2030	\$44,323	\$121,027	37%	\$23,097	\$0	\$541	\$3,449	\$64,513
2031	\$64,513	\$141,372	46%	\$23,790	\$0	\$764	\$0	\$89,067
2032	\$89,067	\$166,487	53%	\$24,504	\$0	\$995	\$3,630	\$110,936
2033	\$110,936	\$189,243	59%	\$25,239	\$0	\$1,449	\$53,878	\$83,747
2034	\$83,747	\$161,572	52%	\$25,744	\$0	\$1,449	\$0	\$110,940
2035	\$110,940	\$189,229	59%	\$26,259	\$0	\$1,594	\$35,569	\$103,223
2036	\$103,223	\$181,763	57%	\$26,784	\$0	\$1,593	\$20,804	\$110,797
2037	\$110,797	\$189,987	58%	\$27,320	\$0	\$1,770	\$12,874	\$127,012
2038	\$127,012	\$207,351	61%	\$27,866	\$0	\$2,413	\$40,595	\$116,697
2039	\$116,697	\$197,432	59%	\$28,423	\$0	\$2,618	\$0	\$147,738
2040	\$147,738	\$229,798	64%	\$28,992	\$0	\$3,194	\$5,078	\$174,846
2041	\$174,846	\$258,698	68%	\$29,572	\$0	\$3,710	\$8,293	\$199,835
2042	\$199,835	\$285,970	70%	\$30,163	\$0	\$4,298	\$0	\$234,296
2043	\$234,296	\$323,444	72%	\$30,766	\$0	\$5,529	\$57,076	\$213,514
2044	\$213,514	\$304,120	70%	\$31,382	\$0	\$5,665	\$5,176	\$245,386
2045	\$245,386	\$338,567	72%	\$32,009	\$0	\$6,418	\$9,334	\$274,479
2046	\$274,479	\$370,685	74%	\$32,649	\$0	\$7,032	\$19,036	\$295,125
2047	\$295,125	\$394,720	75%	\$33,302	\$0	\$7,794	\$0	\$336,222

