RESERVE ANALYSIS REPORT

The Gardens at South Mountain

Phoenix, Arizona

Version 001

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Advanced Reserve Solutions, Inc.
2761 E. Bridgeport Parkway
Gilbert, Arizona 85295
Phone (480) 473-7643
Karl Thompson: kthompson@arsinc.com

The Gardens at South Mountain

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Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

♦ ♦ ♦ ♦ INTRODUCTION TO RESERVE BUDGETING ♦ ♦ ♦ ♦

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

♦ ♦ ♦ ♦ UNDERSTANDING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget
Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded
Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the

reserve analysis was prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections
Indicate the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

Inventory
Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

♦ ♦ ♦ ♦ RESERVE FUNDING GOALS / OBJECTIVES ♦ ♦ ♦ ♦

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding
Describes the goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. The component calculation method or cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes the goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. The cash flow calculation method is typically used to develop a baseline funding plan.

Threshold Funding
Describes the goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. The cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding
Describes the pursuit of an objective as described or required by local laws or codes. The component calculation method or cash flow calculation method is typically used to develop a statutory funding plan.

♦ ♦ ♦ ♦ RESERVE FUNDING CALCULATION METHODS ♦ ♦ ♦ ♦

There are two funding methods which can be used to develop a reserve funding plan based on a reserve funding goal/objective: Component Calculation Method and Cash Flow Calculation Method. These calculation methods are described as follows:

Component Calculation Method
This calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line"

method and is widely believed to be the most conservative reserve funding method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

Step 1: Calculation of fully funded balance for each component

The fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \text{ X Current Cost}$$

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserves are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using an annual contribution increase parameter that is greater than the inflation parameter will reduce the burden to the current membership at the expense of the future membership. Using an annual contribution increase parameter that is less than the inflation parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

Cash Flow Calculation Method

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not necessarily concerned with the ideal level of reserves through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding). Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The **Directed Cash Flow Calculation Method** is our primary calculation method. It allows for several funding strategies to be manually tested until the optimal funding strategy accomplishing three goals is created:

Goal #1: Ensures that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period (typically 30 years)

Goal #2: Uniformly distributes the costs of replacements over time to benefit both current & future members of the association by using consistent, incremental contribution increases

Goal #3: Provides for the lowest reserve funding recommendation as possible over time with the goal of approaching, reaching and/or maintaining a 100% fully funded reserve balance

These very important aspects of the **Directed Cash Flow Calculation Method** will greatly aid the board of directors during the annual budgeting process.

Preface

♦ ♦ ♦ ♦ READING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

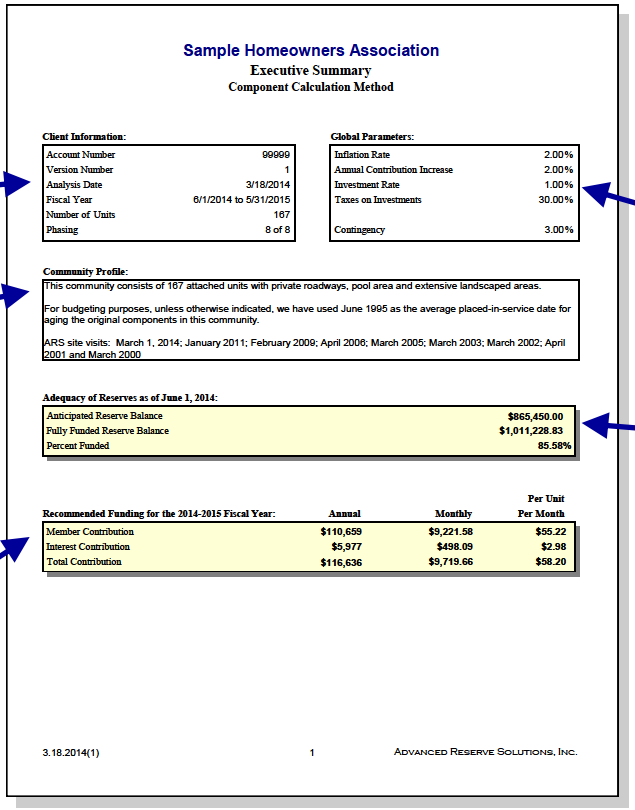
In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides various client information including fiscal year for which the reserve analysis was prepared, number of units, phasing, etc.

Global Parameters
Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.



Sample Homeowners Association
Executive Summary
Component Calculation Method

Client Information:

Account Number	99999
Version Number	1
Analysis Date	3/18/2014
Fiscal Year	6/1/2014 to 5/31/2015
Number of Units	167
Phasing	8 of 8

Global Parameters:

Inflation Rate	2.00%
Annual Contribution Increase	2.00%
Investment Rate	1.00%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile:

This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.

ARS site visits: March 1, 2014; January 2011; February 2009; April 2006; March 2005; March 2003; March 2002; April 2001 and March 2000

Adequacy of Reserves as of June 1, 2014:

Anticipated Reserve Balance	$865,450.00
Fully Funded Reserve Balance	$1,011,228.83
Percent Funded	85.58%

Recommended Funding for the 2014-2015 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	$110,659	$9,221.58	$55.22
Interest Contribution	$5,977	$498.09	$2.98
Total Contribution	$116,636	$9,719.66	$58.20

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Community Profile
Provides brief description of the community, as well as other "global" type comments.

Budget
Provides recommended funding for the fiscal year for which the reserve analysis was prepared. Indicates the reserve funding from the membership, anticipated interest contribution and the total contribution

Adequacy of Reserves
Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, fully funded reserve balance and the percent funded.

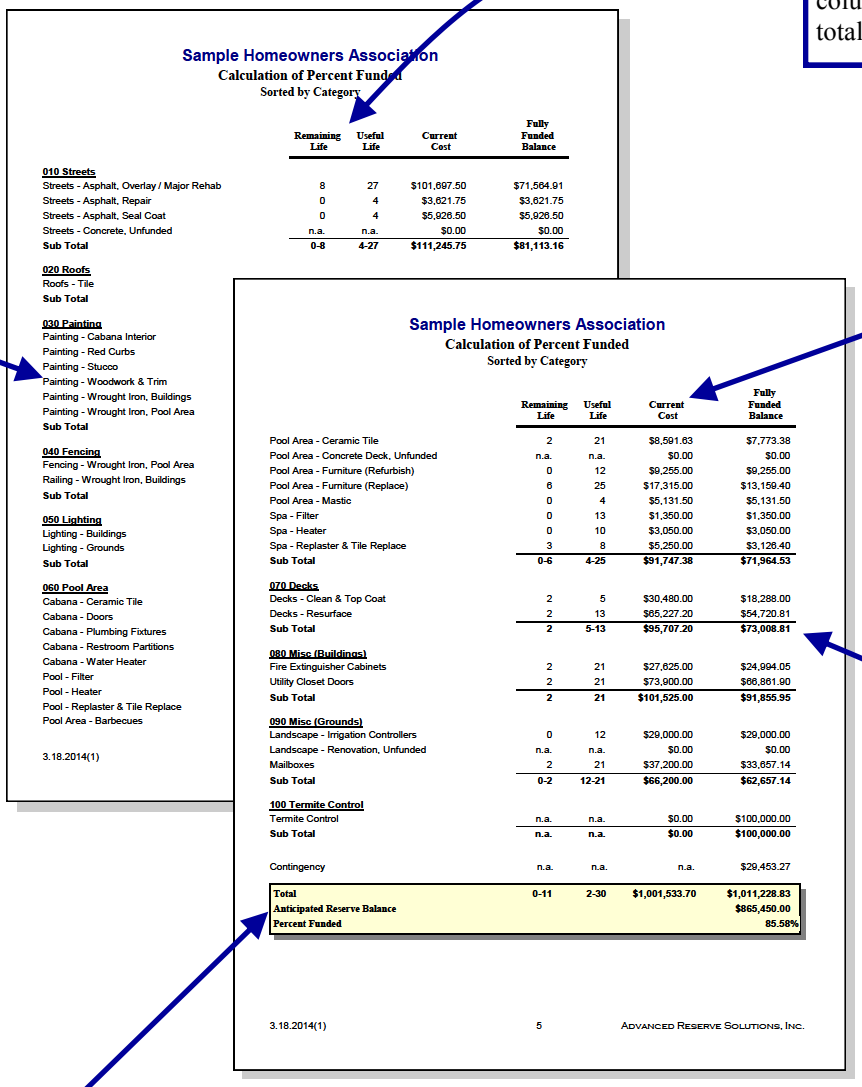
Preface

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides the remaining life, useful life, current cost and the fully funded balance at the beginning of the fiscal year for which the reserve analysis was prepared.

Lifespans
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Reserve Components
All components are displayed (shown here in "category" order).



Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	$101,697.50	$71,564.91
Streets - Asphalt, Repair	0	4	$3,621.75	$3,621.75
Streets - Asphalt, Seal Coat	0	4	$5,926.50	$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	$0.00	$0.00
Sub Total	**0-8**	**4-27**	**$111,245.75**	**$81,113.16**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				

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Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool Area - Ceramic Tile	2	21	$8,591.63	$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	$0.00	$0.00
Pool Area - Furniture (Refurbish)	0	12	$9,255.00	$9,255.00
Pool Area - Furniture (Replace)	6	25	$17,315.00	$13,159.40
Pool Area - Mastic	0	4	$5,131.50	$5,131.50
Spa - Filter	0	13	$1,350.00	$1,350.00
Spa - Heater	0	10	$3,050.00	$3,050.00
Spa - Replaster & Tile Replace	3	8	$5,250.00	$3,126.40
Sub Total	**0-6**	**4-25**	**$91,747.38**	**$71,964.53**
070 Decks				
Decks - Clean & Top Coat	2	5	$30,480.00	$18,288.00
Decks - Resurface	2	13	$65,227.20	$54,720.81
Sub Total	**2**	**5-13**	**$95,707.20**	**$73,008.81**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	2	21	$27,625.00	$24,994.05
Utility Closet Doors	2	21	$73,900.00	$66,861.90
Sub Total	**2**	**21**	**$101,525.00**	**$91,855.95**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	0	12	$29,000.00	$29,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	$0.00	$0.00
Mailboxes	2	21	$37,200.00	$33,657.14
Sub Total	**0-2**	**12-21**	**$66,200.00**	**$62,657.14**
100 Termite Control				
Termite Control	n.a.	n.a.	$0.00	$100,000.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$100,000.00**
Contingency	n.a.	n.a.	n.a.	$29,453.27
Total	**0-11**	**2-30**	**$1,001,533.70**	**$1,011,228.83**
Anticipated Reserve Balance				**$865,450.00**
Percent Funded				**85.58%**

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Current Cost
Displays the current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance
Displays the fully funded balance for each component. This column is conveniently sub totaled.

