

Donner Towers Owners Association

Level 3 Reserve Study



Report Period – 01/01/2023 – 12/31/2023

Client Reference Number	10386
Property Type	Mid-Rise
Number of Units	33
Fiscal Year End	12/31

Type of Study	Update No Site Visit
Date of Property Inspection	N/A
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Friday, March 24, 2023



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Glossary of Commonly used Words and Phrases

Executive Summary – Donner Towers Owners Association – ID # 10386

Information to complete this Level III Reserve Study was gathered through research with the client as well as from the previous report. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently. To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 01/01/2023	\$811,040.55
Ideal Reserve Balance as of 01/01/2023	\$1,506,127
Percent Funded as of 01/01/2023	54%
Recommended Reserve Contribution (month 1 – 24 / 25 – 360)	\$20,400 / \$11,350
Recommended Special Assessment	\$0

Donner Towers Owners Association is a 33-unit Mid-Rise Condominium community. The community offers hot tub, parking garages, secured entrances, swimming pool, and landscaped areas as amenities. Construction on the community was completed in 1980's.

Currently Programmed Projects

There are multiple projects programmed to occur this fiscal year (FY2023). We have programmed an estimated \$839,000 in reserve expenditures toward the completion of these projects. (See page 18)

Significant Reserve Projects

The association's significant reserve projects are metal railings repaint (Comp# 212), balconies and ledges repair/resurface (Comp# 604), flat roofs replace (Comp# 104), and elevator (940) modernize (Comp# 707). The fiscal significance of these components is approximately 17%, 17%, 8%, and 7% respectively (see page 11). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

Reserve Funding

In comparing the projected starting reserve balance of \$811,040.55 versus the ideal reserve balance of \$1,506,127 we find the association's reserve fund to be approximately 54% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$20,400 (\$618.18/unit) per month for two years and then \$11,350 (343.94/unit) for twenty-eight years. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the Association with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. The detailed schedules will serve as an advance warning that major projects will need to be addressed in the future. This will allow the Association to have ample time to obtain competitive bids for each project. It will also help to ensure the physical well-being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

Preparer's Credentials

Mr. Gifford has been working in the community association industry since 2002. Prior to taking a position as the Regional Project Manager covering the Utah region at Complex Solutions in 2010, he worked in community association management in Utah. While in community association management his positions included, Maintenance Supervisor, Senior Portfolio Manager and Vice President of Community Management. His work in community association management gave him extensive experience with budget creation, reserves and reserve budgeting, community inspections, and analyzing common area components.

- Personally, has prepared over 2,200 reserve studies in Utah
- Member of the Association of Professional Reserve Analysts (APRA).
- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320
- Member of the Utah Chapter of Community Associations Institute (UCCAI). Current member of the CAI Utah Legislative Action Committee. Former Board member, and former Utah Chapter President
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Bachelor of Science in Chemistry from Emporia State University
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI)

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical operating budget line items include management fees, maintenance expenses, utilities, etc. The reserve budget is primarily made up of replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

Report Sections

Reserve Analysis: this section contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

Component Evaluation: this section contains information regarding the physical status and replacement cost of reserve components the association is responsible to maintain. It is important to understand that while the component inventory will remain relatively "stable" from year to year, the condition assessment and life estimates will most likely vary from year to year.

General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?

The Government requires a reserve study in approximately 20 states. Also, the Association's governing documents may require a reserve fund be established. This does not mean a Reserve Study is required, but how are you going to know if you have enough money in the reserve fund if you do not have the proper information?

Why is it important to perform a Reserve Study?

This report provides the essential information that is needed to guide the Association in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that reserve projects can be completed on time. When projects are completed on time, deferred maintenance and the lower property values that typically accompany it can be avoided. It is suggested that a third party professionally prepare the Reserve Analysis Study since there is no vested interest in the property.

After we have a Reserve Study, what do we do with it?

Please take the time to review the report carefully and make sure the component information is complete and accurate. If there are any inaccuracies, or changes such as a component that the association feels should be added, removed, or altered, please inform us immediately so we may revise the report. Use the report to help establish your budget for the upcoming fiscal year.

How often do we review and update our Reserve Study?

There is a misconception that a Reserve Study is good for an extended period of time since the report has projections for a thirty year period. The assumptions, interest rates, inflation rates and other information used to create this report change each year. Scheduled events may not happen, unpredictable circumstances could occur, deterioration rates can be unpredictable and repair/replacement costs will vary from causes that are unforeseen. These variations alter the results of the Reserve Study. The Reserve Study should be professionally reviewed each year by having a Level III "no site visit" update reserve study performed. The Reserve Study should be professionally updated every three years by having a Level II "site visit" update reserve study performed.

What is a "Reserve Component" versus an "Operating Component"?

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds one year, and costs above a minimum threshold amount. An "Operating" component is typically a fixed expense that occurs on an annual basis.

What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a reserve component. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these components meet the criteria of a reserve component.

Information and Data Gathered:

The information contained in this report is based on estimates and assumptions gathered from various sources. Estimated life expectancies are based upon conditions that were readily visible and accessible at the time of the site visit. While every effort has been made to ensure accurate results, this report reflects the judgment of Complex Solutions, Ltd. and should not be construed as a guarantee or assurance of predicting future events.

What happens during the Site Visit?

During the site visit we identify the common area components that we have determined require reserve funding. These components are quantified and a physical condition is observed. The site visit is conducted on the common areas as reported by client.

What is the Financial Analysis?

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future.