TABLE 4. RESERVE COMPONENT LIST

ITEM #	CATEGORY	LOCATION	RESERVE ASSET DESCRIPTION	QTY	% FUNDED	UOM	EST. LIFE	RUL	CURRENT COST	UNIT COST	IN-SVC YR	REPL YR	FUTURE COST	
COMMON AREA														
1	Common Area	Drives & Parking Areas	Asphalt Pavement - Resurface	38,200	100%	SF	25	6	\$57,300	\$1.50	1999	2024	\$68,419	
2	Common Area	Drives & Parking Areas	Asphalt Pavement - Seal/Repair	38,200	100%	SF	4	3	\$4,202	\$0.11	2017	2021	\$4,592	
3	Common Area	Sidewalks & Curbing	Concrete - Partial Repairs	1,500	10%	LF	20	2	\$1,650	\$11.00	2000	2020	\$1,750	
4	Common Area	Landscaped Areas	Irrigation System - Retrofit	1	100%	LS	30	7	\$18,000	\$18,000.00	1995	2025	\$22,138	
5	Common Area	Throughout Property	Backflow Valves - Replace	5	100%	EA	25	7	\$4,000	\$800.00	2000	2025	\$4,919	
6	Common Area	Throughout Property	Post Lights - Replace	21	100%	EA	30	7	\$9,450	\$450	1987	2025	\$11,622	
7	Common Area	Adjacent to Pool	Pole Lights - Replace	4	100%	EA	30	3	\$3,800	\$950	1987	2021	\$4,152	
8	Common Area	76th St & Camelback	Monument Signs - Refurbish	2	100%	EA	15	0	\$2,000	\$1,000	2003	2018	\$3,116	
POOL AREA														
9	Pool Area	Pool Perimeter	Wrought Iron Fence - Replace	280	100%	LF	30	17	\$11,200	\$40	2005	2035	\$18,512	
10	Pool Area	NW Section of Fence	Wrought Iron Fence - Repair	280	10%	LF	15	0	\$1,120	\$40.00	2005	2018	\$1,745	
11	Pool Area	Pool Perimeter	Wrought Iron Fence - Repaint	280	100%	LF	5	0	\$1,260	\$4.50	2005	2018	\$1,461	
12	Pool Area	Pool Area	Pool Trellis - Rebuild	1	100%	LS	30	1	\$7,500	\$7,500	1987	2019	\$7,725	
13	Pool Area	Pool Interior Surface	Pool Surface - Replace	120	100%	LF	25	5	\$12,000	\$100	1999	2023	\$13,911	
14	Pool Area	Pool Deck	Pool Deck - Partial Repairs	4,300	3%	SF	25	12	\$1,419	\$11	2005	2030	\$2,023	
15	Pool Area	Under Trellis	Chaise Lounges - Replace	12	100%	EA	12	2	\$2,400	\$200	2008	2020	\$2,546	
16	Pool Area	Pool Area	Metal Chairs - Replace	12	100%	EA	16	3	\$1,440	\$120	2005	2021	\$1,574	
17	Pool Area	Pool Area	Dining Tables - Replace	3	100%	EA	16	3	\$1,200	\$400	2005	2021	\$1,311	
18	Pool Area	Pool Area	Umbrellas - Replace	2	100%	EA	16	3	\$500	\$250.00	2005	2021	\$546	
19	Pool Area	Pool Equip. Room	Pool Heater - Replace (Laars)	1	100%	EA	16	2	\$2,700	\$2,700	2004	2020	\$2,864	
20	Pool Area	Pool Equip. Room	Pool Filter - Replace (Triton II)	1	100%	EA	16	2	\$1,200	\$1,200	2004	2020	\$1,273	
21	Pool Area	Pool Equip. Room	Pool Pump - Replace/Rebuild	1	100%	EA	10	2	\$1,000	\$1,000	2010	2020	\$1,061	
22	Pool Area	Pool Equip. Room	Restroom Bldg. Roof - Replace	425	100%	SF	25	7	\$1,381	\$3	2000	2025	\$1,699	
22	Pool Area	Pool Restrooms	Restrooms - Remodel	1	100%	LS	30	5	\$2,500	\$2,500	1974	2023	\$2,898	
UNIT BUILDINGS														
23	Unit Buildings	West & South Walls	Exterior Surfaces - Repaint (One-Time)	1	100%	LS		0	\$6,500	\$6,500.00	2002	2018	\$0	
24	Unit Buildings	All Unit Buildings	Exterior Surfaces - Repaint	40	100%	EA	10	5	\$26,000	\$650.00	2002	2023	\$30,141	
25	Unit Buildings	All Unit Buildings	Siding/Fascia - Partial Repairs	30,309	10%	SF	10	0	\$21,216	\$7.00	2003	2018	\$28,513	
26	Unit Buildings	Water Pipes	Plumbing Lines - Partial Replace	640	20%	LF	10	8	\$8,320	\$65.00	2016	2026	\$10,540	
27	Unit Buildings	Sewer Pipes	Sewer Lines - Partial Replace	860	10%	LF	15	2	\$10,320	\$120.00	2005	2020	\$10,948	
28	Unit Buildings	Patio Gates	Patio Gates - Replace	24	100%	EA	30	7	\$6,000	\$250	1975	2025	\$7,379	
29	Unit Buildings	Building C	Balcony Decks - Rebuild	100	100%	SF	30	7	\$7,000	\$70	1975	2025	\$8,609	
29	Total Components								\$234,578					