The total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives and useful lives.

Preface

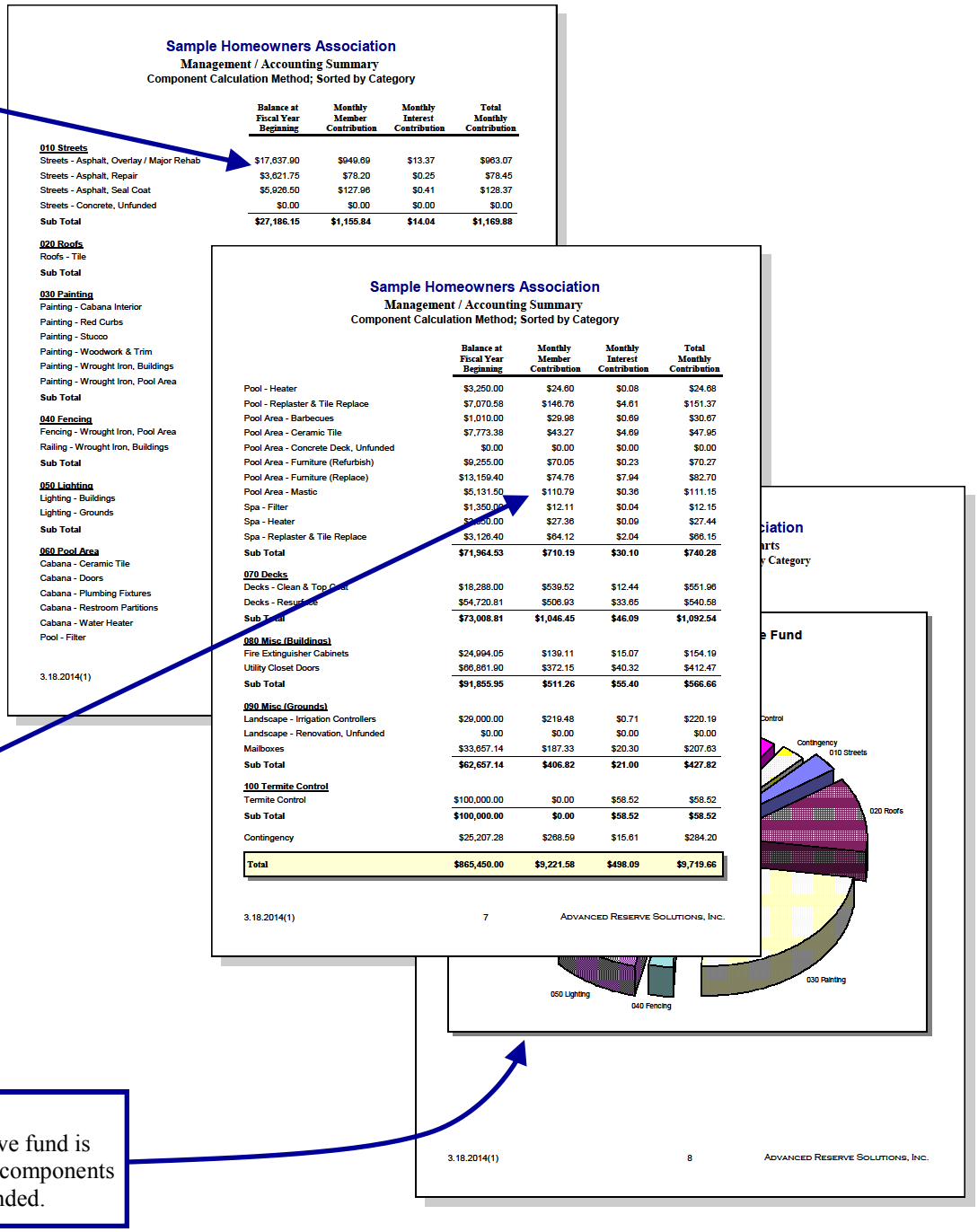
Management / Accounting Summary and Charts

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Balance at FYB
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.



Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	$17,637.90	$949.69	$13.37	$963.07
Streets - Asphalt, Repair	$3,621.75	$78.20	$0.25	$78.45
Streets - Asphalt, Seal Coat	$5,926.50	$127.96	$0.41	$128.37
Streets - Concrete, Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	**$27,186.15**	**$1,155.84**	**$14.04**	**$1,169.88**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				

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Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	$3,250.00	$24.60	$0.08	$24.68
Pool - Replaster & Tile Replace	$7,070.58	$146.76	$4.61	$151.37
Pool Area - Barbecues	$1,010.00	$29.98	$0.69	$30.67
Pool Area - Ceramic Tile	$7,773.38	$43.27	$4.69	$47.95
Pool Area - Concrete Deck, Unfunded	$0.00	$0.00	$0.00	$0.00
Pool Area - Furniture (Refurbish)	$9,255.00	$70.05	$0.23	$70.27
Pool Area - Furniture (Replace)	$13,159.40	$74.76	$7.94	$82.70
Pool Area - Mastic	$5,131.50	$110.79	$0.36	$111.15
Spa - Filter	$1,350.00	$12.11	$0.04	$12.15
Spa - Heater	$3,050.00	$27.36	$0.09	$27.44
Spa - Replaster & Tile Replace	$3,126.40	$64.12	$2.04	$66.15
Sub Total	**$71,964.53**	**$710.19**	**$30.10**	**$740.28**
070 Decks				
Decks - Clean & Top Coat	$18,288.00	$539.52	$12.44	$551.96
Decks - Resurface	$54,720.81	$506.93	$33.65	$540.58
Sub Total	**$73,008.81**	**$1,046.45**	**$46.09**	**$1,092.54**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	$24,994.05	$139.11	$15.07	$154.19
Utility Closet Doors	$66,861.90	$372.15	$40.32	$412.47
Sub Total	**$91,855.95**	**$511.26**	**$55.40**	**$566.66**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	$29,000.00	$219.48	$0.71	$220.19
Landscape - Renovation, Unfunded	$0.00	$0.00	$0.00	$0.00
Mailboxes	$33,657.14	$187.33	$20.30	$207.63
Sub Total	**$62,657.14**	**$406.82**	**$21.00**	**$427.82**
100 Termite Control				
Termite Control	$100,000.00	$0.00	$58.52	$58.52
Sub Total	**$100,000.00**	**$0.00**	**$58.52**	**$58.52**
Contingency	$25,207.28	$268.59	$15.61	$284.20
Total	**$865,450.00**	**$9,221.58**	**$498.09**	**$9,719.66**

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Fund

Control
Contingency
010 Streets
020 Roofs
030 Painting
040 Fencing
050 Lighting

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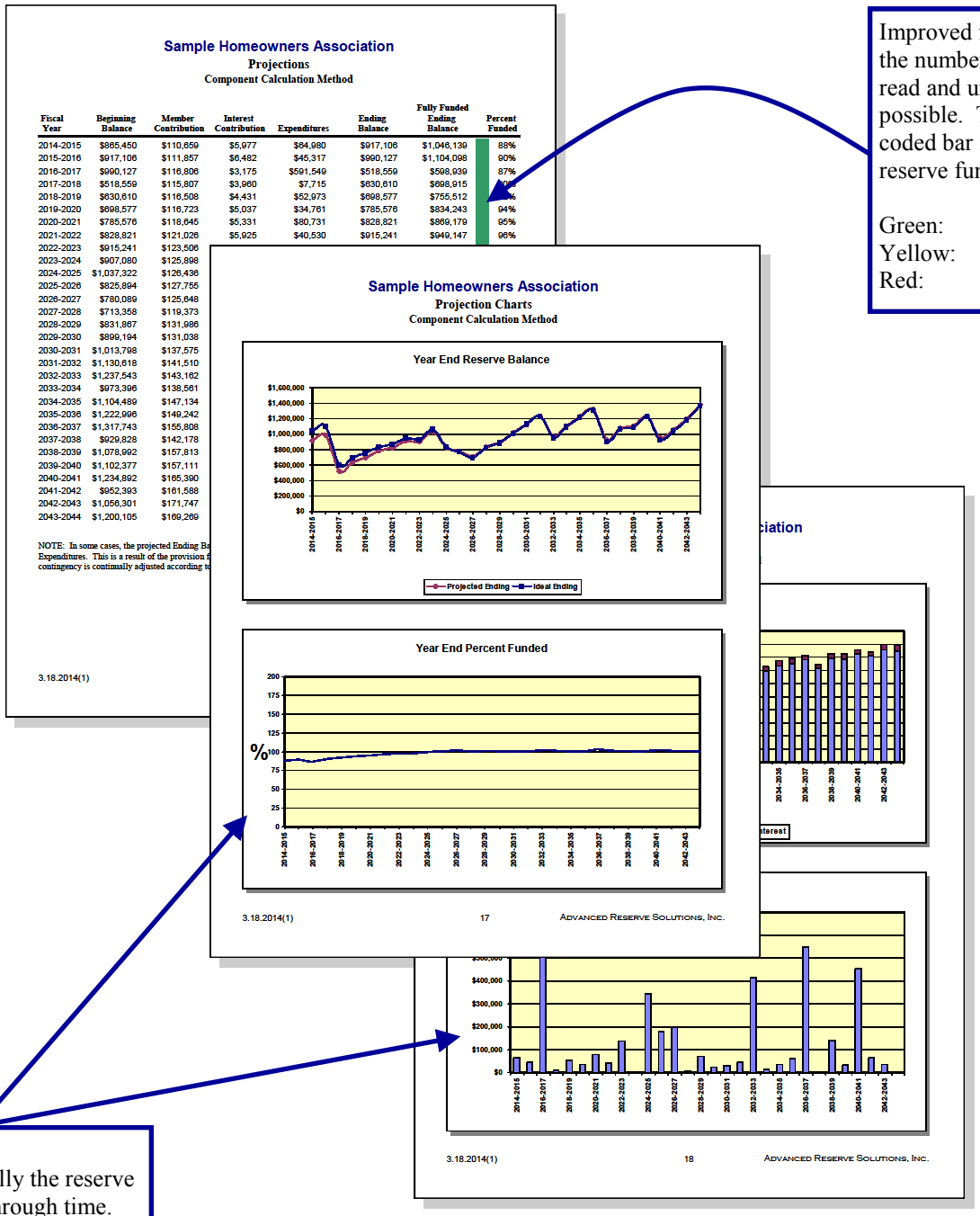
Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the fully funded ending balance and the percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



Improved format makes the numbers as easy to read and understand as possible. The color-coded bar indicates the reserve fund status:

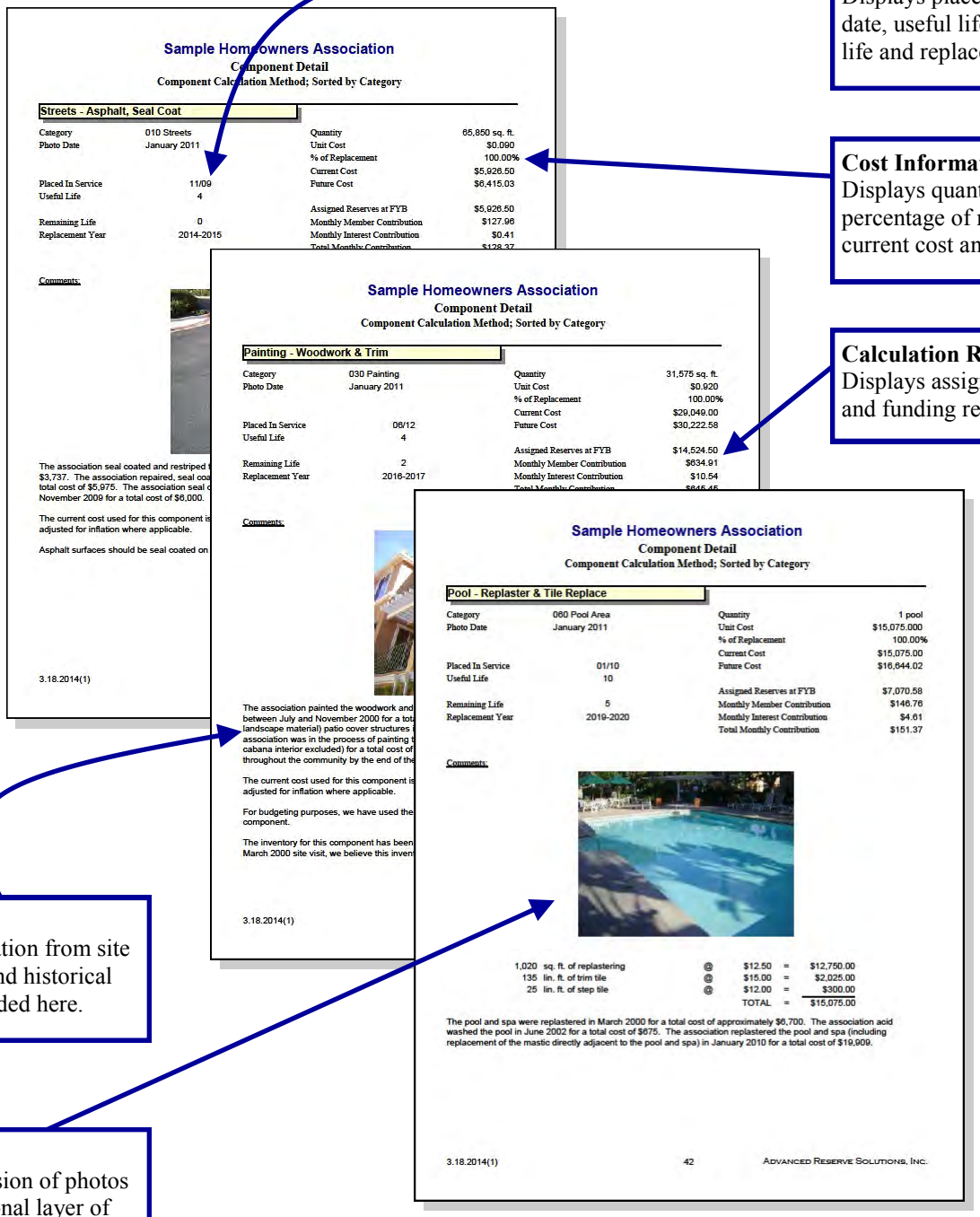
Green: Good
Yellow: Fair
Red: Poor

Charts
Show graphically the reserve funding plan through time.

Preface

Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.



Lifespan Information
Displays placed-in-service date, useful life, remaining life and replacement year.

Cost Information
Displays quantity, unit cost, percentage of replacement, current cost and future cost.

Calculation Results
Displays assigned reserves and funding requirements.

Comments
Useful information from site observations and historical expenses included here.

Photos
Optional inclusion of photos adds an additional layer of detail to the reserve analysis.

Preface

♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Annual Contribution Increase Parameter
The rate used in the calculation of the funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter. See the description of "reserve funding calculation methods" in this preface for more detail on this parameter.

Anticipated Reserve Balance (or Reserve Funds)
The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of reserve components. This figure is "anticipated" because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and "Fixed" Assigned Funds)
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component has been assigned.

The assigned funds are considered "fixed" when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, "fixed" funds of $20,000 can be assigned.

Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Component Calculation Method
Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Contingency Parameter
The rate used as a built-in buffer in the calculation of the funding plan. This rate will assign a percentage of the reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

Current Replacement Cost
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component is expected to cost to replace.

Fiscal Year
Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

Fully Funded Reserve Balance (or Ideal Reserves)
The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost
The amount of money, as of the fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters
The financial parameters used to calculate the reserve analysis. See also "inflation parameter," "annual contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter
The rate used in the calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents the rate the association expects the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution
The amount of money contributed to the reserve fund by the interest earned on the reserve fund and member contributions.

Investment Rate Parameter
The gross rate used in the calculation of interest contribution (interest earned) from the reserve balance and member contributions. This rate (net of the taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their reserve fund investments.

Membership Contribution
The amount of money contributed to the reserve fund by the association's membership.

Monthly Contribution (and "Fixed" Monthly Contribution)
The amount of money, for the fiscal year which the reserve analysis is prepared, that a reserve component will be funded.

The monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

Number of Units (or other assessment basis)
Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for commercial/industrial developments.

One-Time Replacement
Used for components that will be budgeted for only once.

Percent Funded
A measure, expressed as a percentage, of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the anticipated reserve fund balance to the fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

An association that is 100% funded does not have all of the reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement
The percentage of the reserve component that is expected to be replaced.

For most reserve components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

Phasing
Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

Placed-In-Service Date
The date (month and year) that the reserve component was originally put into service or last replaced.

Remaining Life
The length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment
The length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for the current cycle of replacement.

If the current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year
The fiscal year that a reserve component is scheduled to be replaced.

Reserve Components
Line items included in the reserve analysis.

Taxes on Investments Parameter
The rate used to offset the investment rate parameter in the calculation of the interest contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the reserve funds and member contributions.

Total Contribution
The sum of the membership contribution and interest contribution.

Useful Life
The length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

The representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the components.

The Gardens at South Mountain

Executive Summary

Directed Cash Flow Method

Client Information

Account Number	5726
Version Number	001
Analysis Date	7/23/2025
Fiscal Year	1/1/2026 to 12/31/2026
Number of Units	117

Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	3.00%
Investment Rate	4.10%
Taxes on Investments	0.00%
Contingency	0.00%

Community Profile

This community was built in 2005. Refer to the Component Detail section for the dates used to age the components examined in this analysis.

Reserve Balance as of April 30, 2025: $396,904

Remaining 2025 Reserve Contributions: $1,945 ($243.16/month x 8 months)

Remaining 2025 Interest to be Earned (4.10%): $10,876

Remaining 2025 Reserve Expenditures: None Planned or Anticipated

Projected January 1, 2026 Reserve Balance: $409,725

REPORTS: 2025.

Adequacy of Reserves as of January 1, 2026

Anticipated Reserve Balance		**$409,725.00**
Fully Funded Reserve Balance		**$239,227.14**
Percent Funded	0 25 50 75 100	**171.27%**

Funding for the 2026 Fiscal Year	Annual	Monthly	Per Unit Per Month
Member Contribution	**$17,440**	**$1,453.36**	**$12.42**
Interest Contribution	**$17,266**	**$1,438.81**	**$12.30**
Total Contribution	**$34,706**	**$2,892.17**	**$24.72**

The Gardens at South Mountain

Distribution of Current Reserve Funds

Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Grounds: Irrigation Controller (Pool Area)	0	$1,600.00	$3,200.00
Pool: Filter	0	$2,800.00	$4,312.16
Paint: Block Walls & Ramada Columns	2	$8,250.00	$11,000.00
Paint: Wrought Iron (Tract D & Lots)	2	$2,250.00	$3,000.00
Streets: Crack Seal, HA5 Application & Restriping	2	$27,368.42	$40,000.00
Pool Area: Furniture (Replace)	3	$3,510.20	$4,000.00
Pool: Resurface & Retile	3	$14,918.37	$17,000.00
Spa: Resurface & Retile	3	$5,704.08	$6,500.00
Pool Area: Deck Repair & Recoat	4	$2,145.65	$7,050.00
Pool/Spa: Pumps & Motors	5	$3,000.00	$6,000.00
Security: Gate Operators	5	$12,434.78	$22,000.00
Paint: Wrought Iron (Entry/Exit & Pool Area)	7	$401.61	$4,150.00
Spa: Filter	7	$1,466.67	$2,400.00
Spa: Heater	7	$643.75	$5,150.00
Grounds: Granite Replenishment	8	$17,976.00	$38,520.00
Grounds: Mailboxes (Pedestal Sets)	8	$17,780.77	$30,150.00
Grounds: Monument Signs	8	$3,644.07	$5,000.00
Security: Access Phone	8	$2,913.79	$6,500.00
Walls: Block (Repair/Replace)	8	$13,774.58	$18,900.00
Pool Area: Shade Fabric (Replace)	9	$1,878.61	$5,000.00
Streets: Patch/Repair/Replace	9	$12,775.82	$18,123.84
Pool Area: Deck Resurface	10	$6,788.89	$15,275.00
Grounds: Irrigation Controller (Lot 99)	11	$301.72	$1,250.00
Fencing/Gates: Wrought Iron, Replace (Pool Area)	13	$20,253.62	$32,500.00
Grounds: Benches	13	$1,575.00	$4,500.00
Lighting: Bollards (Walkways)	13	$3,360.00	$9,600.00
Streets: Slurry Seal	16	$28,863.89	$50,344.00
Fencing/Gates: Wrought Iron, Replace (Entry/Exit Area)	18	$13,607.59	$25,000.00
Fencing/Gates: Wrought Iron, Replace (Perimeter - Tract D)	18	$5,443.04	$10,000.00
Fencing: Wrought Iron Fence Panels, Replace (Lots)	18	$1,796.20	$3,300.00
Fencing: Steel Split Rail (Unfunded)	n.a.	$0.00	$0.00
Grounds: Concrete Components (Unfunded)	n.a.	$0.00	$0.00
Grounds: Concrete Pavers (Unfunded)	n.a.	$0.00	$0.00
Grounds: Drywell & Headwall Maintenance (Unfunded)	n.a.	$0.00	$0.00