TABLE 5. CONTRIBUTION CALCULATION DETAIL

ITEM #	RESERVE ASSET DESCRIPTION	EL	RL	COST	FFB	FUND ALLOCATION	RC ALLOCATION	RC CALCS	FFB CUMULATE	DETERIORATION	SIGNIFICANCE
COMMON AREA											
1	Asphalt Pavement - Resurface	25	6	\$57,300	\$43,548	\$39,201	\$167	\$2,292	\$43,548	\$2,292	16.61%
2	Asphalt Pavement - Seal/Repair	4	3	\$4,202	\$1,051	\$0	\$76	\$1,051	\$44,599	\$1,051	7.61%
3	Concrete - Partial Repairs	20	2	\$1,650	\$1,485	\$0	\$6	\$83	\$46,084	\$83	0.60%
4	Irrigation System - Retrofit	30	7	\$18,000	\$13,800	\$0	\$44	\$600	\$59,884	\$600	4.35%
5	Backflow Valves - Replace	25	7	\$4,000	\$2,880	\$0	\$12	\$160	\$62,764	\$160	1.16%
6	Post Lights - Replace	30	7	\$9,450	\$7,245	\$0	\$23	\$315	\$70,009	\$315	2.28%
7	Pole Lights - Replace	30	3	\$3,800	\$3,420	\$0	\$9	\$127	\$73,429	\$127	0.92%
8	Monument Signs - Refurbish	15	0	\$2,000	\$2,000	\$0	\$10	\$133	\$75,429	\$133	0.97%
POOL AREA											
9	Wrought Iron Fence - Replace	30	17	\$11,200	\$4,853	\$0	\$27	\$373	\$80,282	\$373	2.71%
10	Wrought Iron Fence - Repair	15	0	\$1,120	\$1,120	\$0	\$5	\$75	\$81,402	\$75	0.54%
11	Wrought Iron Fence - Repaint	5	0	\$1,260	\$1,260	\$0	\$18	\$252	\$82,662	\$252	1.83%
12	Pool Trellis - Rebuild	30	1	\$7,500	\$7,250	\$0	\$18	\$250	\$89,912	\$250	1.81%
13	Pool Surface - Replace	25	5	\$12,000	\$9,600	\$0	\$35	\$480	\$99,512	\$480	3.48%
14	Pool Deck - Partial Repairs	25	12	\$1,419	\$738	\$0	\$4	\$57	\$100,250	\$57	0.41%
15	Chaise Lounges - Replace	12	2	\$2,400	\$2,000	\$0	\$15	\$200	\$102,250	\$200	1.45%
16	Metal Chairs - Replace	16	3	\$1,440	\$1,170	\$0	\$7	\$90	\$103,420	\$90	0.65%
17	Dining Tables - Replace	16	3	\$1,200	\$975	\$0	\$5	\$75	\$104,395	\$75	0.54%
18	Umbrellas - Replace	16	3	\$500	\$406	\$0	\$2	\$31	\$104,801	\$31	0.23%
19	Pool Heater - Replace (Laars)	16	2	\$2,700	\$2,363	\$0	\$12	\$169	\$107,163	\$169	1.22%
20	Pool Filter - Replace (Triton II)	16	2	\$1,200	\$1,050	\$0	\$5	\$75	\$108,213	\$75	0.54%
21	Pool Pump - Replace/Rebuild	10	2	\$1,000	\$800	\$0	\$7	\$100	\$109,013	\$100	0.72%
22	Restroom Bldg. Roof - Replace	25	7	\$1,381	\$995	\$0	\$4	\$55	\$110,008	\$55	0.40%
22	Restrooms - Remodel	30	5	\$2,500	\$2,083	\$0	\$6	\$83	\$112,091	\$83	0.60%
UNIT BUILDINGS											
23	Exterior Surfaces - Repaint (One-Time)	N/A	0	\$6,500	\$6,500	\$0	\$472	\$6,500	\$118,591	\$0	0.00%
24	Exterior Surfaces - Repaint	10	5	\$26,000	\$13,000	\$0	\$189	\$2,600	\$131,591	\$2,600	18.84%
25	Siding/Fascia - Partial Repairs	10	0	\$21,216	\$21,216	\$0	\$154	\$2,122	\$152,807	\$2,122	15.37%
26	Plumbing Lines - Partial Replace	10	8	\$8,320	\$1,664	\$0	\$60	\$832	\$154,471	\$832	6.03%
27	Sewer Lines - Partial Replace	15	2	\$10,320	\$8,944	\$0	\$50	\$688	\$163,415	\$688	4.99%
28	Patio Gates - Replace	30	7	\$6,000	\$4,600	\$0	\$15	\$200	\$168,015	\$200	1.45%
29	Balcony Decks - Rebuild	30	7	\$7,000	\$5,367	\$0	\$17	\$233	\$173,382	\$233	1.69%
29	Total Components			\$234,578	\$173,382	\$39,201	\$1,475	\$20,300		\$13,800	100.00%

TABLE 6. ANNUAL EXPENSE PROJECTIONS YEARS 1-10

ITEM #	SUB-CATEGORY	RESERVE ASSET DESCRIPTION	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
COMMON AREA												
1	Drives & Parking Areas	Asphalt Pavement - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$68,419	\$0	\$0	\$0
2	Drives & Parking Areas	Asphalt Pavement - Seal/Repair	\$0	\$0	\$0	\$4,592	\$0	\$0	\$0	\$5,168	\$0	\$0
3	Sidewalks & Curbing	Concrete - Partial Repairs	\$0	\$0	\$1,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Landscaped Areas	Irrigation System - Retrofit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,138	\$0	\$0
5	Throughout Property	Backflow Valves - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,919	\$0	\$0
6	Throughout Property	Post Lights - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,622	\$0	\$0
7	Adjacent to Pool	Pole Lights - Replace	\$0	\$0	\$0	\$4,152	\$0	\$0	\$0	\$0	\$0	\$0
8	76th St & Camelback	Monument Signs - Refurbish	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
POOL AREA												
9	Pool Perimeter	Wrought Iron Fence - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	NW Section of Fence	Wrought Iron Fence - Repair	\$1,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Pool Perimeter	Wrought Iron Fence - Repaint	\$1,260	\$0	\$0	\$0	\$0	\$1,461	\$0	\$0	\$0	\$0
12	Pool Area	Pool Trellis - Rebuild	\$0	\$7,725	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Pool Interior Surface	Pool Surface - Replace	\$0	\$0	\$0	\$0	\$0	\$13,911	\$0	\$0	\$0	\$0
14	Pool Deck	Pool Deck - Partial Repairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Under Trellis	Chaise Lounges - Replace	\$0	\$0	\$2,546	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Pool Area	Metal Chairs - Replace	\$0	\$0	\$0	\$1,574	\$0	\$0	\$0	\$0	\$0	\$0
17	Pool Area	Dining Tables - Replace	\$0	\$0	\$0	\$1,311	\$0	\$0	\$0	\$0	\$0	\$0
18	Pool Area	Umbrellas - Replace	\$0	\$0	\$0	\$546	\$0	\$0	\$0	\$0	\$0	\$0
19	Pool Equip. Room	Pool Heater - Replace (Laars)	\$0	\$0	\$2,864	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Pool Equip. Room	Pool Filter - Replace (Triton II)	\$0	\$0	\$1,273	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Pool Equip. Room	Pool Pump - Replace/Rebuild	\$0	\$0	\$1,061	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Pool Equip. Room	Restroom Bldg. Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,699	\$0	\$0
22	Pool Restrooms	Restrooms - Remodel	\$0	\$0	\$0	\$0	\$0	\$2,898	\$0	\$0	\$0	\$0
UNIT BUILDINGS												
23	West & South Walls	Exterior Surfaces - Repaint (One-Time)	\$6,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	All Unit Buildings	Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0	\$30,141	\$0	\$0	\$0	\$0
25	All Unit Buildings	Siding/Fascia - Partial Repairs	\$21,216	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Water Pipes	Plumbing Lines - Partial Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,540	\$0
27	Sewer Pipes	Sewer Lines - Partial Replace	\$0	\$0	\$10,948	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Patio Gates	Patio Gates - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,379	\$0	\$0
29	Building C	Balcony Decks - Rebuild	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,609	\$0	\$0
Total Expenses			\$32,096	\$7,725	\$20,444	\$12,175	\$0	\$48,411	\$68,419	\$61,535	\$10,540	\$0

TABLE 7. ANNUAL EXPENSE PROJECTIONS YEARS 11-20

ITEM #	SUB-CATEGORY	RESERVE ASSET DESCRIPTION	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
COMMON AREA												
1	Drives & Parking Areas	Asphalt Pavement - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Drives & Parking Areas	Asphalt Pavement - Seal/Repair	\$0	\$5,817	\$0	\$0	\$0	\$6,547	\$0	\$0	\$0	\$7,368
3	Sidewalks & Curbing	Concrete - Partial Repairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Landscaped Areas	Irrigation System - Retrofit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Throughout Property	Backflow Valves - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Throughout Property	Post Lights - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Adjacent to Pool	Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	76th St & Camelback	Monument Signs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$3,116	\$0	\$0	\$0	\$0
POOL AREA												
9	Pool Perimeter	Wrought Iron Fence - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,512	\$0	\$0
10	NW Section of Fence	Wrought Iron Fence - Repair	\$0	\$0	\$0	\$0	\$0	\$1,745	\$0	\$0	\$0	\$0
11	Pool Perimeter	Wrought Iron Fence - Repaint	\$1,693	\$0	\$0	\$0	\$0	\$1,963	\$0	\$0	\$0	\$0
12	Pool Area	Pool Trellis - Rebuild	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Pool Interior Surface	Pool Surface - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Pool Deck	Pool Deck - Partial Repairs	\$0	\$0	\$2,023	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Under Trellis	Chaise Lounges - Replace	\$0	\$0	\$0	\$0	\$3,630	\$0	\$0	\$0	\$0	\$0
16	Pool Area	Metal Chairs - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,525
17	Pool Area	Dining Tables - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,104
18	Pool Area	Umbrellas - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$877
19	Pool Equip. Room	Pool Heater - Replace (Laars)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,597	\$0
20	Pool Equip. Room	Pool Filter - Replace (Triton II)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,043	\$0
21	Pool Equip. Room	Pool Pump - Replace/Rebuild	\$0	\$0	\$1,426	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Pool Equip. Room	Restroom Bldg. Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Pool Restrooms	Restrooms - Remodel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNIT BUILDINGS												
23	West & South Walls	Exterior Surfaces - Repaint (One-Time)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	All Unit Buildings	Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0	\$40,507	\$0	\$0	\$0	\$0
25	All Unit Buildings	Siding/Fascia - Partial Repairs	\$28,513	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Water Pipes	Plumbing Lines - Partial Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,164	\$0
27	Sewer Pipes	Sewer Lines - Partial Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,057	\$0	\$0
28	Patio Gates	Patio Gates - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Building C	Balcony Decks - Rebuild	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses			\$30,206	\$5,817	\$3,449	\$0	\$3,630	\$53,878	\$0	\$35,569	\$20,804	\$12,874