The Gardens at South Mountain

Distribution of Current Reserve Funds

Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Grounds: Irrigation System Replacement (Unfunded)	n.a.	$0.00	$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	$0.00	$0.00
Lighting: Ground Fixtures (Unfunded)	n.a.	$0.00	$0.00
Contingency	n.a.	$0.00	$0.00
Total	**0-18**	**$239,227.14**	**$409,725.00**
Percent Funded			**171.27%**

The Gardens at South Mountain

Projections

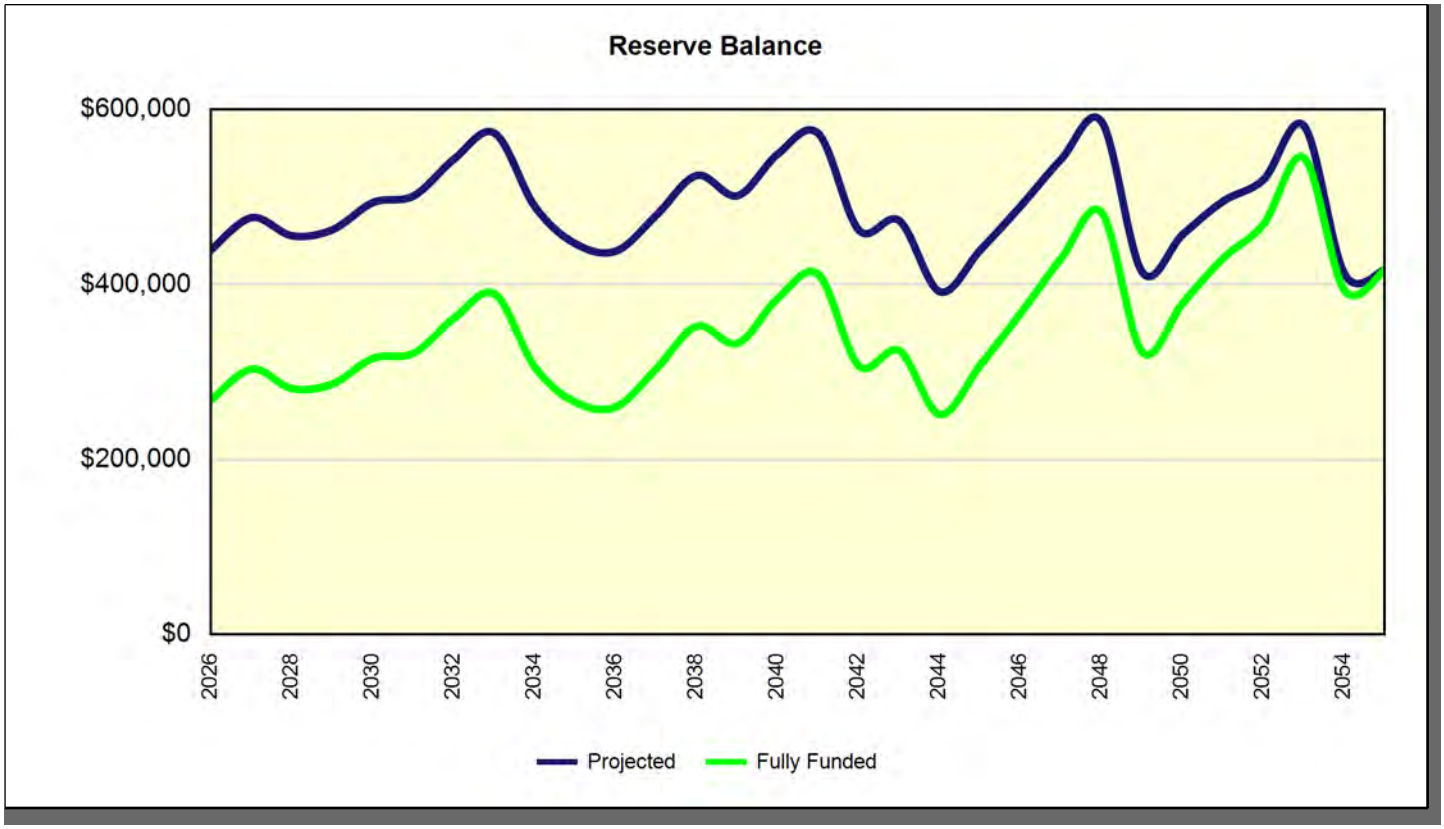
Directed Cash Flow Method

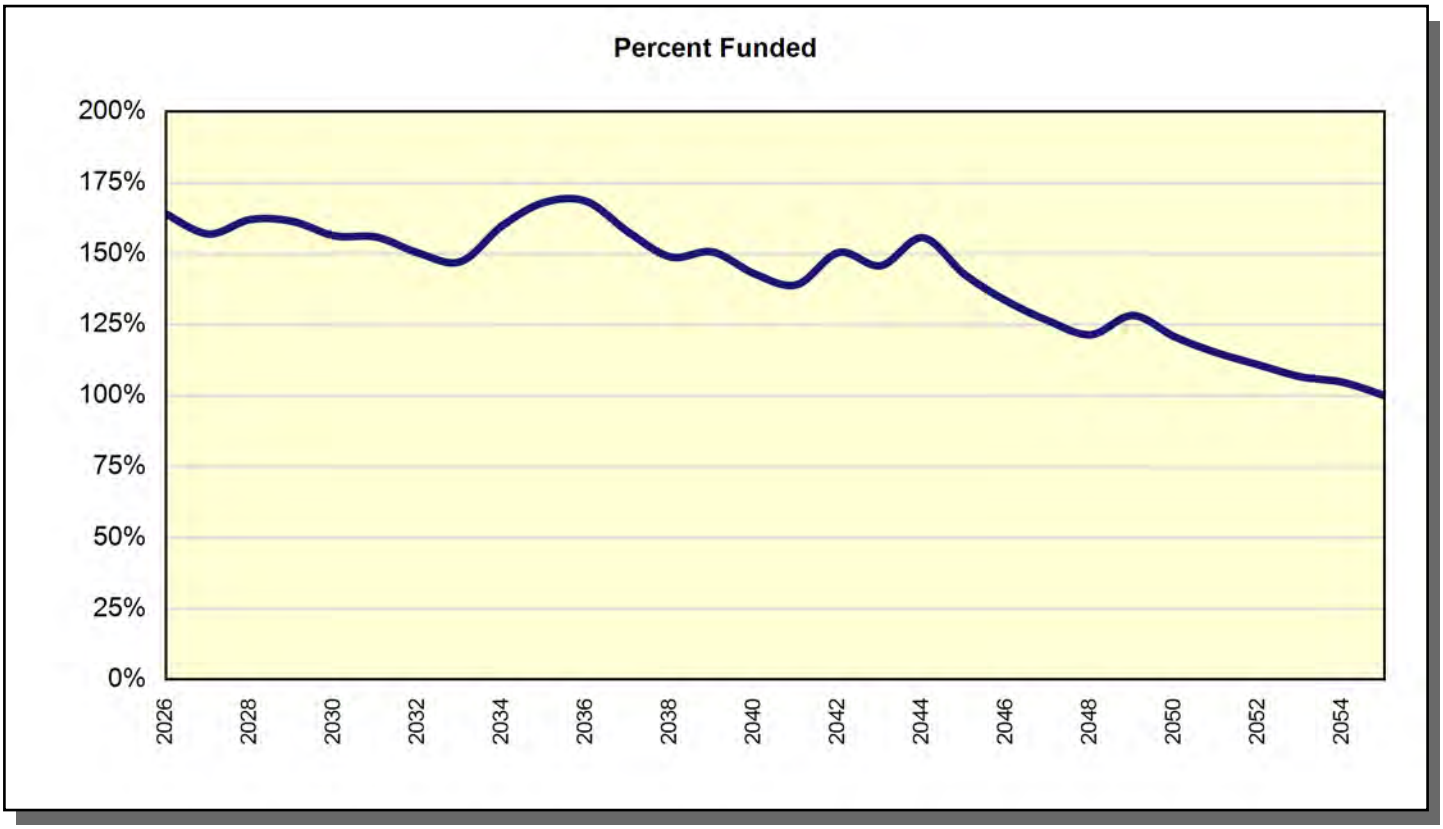
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2026	$409,725	$17,440	$17,266	$4,400	$440,031	$268,353	164%
2027	$440,031	$17,964	$18,726	$0	$476,720	$303,679	157%
2028	$476,720	$18,502	$17,875	$57,289	$455,809	$281,219	162%
2029	$455,809	$19,057	$18,150	$30,050	$462,967	$286,758	161%
2030	$462,967	$19,629	$19,384	$7,935	$494,045	$316,025	156%
2031	$494,045	$20,218	$19,669	$32,460	$501,473	$321,678	156%
2032	$501,473	$20,825	$21,347	$0	$543,644	$361,823	150%
2033	$543,644	$21,449	$22,520	$14,390	$573,224	$389,245	147%
2034	$573,224	$22,093	$19,126	$125,499	$488,943	$305,545	160%
2035	$488,943	$22,756	$17,419	$82,362	$446,756	$265,705	168%
2036	$446,756	$23,438	$17,071	$48,818	$438,447	$260,295	168%
2037	$438,447	$24,141	$18,705	$1,730	$479,563	$304,325	158%
2038	$479,563	$24,866	$20,508	$0	$524,937	$352,599	149%
2039	$524,937	$25,612	$19,559	$68,434	$501,674	$332,988	151%
2040	$501,674	$26,380	$21,461	$0	$549,515	$384,485	143%
2041	$549,515	$27,171	$22,375	$26,330	$572,732	$411,652	139%
2042	$572,732	$27,987	$17,931	$156,289	$462,360	$307,217	150%
2043	$462,360	$28,826	$18,346	$36,363	$473,170	$324,499	146%
2044	$473,170	$29,691	$15,070	$125,980	$391,950	$251,772	156%
2045	$391,950	$30,582	$16,957	$0	$439,489	$308,041	143%
2046	$439,489	$31,499	$18,960	$0	$489,948	$367,460	133%
2047	$489,948	$32,444	$21,086	$0	$543,479	$430,167	126%
2048	$543,479	$33,417	$22,777	$13,509	$586,164	$482,392	122%
2049	$586,164	$34,420	$15,872	$221,918	$414,539	$323,119	128%
2050	$414,539	$35,453	$17,568	$10,164	$457,396	$378,819	121%
2051	$457,396	$36,516	$19,069	$17,588	$495,393	$430,238	115%
2052	$495,393	$37,612	$20,038	$32,888	$520,155	$469,185	111%
2053	$520,155	$38,740	$22,468	$0	$581,363	$544,973	107%
2054	$581,363	$39,902	$15,663	$224,617	$412,311	$393,530	105%
2055	$412,311	$41,099	$15,841	$51,844	$417,407	$417,407	100%