TABLE 8. ANNUAL EXPENSE PROJECTIONS YEARS 21-30

ITEM #	SUB-CATEGORY	RESERVE ASSET DESCRIPTION	2038	2039	2040	2041	2042	2043	2044	2045	2046
COMMON AREA											
1	Drives & Parking Areas	Asphalt Pavement - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Drives & Parking Areas	Asphalt Pavement - Seal/Repair	\$0	\$0	\$0	\$8,293	\$0	\$0	\$0	\$9,334	\$0
3	Sidewalks & Curbing	Concrete - Partial Repairs	\$0	\$0	\$3,162	\$0	\$0	\$0	\$0	\$0	\$0
4	Landscaped Areas	Irrigation System - Retrofit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Throughout Property	Backflow Valves - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Throughout Property	Post Lights - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Adjacent to Pool	Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	76th St & Camelback	Monument Signs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
POOL AREA											
9	Pool Perimeter	Wrought Iron Fence - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	NW Section of Fence	Wrought Iron Fence - Repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Pool Perimeter	Wrought Iron Fence - Repaint	\$2,276	\$0	\$0	\$0	\$0	\$2,638	\$0	\$0	\$0
12	Pool Area	Pool Trellis - Rebuild	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Pool Interior Surface	Pool Surface - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Pool Deck	Pool Deck - Partial Repairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Under Trellis	Chaise Lounges - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$5,176	\$0	\$0
16	Pool Area	Metal Chairs - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Pool Area	Dining Tables - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Pool Area	Umbrellas - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Pool Equip. Room	Pool Heater - Replace (Laars)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Pool Equip. Room	Pool Filter - Replace (Triton II)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Pool Equip. Room	Pool Pump - Replace/Rebuild	\$0	\$0	\$1,916	\$0	\$0	\$0	\$0	\$0	\$0
22	Pool Equip. Room	Restroom Bldg. Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Pool Restrooms	Restrooms - Remodel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNIT BUILDINGS											
23	West & South Walls	Exterior Surfaces - Repaint (One-Time)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	All Unit Buildings	Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0	\$54,438	\$0	\$0	\$0
25	All Unit Buildings	Siding/Fascia - Partial Repairs	\$38,319	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Water Pipes	Plumbing Lines - Partial Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,036
27	Sewer Pipes	Sewer Lines - Partial Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Patio Gates	Patio Gates - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Building C	Balcony Decks - Rebuild	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses			\$40,595	\$0	\$5,078	\$8,293	\$0	\$57,076	\$5,176	\$9,334	\$19,036

Disclosures And Definitions

General:

CRA has no other involvement(s) with the client which could result in actual or perceived conflicts of interest.

Physical Analysis:

Capital Reserve Analysts did conduct a physical inspection.

Completeness:

CRA has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:

Information provided by the official representative of the client regarding financial, physical, quantity, or historical issues will be deemed reliable by CRA.

Scope:

This Reserve Study is a reflection of information provided to CRA and assembled for the client's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Forward Looking Statements:

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters. Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a "one-year" document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected.

Future Updates:

Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections.

It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually. We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association's and its vendors representation of current and historical Reserve projects reliable.

Limited Scope:

Component quantities indicated in this Report were developed by Capital Reserves unless otherwise noted in our "Site Inspection Notes" comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund.

Different

COMPONENT: The individual line items in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

Or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than “Fully Funding.”

FUNDING PLAN: A plan to provide income to a Reserve fund to offset expenditures from that fund.

Funding Principles:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: a long-term capital budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset ongoing deterioration, resulting in sufficient funds when those anticipated major common area expenditures actually occur