The Gardens at South Mountain

Projection Charts

Directed Cash Flow Method

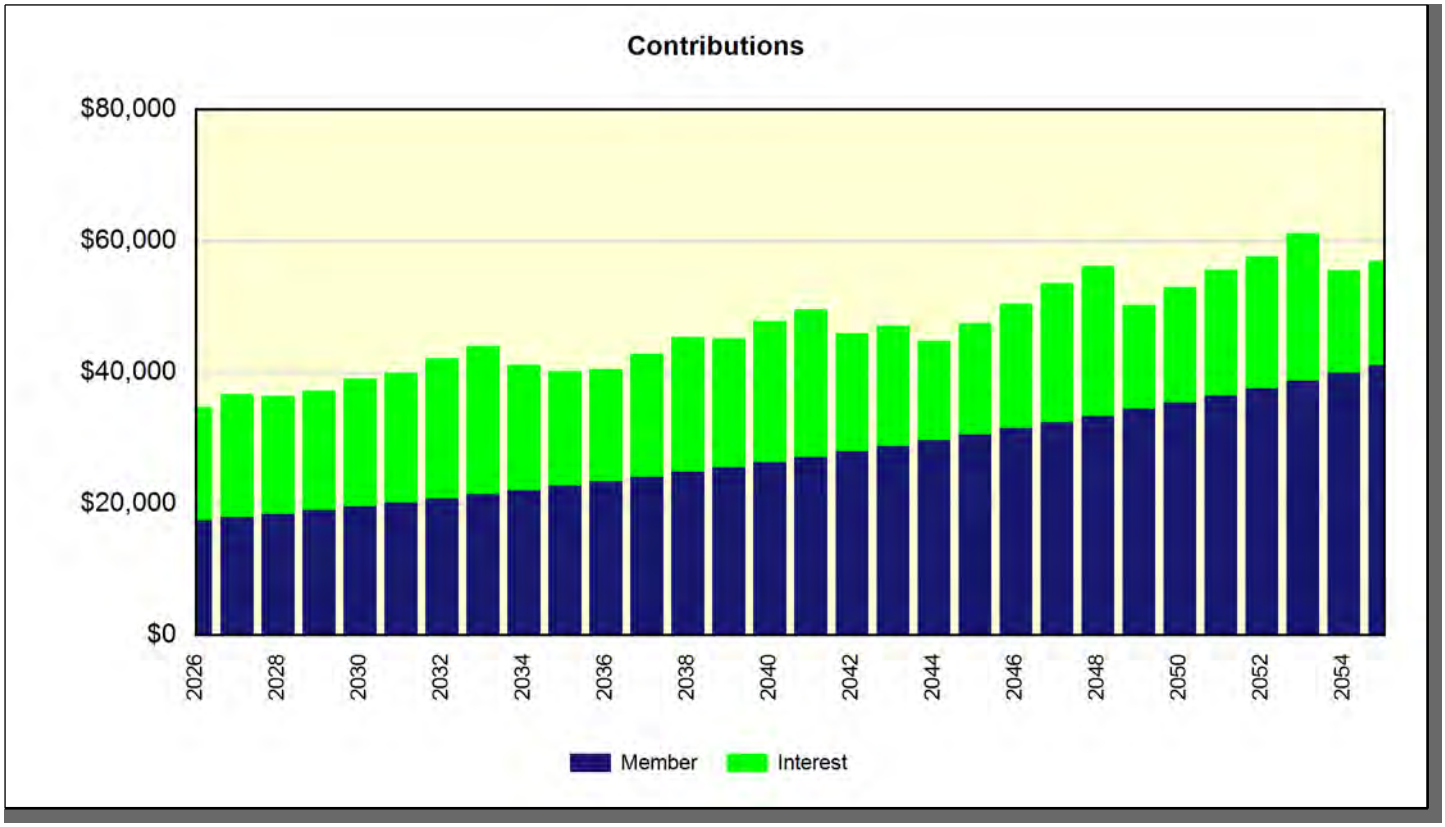


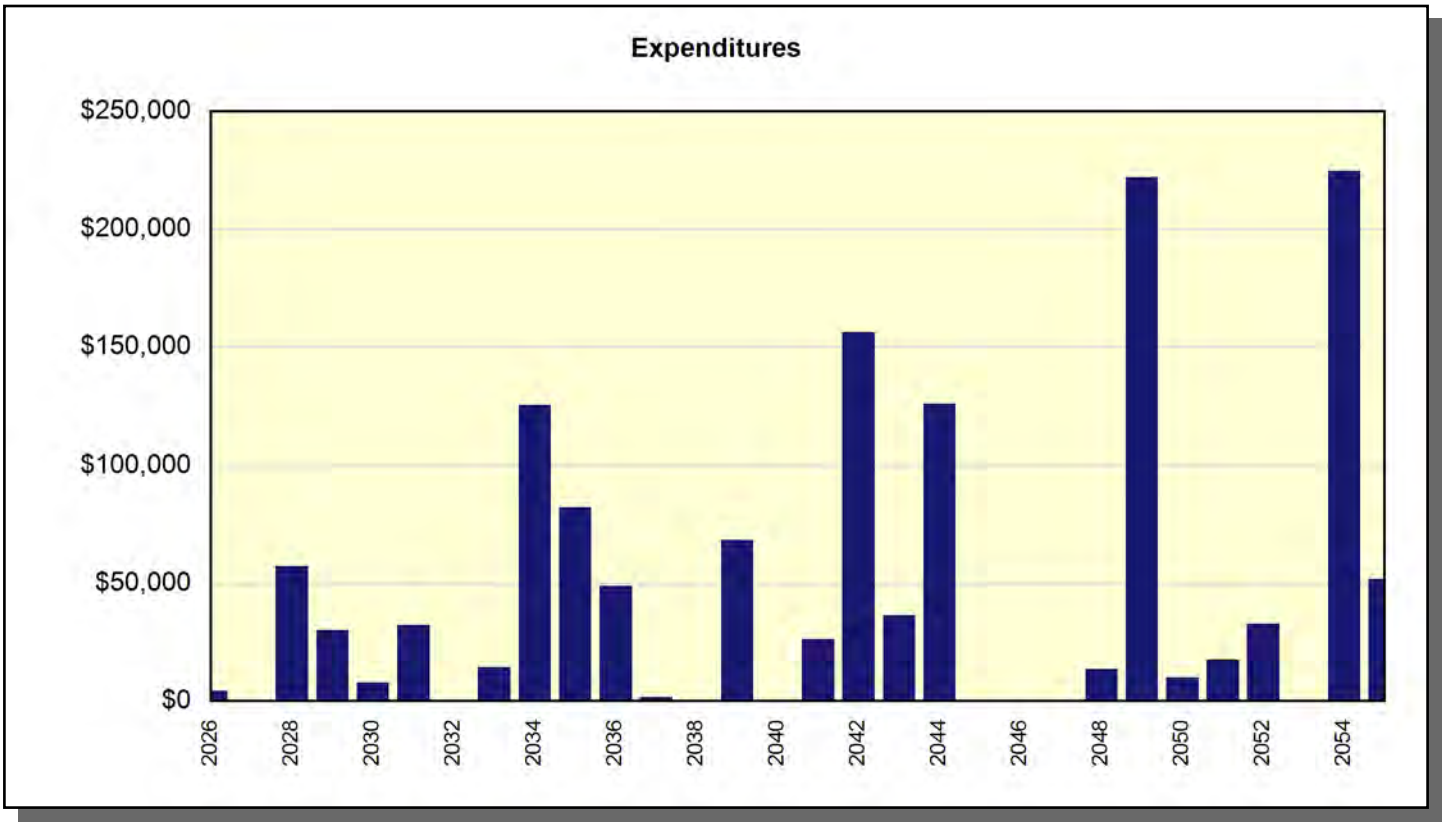


The Gardens at South Mountain

Projection Charts

Directed Cash Flow Method





The Gardens at South Mountain
Annual Expenditures
Sorted by Alphabetical

2026 Fiscal Year	
Grounds: Irrigation Controller (Pool Area)	$1,600.00
Pool: Filter	$2,800.00
Sub Total	**$4,400.00**
2028 Fiscal Year	
Paint: Block Walls & Ramada Columns	$11,669.90
Paint: Wrought Iron (Tract D & Lots)	$3,182.70
Streets: Crack Seal, HA5 Application & Restriping	$42,436.00
Sub Total	**$57,288.60**
2029 Fiscal Year	
Pool Area: Furniture (Replace)	$4,370.91
Pool: Resurface & Retile	$18,576.36
Spa: Resurface & Retile	$7,102.73
Sub Total	**$30,049.99**
2030 Fiscal Year	
Pool Area: Deck Repair & Recoat	$7,934.84
Sub Total	**$7,934.84**
2031 Fiscal Year	
Pool/Spa: Pumps & Motors	$6,955.64
Security: Gate Operators	$25,504.03
Sub Total	**$32,459.67**
2033 Fiscal Year	
Paint: Wrought Iron (Entry/Exit & Pool Area)	$5,103.98
Spa: Filter	$2,951.70
Spa: Heater	$6,333.85
Sub Total	**$14,389.52**
2034 Fiscal Year	
Grounds: Granite Replenishment	$48,795.98
Grounds: Mailboxes (Pedestal Sets)	$38,193.12
Grounds: Monument Signs	$6,333.85
Security: Access Phone	$8,234.01
Walls: Block (Repair/Replace)	$23,941.95
Sub Total	**$125,498.91**
2035 Fiscal Year	
Pool Area: Shade Fabric (Replace)	$6,523.87

Streets: Crack Seal, HA5 Application & Restriping	$52,190.93
Streets: Patch/Repair/Replace	$23,647.50
Sub Total	**$82,362.29**

2036 Fiscal Year

Paint: Block Walls & Ramada Columns	$14,783.08
Paint: Wrought Iron (Tract D & Lots)	$4,031.75
Pool Area: Deck Repair & Recoat	$9,474.61
Pool Area: Deck Resurface	$20,528.32
Sub Total	**$48,817.76**

2037 Fiscal Year

Grounds: Irrigation Controller (Lot 99)	$1,730.29
Sub Total	**$1,730.29**

2039 Fiscal Year

Fencing/Gates: Wrought Iron, Replace (Pool Area)	$47,727.35
Grounds: Benches	$6,608.40
Lighting: Bollards (Walkways)	$14,097.92
Sub Total	**$68,433.67**

2041 Fiscal Year

Grounds: Irrigation Controller (Pool Area)	$2,492.75
Paint: Wrought Iron (Entry/Exit & Pool Area)	$6,465.56
Pool/Spa: Pumps & Motors	$9,347.80
Spa: Heater	$8,023.53
Sub Total	**$26,329.65**

2042 Fiscal Year

Pool Area: Deck Repair & Recoat	$11,313.18
Streets: Crack Seal, HA5 Application & Restriping	$64,188.26
Streets: Slurry Seal	$80,787.34
Sub Total	**$156,288.78**

2043 Fiscal Year

Security: Gate Operators	$36,362.65
Sub Total	**$36,362.65**

2044 Fiscal Year

Fencing/Gates: Wrought Iron, Replace (Entry/Exit Area)	$42,560.83
Fencing/Gates: Wrought Iron, Replace (Perimeter - Tract D)	$17,024.33
Fencing: Wrought Iron Fence Panels, Replace (Lots)	$5,618.03

Paint: Block Walls & Ramada Columns	$18,726.76
Paint: Wrought Iron (Tract D & Lots)	$5,107.30
Pool: Filter	$4,766.81
Walls: Block (Repair/Replace)	$32,175.98
Sub Total	**$125,980.05**

2048 Fiscal Year

Pool Area: Deck Repair & Recoat	$13,508.53
Sub Total	**$13,508.53**

2049 Fiscal Year

Grounds: Granite Replenishment	$76,022.55
Paint: Wrought Iron (Entry/Exit & Pool Area)	$8,190.38
Security: Access Phone	$12,828.31
Spa: Heater	$10,163.97
Streets: Crack Seal, HA5 Application & Restriping	$78,943.46
Streets: Patch/Repair/Replace	$35,768.97
Sub Total	**$221,917.65**

2050 Fiscal Year

Pool Area: Shade Fabric (Replace)	$10,163.97
Sub Total	**$10,163.97**

2051 Fiscal Year

Pool/Spa: Pumps & Motors	$12,562.67
Spa: Filter	$5,025.07
Sub Total	**$17,587.73**

2052 Fiscal Year

Grounds: Irrigation Controller (Lot 99)	$2,695.74
Paint: Block Walls & Ramada Columns	$23,722.50
Paint: Wrought Iron (Tract D & Lots)	$6,469.77
Sub Total	**$32,888.02**

2054 Fiscal Year

Fencing: Wrought Iron Fence Panels, Replace (Lots)	$7,550.16
Grounds: Mailboxes (Pedestal Sets)	$68,981.02
Pool Area: Deck Repair & Recoat	$16,129.89
Pool Area: Deck Resurface	$34,948.10
Pool: Resurface & Retile	$38,894.77
Spa: Resurface & Retile	$14,871.53
Walls: Block (Repair/Replace)	$43,241.83

The Gardens at South Mountain
Annual Expenditures
Sorted by Alphabetical

Sub Total	**$224,617.30**

2055 Fiscal Year

Security: Gate Operators	$51,844.44
Sub Total	**$51,844.44**

Streets: Crack Seal, HA5 Application & Restriping

Category	010 Streets	Quantity	1 total
		Unit Cost	$40,000.00
		% of Replacement	100.00%
		Current Cost	$40,000.00
Placed In Service	09/2021	Future Cost	$42,436.00
Useful Life	7		
		Assigned Reserves at FYB	$40,000.00
Remaining Life	2	Monthly Member Contribution	$0.00
Replacement Year	2028	Monthly Interest Contribution	$143.05
		Total Monthly Contribution	$143.05

$27,969.11 was spent in August/September 2021 to crack seal, apply HA5 (High Density Mineral Bond) & restripe the community asphalt by Holbrook Asphalt. This component budgets to crack seal, apply HA5 & restripe the community asphalt on a seven (7) year cycle. Should the client wish to incorporate more frequent crack sealing applications, we will do so in a revision or future update of this report.

Streets: Patch/Repair/Replace

Category	010 Streets	Quantity	100,688 sq. ft.
		Unit Cost	$6.00
		% of Replacement	3.00%
		Current Cost	$18,123.84
Placed In Service	07/2004	Future Cost	$23,647.50
Useful Life	14		
Adjustment	+17	Assigned Reserves at FYB	$18,123.84
Remaining Life	9	Monthly Member Contribution	$0.00
Replacement Year	2035	Monthly Interest Contribution	$64.82
		Total Monthly Contribution	$64.82

The application of the "HA5" High Density Mineral Bond advanced performance pavement preservation treatment in 2021, and then on a seven (7) year cycle, will have a significant impact on the longevity of the asphalt due to its ability to preserve the existing asphalt binder, and to limit oxidative damage from moisture & UV rays. Therefore, there is no need to budget for the complete rehabilitation of the asphalt (removal & replacement) in the foreseeable future. Instead, this component includes a provision to patch/repair/replace a small percentage of the asphalt at around the 30 year mark, and then on a continuous 14 year cycle (adjustments to this cycle can be made at the time of an update of this report based on the future condition of the asphalt).

The patching/repairs/replacements could be needed in areas with accelerated pavement deterioration due to:

- water ponding (settled areas)
- constant exposure to water due to sprinkler overspray or drip system runoff (excessive watering)
- high friction areas (intersections, roundabouts, steep hills, etc.)

The Gardens at South Mountain

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Streets: Slurry Seal

Category	010 Streets	Quantity	100,688 sq. ft.
		Unit Cost	$0.50
		% of Replacement	100.00%
		Current Cost	$50,344.00
Placed In Service	07/2004	Future Cost	$80,787.34
Useful Life	35		
Adjustment	+3	Assigned Reserves at FYB	$50,344.00
Remaining Life	16	Monthly Member Contribution	$0.00
Replacement Year	2042	Monthly Interest Contribution	$180.04
		Total Monthly Contribution	$180.04

This component budgets to slurry seal the community asphalt in conjunction with every 5tth HA5 application cycle, beginning in 2042. The slurry seal will add a new wearing surface that will create durability and protection against weather.

The Gardens at South Mountain

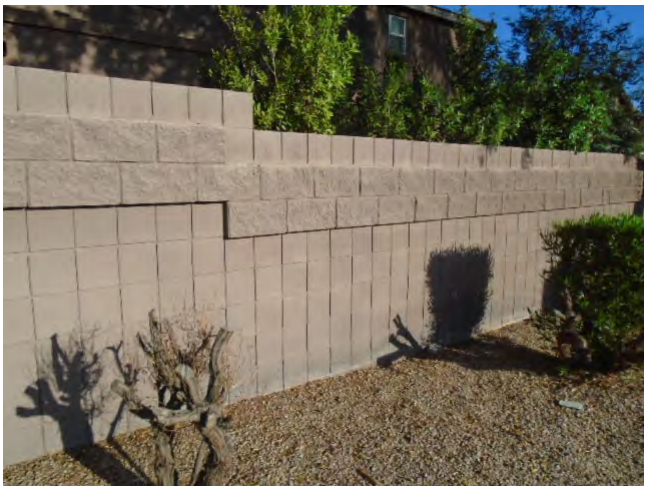
Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Paint: Block Walls & Ramada Columns

Category	030 Painting
Placed In Service	01/2020
Useful Life	8
Remaining Life	2
Replacement Year	2028

Quantity	1 total
Unit Cost	$11,000.00
% of Replacement	100.00%
Current Cost	$11,000.00
Future Cost	$11,669.90
Assigned Reserves at FYB	$11,000.00
Monthly Member Contribution	$0.00
Monthly Interest Contribution	$39.34
Total Monthly Contribution	$39.34



This component budgets to repaint the following components. No historical painting information was provided by the client. Therefore, we have based the paint schedule on the overall appearance/condition of these components at the time of the 2025 site inspection.

13,500 - sq. ft. of painted block walls facing perimeter & interior common area tracts
4 - stucco ramada columns at the pool area

The Gardens at South Mountain

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Paint: Wrought Iron (Entry/Exit & Pool Area)

Category	030 Painting	Quantity	1 total
		Unit Cost	$4,150.00
		% of Replacement	100.00%
		Current Cost	$4,150.00
Placed In Service	04/2025	Future Cost	$5,103.98
Useful Life	8		
		Assigned Reserves at FYB	$4,150.00
Remaining Life	7	Monthly Member Contribution	$0.00
Replacement Year	2033	Monthly Interest Contribution	$14.84
		Total Monthly Contribution	$14.84

The wrought iron fencing & gates at the community entrance/exit area & pool area, plus the decorative metal at the entry/exit area, was repainted in March/April 2025 by DR Paint at a cost of $4,000 (7 year warranty). We are budgeting to repaint these metal components on a eight (8) year cycle.

Paint: Wrought Iron (Tract D & Lots)

Category	030 Painting	Quantity	1 total
		Unit Cost	$3,000.00
		% of Replacement	100.00%
		Current Cost	$3,000.00
Placed In Service	01/2020	Future Cost	$3,182.70
Useful Life	8		
		Assigned Reserves at FYB	$3,000.00
Remaining Life	2	Monthly Member Contribution	$0.00
Replacement Year	2028	Monthly Interest Contribution	$10.73
		Total Monthly Contribution	$10.73

This component budgets to repaint the following wrought iron components in 2028, and then on an eight (8) year cycle:

- perimeter wrought iron fencing & gate at Tract D between Lots 50 & 52 (537 sq. ft.)
- view fence panels @ the following lots (2,216 sq. ft. - Lots 50, 52, 53, 54, 57, 58, 59, 80, 94, 95, 96, 97, 99, 116, 117)

NOTE: The cost to maintain the view fence panels is to be shared on a 50% - 50% basis between the Association and

the individual lot owners, and is reflected in the cost used for this component. See pages 14 & 15, Section 4.24 of the CCR's for an explanation of the maintenance responsibilities.

Fencing: Steel Split Rail (Unfunded)

Category	040	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/2004	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

We are not budgeting to replace the three sections of steel split rail fencing in Tracts C & D because it has an indefinite life. Repairs & painting should be handled on an “as needed” basis using operating funds.

Fencing/Gates: Wrought Iron, Replace (Entry/Exit Area)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$25,000.00
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	07/2004	Future Cost	$42,560.83
Useful Life	40		
		Assigned Reserves at FYB	$25,000.00
Remaining Life	18	Monthly Member Contribution	$0.00
Replacement Year	2044	Monthly Interest Contribution	$89.41
		Total Monthly Contribution	$89.41

This component includes a provision to replace the following wrought iron components at the community entrance/exit area:

30 - lin. ft of 5'2" fencing
1 - 5'2" x 4'0" pedestrian gate
2 - 7'2" x 9'7" vehicle gates
2 - 7'2" x 9'8" vehicle gates

Fencing/Gates: Wrought Iron, Replace (Perimeter - Tract D)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$10,000.00
		% of Replacement	100.00%
		Current Cost	$10,000.00
Placed In Service	07/2004	Future Cost	$17,024.33
Useful Life	40		
		Assigned Reserves at FYB	$10,000.00
Remaining Life	18	Monthly Member Contribution	$0.00
Replacement Year	2044	Monthly Interest Contribution	$35.76
		Total Monthly Contribution	$35.76

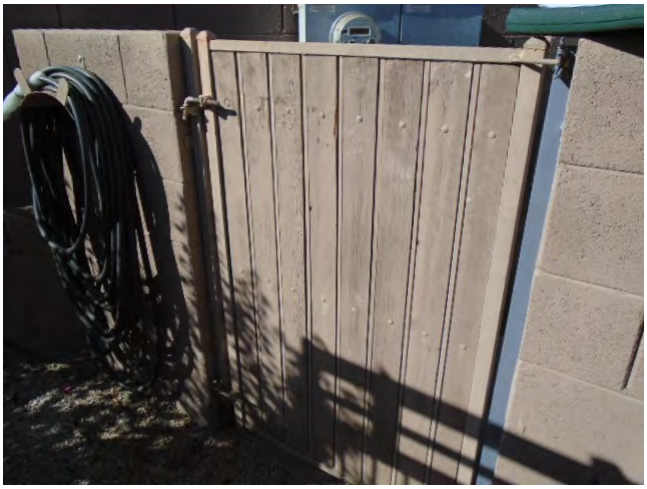
This component includes a provision to replace the following wrought iron components along the perimeter at Tract D (between Lots 50 & 52):

70 - lin. ft. of 7'3" fencing
1 - 7'3" x 4'0" pedestrian gate

Fencing/Gates: Wrought Iron, Replace (Pool Area)

Category	040 Fencing/Walls
Placed In Service	07/2004
Useful Life	35
Remaining Life	13
Replacement Year	2039

Quantity	1 total
Unit Cost	$32,500.00
% of Replacement	100.00%
Current Cost	$32,500.00
Future Cost	$47,727.35
Assigned Reserves at FYB	$32,500.00
Monthly Member Contribution	$0.00
Monthly Interest Contribution	$116.23
Total Monthly Contribution	$116.23



This component includes a provision to replace the following wrought iron components at the pool area:

90 - lin. ft. of 5'3" fencing
174 - lin. ft. of 7'3" fencing
1 - 4'6" x 2'11" gate (equipment enclosure)
1 - 5'3" x 4'0" gate
1 - 7'3" x 3'11" gate

Fencing: Wrought Iron Fence Panels, Replace (Lots)

Category	040 Fencing/Walls
Placed In Service	07/2004
Useful Life	10
Adjustment	+30
Remaining Life	18
Replacement Year	2044

Quantity	1 total
Unit Cost	$33,000.00
% of Replacement	10.00%
Current Cost	$3,300.00
Future Cost	$5,618.03
Assigned Reserves at FYB	$3,300.00
Monthly Member Contribution	$0.00
Monthly Interest Contribution	$11.80
Total Monthly Contribution	$11.80

See below for the inventory of wrought iron view fencing located on boundary lines between lots & common area throughout the community. This view fencing consists of individual fence panels of various lengths located between two block columns. None of this fencing is hit by sprinkler water from the common area side. As long as this fencing is regularly repainted, and isn't hit by sprinkler water from the homeowner/lot side, it should last a very long time. Therefore, this component will accumulate funds for 40 years, and then on a 10 year cycle, for the replacement of 20% of this fencing at a time. However, the accumulated funds should be used on an "as needed" basis for replacement prior to 2044, if necessary. The budgeting methodology for this component should be adjusted over time as conditions/experience

dictate.

NOTE: The cost to maintain this fencing is to be shared on a 50% - 50% basis between the Association and the individual lot owners. See pages 14 & 15, Section 4.24 of the CCR's for an explanation of the maintenance responsibilities. Given the shared responsibility, we have adjusted the replacement percentage for this component to 10% (half of 20%).

91 - lin. ft. of 1'2" fencing (@ Lots 116 & 117)
668 - lin. ft. of 3'2" fencing (@ Lots 50, 52, 53, 54, 57, 58, 59, 80, 94, 95, 96, 97 & 99)

The 1'2" fencing along the north perimeter at Lots 62, 63, 64, 67, 68, 69, 72, 73, 74 & 75 is not included because this fencing does not face common area. This fencing is 100% the responsibility of the individual lot owners.

Walls: Block (Repair/Replace)

Category	040 Fencing/Walls	Quantity	13,500 sq. ft.
		Unit Cost	$35.00
		% of Replacement	4.00%
		Current Cost	$18,900.00
Placed In Service	07/2004	Future Cost	$23,941.95
Useful Life	10		
Adjustment	+20	Assigned Reserves at FYB	$18,900.00
Remaining Life	8	Monthly Member Contribution	$0.00
Replacement Year	2034	Monthly Interest Contribution	$67.59
		Total Monthly Contribution	$67.59

This component will accumulate funds for 30 years, and then on a continuous 10 year cycle, for the major repair/replacement of a percentage of the common area facing block walls. The accumulated funds should be used “as needed”, and the percentage budgeted for repair/replacement should be adjusted over time as conditions dictate.

Lighting: Bollards (Walkways)

Category	050 Lighting	Quantity	16 bollards
		Unit Cost	$600.00
		% of Replacement	100.00%
		Current Cost	$9,600.00
Placed In Service	01/2019	Future Cost	$14,097.92
Useful Life	20		
		Assigned Reserves at FYB	$9,600.00
Remaining Life	13	Monthly Member Contribution	$0.00
Replacement Year	2039	Monthly Interest Contribution	$34.33
		Total Monthly Contribution	$34.33

This component budgets to replace the 2'8" metal bollard light fixtures at Tracts C, D & E. We have estimated that they were installed in 2019.

Lighting: Ground Fixtures (Unfunded)

Category	050 Lighting	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/2004	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

We are not budgeting to replace any ground level landscape, monument or pathway lighting systems. Individual light fixtures are most often replaced as needed using operating funds due to frequent damage by pedestrians, landscape personnel, and/or weather conditions. Should complete replacement of the lighting system(s) be required, expert evaluation will be necessary to provide replacement cost information.

Pool Area: Deck Repair & Recoat

Category	060 Pool/Spa	Quantity	2,350 sq. ft.
		Unit Cost	$3.00
		% of Replacement	100.00%
		Current Cost	$7,050.00
Placed In Service	04/2024	Future Cost	$7,934.84
Useful Life	6		
		Assigned Reserves at FYB	$7,050.00
Remaining Life	4	Monthly Member Contribution	$0.00
Replacement Year	2030	Monthly Interest Contribution	$25.21
		Total Monthly Contribution	$25.21

The pool deck was repaired & recoated in mid-2024 by AZ Spruce Up at a cost of $6,487.21. This component budgets to repair & recoat (repaint) the pool deck on a six (6) year cycle.

NOTE: In the year that the recoat & resurface projects coincide, the funds available from this component are to be combined with the funds from the resurface component in order to fully fund the resurfacing project.

Pool Area: Deck Resurface

Category	060 Pool/Spa	Quantity	2,350 sq. ft.
		Unit Cost	$6.50
		% of Replacement	100.00%
		Current Cost	$15,275.00
Placed In Service	01/2018	Future Cost	$20,528.32
Useful Life	18		
		Assigned Reserves at FYB	$15,275.00
Remaining Life	10	Monthly Member Contribution	$0.00
Replacement Year	2036	Monthly Interest Contribution	$54.63
		Total Monthly Contribution	$54.63

This component budgets to scarify & resurface the acrylic pool deck surface. The coating/coloring of the deck following the resurfacing is accounted for in the “Pool Area: Deck Recoat” component. Based on the current appearance/condition of the deck at the time of the 2025 site inspection, we have used 2018 as the placed in service date for this component.

NOTE: In the year that the recoat & resurface projects coincide, the funds available from this component are to be combined with the funds from the resurface component in order to fully fund the resurfacing project.

Pool Area: Furniture (Replace)

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$4,000.00
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	07/2004	Future Cost	$4,370.91
Useful Life	25		
		Assigned Reserves at FYB	$4,000.00
Remaining Life	3	Monthly Member Contribution	$0.00
Replacement Year	2029	Monthly Interest Contribution	$14.31
	One-Time Replacement	Total Monthly Contribution	$14.31

The age of the pool furniture is unknown. For budgeting purposes we have assumed that it is original. This component budgets to replace the pool furniture on a 25 year cycle. The inventory includes:

8 - Polywood chaise lounges (recycled plastic)
6 - acrylic top tea tables

Pool Area: Shade Fabric (Replace)

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$5,000.00
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	08/2020	Future Cost	$6,523.87
Useful Life	15		
		Assigned Reserves at FYB	$5,000.00
Remaining Life	9	Monthly Member Contribution	$0.00
Replacement Year	2035	Monthly Interest Contribution	$17.88
		Total Monthly Contribution	$17.88

The two shade structures were installed in mid-late 2020 by Shade' N Net at a cost of $19,639.74, plus permit fees (10 year warranty). This component budgets to replace the fabric & cables of these hip/ridge shade structures on a 15 year cycle.

1 - 14' x 16' shade structure
1 - 16' x 16' shade structure

Pool/Spa: Pumps & Motors

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$6,000.00
		% of Replacement	100.00%
		Current Cost	$6,000.00
Placed In Service	01/2021	Future Cost	$6,955.64
Useful Life	10		
		Assigned Reserves at FYB	$6,000.00
Remaining Life	5	Monthly Member Contribution	$0.00
Replacement Year	2031	Monthly Interest Contribution	$21.46
		Total Monthly Contribution	$21.46

This component will accumulate funds on a 10 year cycle for the replacement of the pool & spa pumps & motors (3) on an "as needed" basis.

The Gardens at South Mountain

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

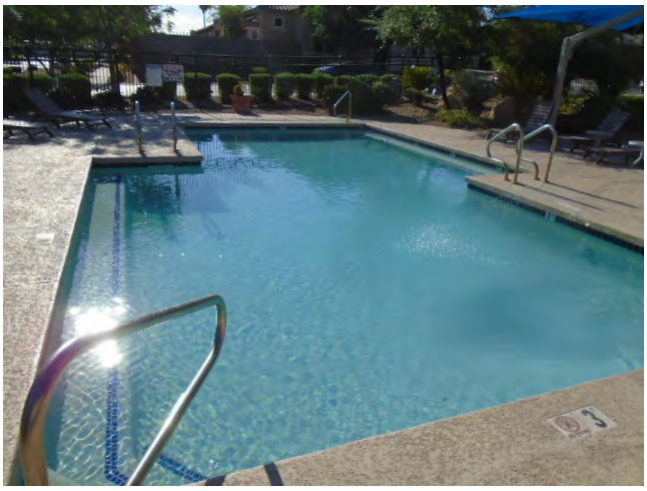
Pool: Filter

Category	060 Pool/Spa	Quantity	1 filter
		Unit Cost	$2,800.00
		% of Replacement	100.00%
		Current Cost	$2,800.00
Placed In Service	07/2004	Future Cost	$4,766.81
Useful Life	18		
		Assigned Reserves at FYB	$4,312.16
Remaining Life	0	Monthly Member Contribution	$855.98
Replacement Year	2026	Monthly Interest Contribution	$0.23
		Total Monthly Contribution	$856.21

The Triton II, 7.06 sq. ft. sand filter.

Pool: Resurface & Retile

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$17,000.00
		% of Replacement	100.00%
		Current Cost	$17,000.00
Placed In Service	07/2004	Future Cost	$18,576.36
Useful Life	25		
		Assigned Reserves at FYB	$17,000.00
Remaining Life	3	Monthly Member Contribution	$0.00
Replacement Year	2029	Monthly Interest Contribution	$60.80
		Total Monthly Contribution	$60.80



This component budgets to resurface & retile the pool:

1,090 - sq. ft. (internal area) of pebble resurfacing
116 - lin. ft. of trim tile
56 - lin. ft. of bench tile

Spa: Filter

Category	060 Pool/Spa	Quantity	1 filter
		Unit Cost	$2,400.00
		% of Replacement	100.00%
		Current Cost	$2,400.00
Placed In Service	01/2015	Future Cost	$2,951.70
Useful Life	18		
		Assigned Reserves at FYB	$2,400.00
Remaining Life	7	Monthly Member Contribution	$0.00
Replacement Year	2033	Monthly Interest Contribution	$8.58
		Total Monthly Contribution	$8.58

The Triton II, 3.14 sq. ft. sand filter (manufactured 1/12/2015).

Spa: Heater

Category	060 Pool/Spa	Quantity	1 heater
		Unit Cost	$5,150.00
		% of Replacement	100.00%
		Current Cost	$5,150.00
Placed In Service	01/2025	Future Cost	$6,333.85
Useful Life	8		
		Assigned Reserves at FYB	$5,150.00
Remaining Life	7	Monthly Member Contribution	$0.00
Replacement Year	2033	Monthly Interest Contribution	$18.42
		Total Monthly Contribution	$18.42

The Hayward, 250,000 BTU input heater was purchased/installed in late 2024/early 2025 by Aqua Patrol Pool Service LLC at a cost of $4,995.99.

Spa: Resurface & Retile

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$6,500.00
		% of Replacement	100.00%
		Current Cost	$6,500.00
Placed In Service	07/2004	Future Cost	$7,102.73
Useful Life	25		
		Assigned Reserves at FYB	$6,500.00
Remaining Life	3	Monthly Member Contribution	$0.00
Replacement Year	2029	Monthly Interest Contribution	$23.25
		Total Monthly Contribution	$23.25

This component budgets to resurface & retile the spa:

1 - spa resurfacing, pebble (8' diameter)
25 - lin. ft. of trim tile
25 - lin. ft. of bench tile

Security: Access Phone

Category	080 Access/Security	Quantity	1 access phone
		Unit Cost	$6,500.00
		% of Replacement	100.00%
		Current Cost	$6,500.00
Placed In Service	07/2019	Future Cost	$8,234.01
Useful Life	15		
		Assigned Reserves at FYB	$6,500.00
Remaining Life	8	Monthly Member Contribution	$0.00
Replacement Year	2034	Monthly Interest Contribution	$23.25
		Total Monthly Contribution	$23.25

The Door King entry access phone was purchased/installed in mid-2019.

Security: Gate Operators

Category	080 Access/Security	Quantity	4 gate operators
		Unit Cost	$5,500.00
		% of Replacement	100.00%
		Current Cost	$22,000.00
Placed In Service	07/2019	Future Cost	$25,504.03
Useful Life	12		
		Assigned Reserves at FYB	$22,000.00
Remaining Life	5	Monthly Member Contribution	$0.00
Replacement Year	2031	Monthly Interest Contribution	$78.68
		Total Monthly Contribution	$78.68

The HySecurity Swing Smart DC20 swing gate operators (manufactured April & May 2019) were purchased/installed in mid-2019.

Grounds: Benches

Category	100 Grounds	Quantity	1 total
		Unit Cost	$4,500.00
		% of Replacement	100.00%
		Current Cost	$4,500.00
Placed In Service	01/2019	Future Cost	$6,608.40
Useful Life	20		
		Assigned Reserves at FYB	$4,500.00
Remaining Life	13	Monthly Member Contribution	$0.00
Replacement Year	2039	Monthly Interest Contribution	$16.09
		Total Monthly Contribution	$16.09

This component includes a provision to replace the following benches, which we have estimated to have been installed in 2019:

1 - 6' bench, in-ground (Tract B)
2 - 6' benches, in-ground (Tract C)

Grounds: Concrete Components (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/2004	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

The following comments also apply to the concrete picnic tables (2) at the pool area:

We are not budgeting for repair or replacement of concrete components in this analysis. It is anticipated that any repairs/replacements required will be addressed immediately due to safety concerns. There should not be a need for complete replacement at a single point in time, and good maintenance practice won't allow the need for repairs to accumulate to a point of major expense. We recommend that a line item be set up in the annual operating budget to account for potential concrete repairs/replacements on an "as needed" basis. However, should the client wish to include budgeting for concrete components as a reserve expense, we will do so at their request (cost and useful life to be provided by client).

Grounds: Concrete Pavers (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/2004	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

The following comments apply to the concrete pavers at the community entrance/exit area:

Pavers are typically constructed with 1" of sand over a 3" base of ABC, and are usually 2 3/5" to 3 1/8" thick. Due to the construction and type of material used, the pavers are anticipated to last indefinitely, assuming they were properly installed. It is anticipated that any repairs required will be addressed immediately using operating funds. Good maintenance practice won't allow the need for repairs to accumulate to a point of major expense.

Grounds: Drywell & Headwall Maintenance (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/2004	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Drywell maintenance is accounted for as an operating expense. The following comments apply:

Drywell systems should be inspected annually to determine how much debris has accumulated in the system and to develop a clean out schedule. Some drywell systems will require immediate repair of broken components and clean out, while others won't require maintenance for a number of years. On average, drywell systems require clean out every 5 - 7 years. A drywell should be cleaned out once 10% or more of the chamber is occupied. If maintained properly, drywells are designed to last as long as any other part of the community infrastructure. Thus, no provision has been included for their replacement.

Grounds: Granite Replenishment

Category	100 Grounds	Quantity	428 tons
		Unit Cost	$90.00
		% of Replacement	100.00%
		Current Cost	$38,520.00
Placed In Service	01/2019	Future Cost	$48,795.98
Useful Life	15		
		Assigned Reserves at FYB	$38,520.00
Remaining Life	8	Monthly Member Contribution	$0.00
Replacement Year	2034	Monthly Interest Contribution	$137.76
		Total Monthly Contribution	$137.76

There is approximately 50,000 sq. ft. of common area granite throughout the property, excluding the granite in the perimeter sections of Tract D. We have excluded this area because it is doubtful that the client will ever replenish this granite.

In late 2018, Rock Spreaders completed a granite replenishment project (428 tons @ 2" depth) at a cost of $29,093.20. This component budgets for similar work on 15 year cycle.

The Gardens at South Mountain
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Irrigation Controller (Lot 99)

Category	100 Grounds	Quantity	1 controller
		Unit Cost	$1,250.00
		% of Replacement	100.00%
		Current Cost	$1,250.00
Placed In Service	07/2022	Future Cost	$1,730.29
Useful Life	15		
		Assigned Reserves at FYB	$1,250.00
Remaining Life	11	Monthly Member Contribution	$0.00
Replacement Year	2037	Monthly Interest Contribution	$4.47
		Total Monthly Contribution	$4.47

This is a Hunter ICC2, 16 station controller (manufactured February 2022).

Location: Lot 99 (Tract C)

Grounds: Irrigation Controller (Pool Area)

Category	100 Grounds	Quantity	1 controller
		Unit Cost	$1,600.00
		% of Replacement	100.00%
		Current Cost	$1,600.00
Placed In Service	01/2005	Future Cost	$2,492.75
Useful Life	15		
		Assigned Reserves at FYB	$3,200.00
Remaining Life	0	Monthly Member Contribution	$597.38
Replacement Year	2026	Monthly Interest Contribution	$0.16
		Total Monthly Contribution	$597.54

This is a Rain Bird, ESP-24MC controller (original).

Location: pool area (Tract B)

Grounds: Irrigation System Replacement (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/2004	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is familiar with the system inventory and system condition. We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

Therefore, we recommend that the Association board and/or management company have the system evaluated to determine the appropriate scope of work, projected replacement cost and remaining life, all of which are necessary so that budgeting can be included in a revision or future update of this analysis.

Grounds: Mailboxes (Pedestal Sets)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$30,150.00
		% of Replacement	100.00%
		Current Cost	$30,150.00
Placed In Service	07/2014	Future Cost	$38,193.12
Useful Life	20		
		Assigned Reserves at FYB	$30,150.00
Remaining Life	8	Monthly Member Contribution	$0.00
Replacement Year	2034	Monthly Interest Contribution	$107.82
		Total Monthly Contribution	$107.82

This component budgets to replace the pedestal mounted mailbox sets, which list manufactured dates of May 2011, January 2014, February 2014 & April 2014. For budgeting purposes we have used mid-2014 as the basis for aging all of the mailbox sets:

1	8 box set w/ 2 parcel lockers	@	$2,900.00	=	$2,900.00
7	16 box sets w/2 parcel lockers	@	$3,250.00	=	$22,750.00
2	sets of 2 parcel boxes	@	$2,250.00	=	$4,500.00
			TOTAL	=	$30,150.00

The Gardens at South Mountain

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Monument Signs

Category	100 Grounds	Quantity	1 total
		Unit Cost	$5,000.00
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	07/2004	Future Cost	$6,333.85
Useful Life	30		
		Assigned Reserves at FYB	$5,000.00
Remaining Life	8	Monthly Member Contribution	$0.00
Replacement Year	2034	Monthly Interest Contribution	$17.88
		Total Monthly Contribution	$17.88

This component budgets to replace the double-sided monument sign at the community entrance/exit area that consists of wall mounted tiles with "THE GARDENS AT SOUTH MOUNTAIN" sandblasted & painted onto the tile sign faces. Both signs measure 3' x 10'.

The Gardens at South Mountain

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Tree Trimming (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/2004	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Tree trimming is accounted for as an operating expense.

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