Measures of reserve fund financial strength are as follows:

0% - 30% Funded is considered a “weak” financial position. Associations that fall into this category are more likely to have special assessments and deferred maintenance. Action should be taken to improve the financial strength of the reserve fund.

31% - 69% Funded is considered a “fair” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a weak financial position. Action should be taken to improve the financial strength of the reserve fund.

70% - 99% Funded is considered a “strong” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a fair financial position. Action should be taken to improve the financial strength of the reserve fund.

100% Funded is considered an “ideal” financial position. Action should be taken to maintain the financial strength of the reserve fund.

Disclosures:

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

The projected life expectancy of the reserve components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each component. Failure to perform such maintenance can negatively impact the remaining useful life of the component and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach the full and expected useful lives.

Site Visits: Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling. Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), have been excluded from this report.

Update Reserve Studies:

Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

Level III Studies: In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore we have not verified the current condition of the components.

Insurance: We carry general and professional liability insurance as well as workers' compensation insurance.

Actual or Perceived Conflicts of Interest: There are no potential actual or perceived conflicts of interest that we are aware of.

Inflation and Interest Rates: The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is, we have not verified or audited the reported rate. The inflation rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

Funding Summary

Beginning Assumptions

# of units	33
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$8,333
Projected Starting Reserve Balance	\$811,041
Ideal Starting Reserve Balance	\$1,506,127

Economic Assumptions

Projected Inflation Rate	4.00%
Reported After-Tax Interest Rate	0.35%

Current Reserve Status

Current Balance as a % of Ideal Balance	54%
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Recommendations (FY 2023-2024)

Recommended Monthly Reserve Allocation	\$20,400
Per Unit	\$618.18
Future Annual Increases	3.00%
For number of years:	2

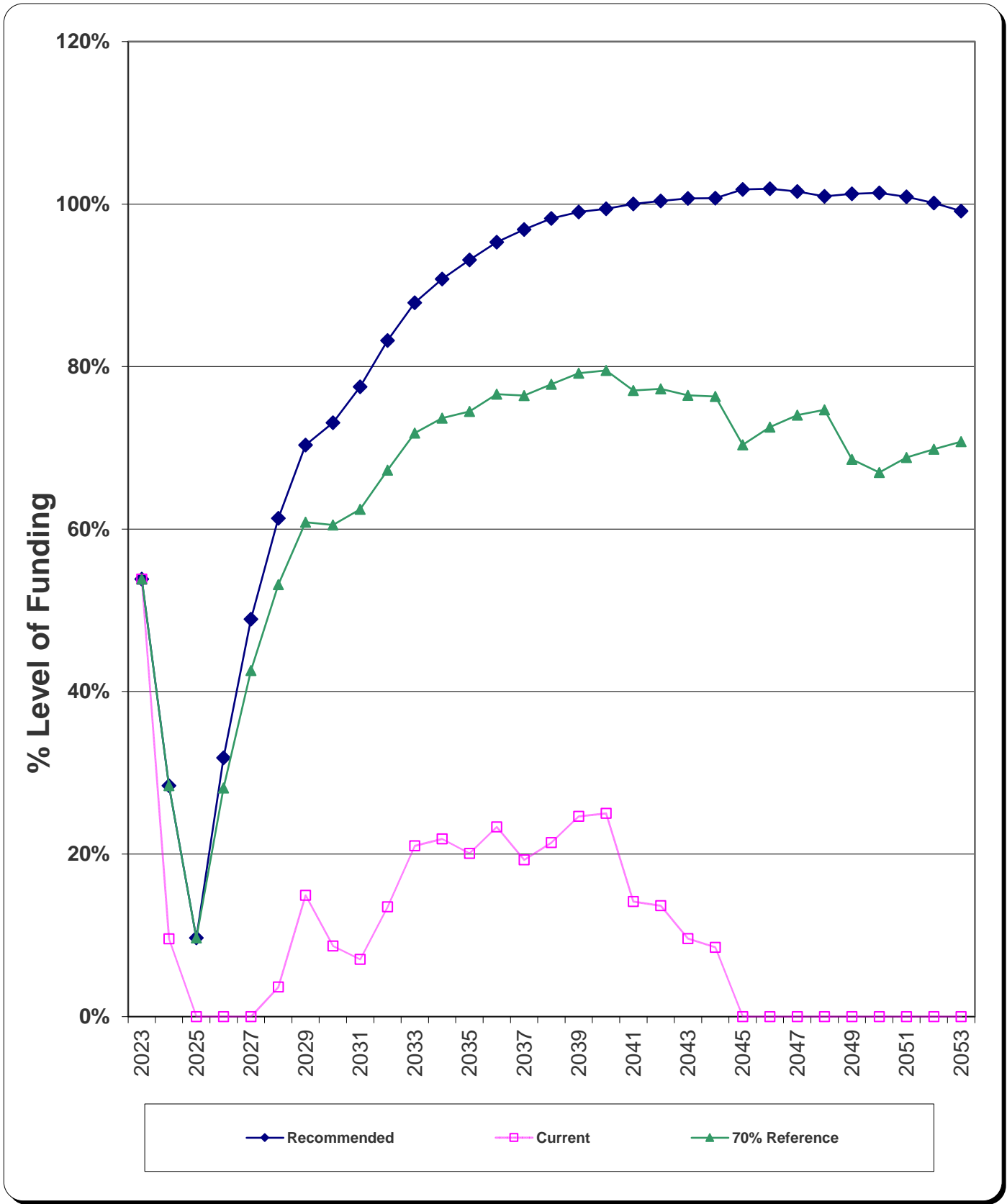
Recommendations (FY 2025 - 2052)

Recommended Monthly Reserve Allocation	\$10,875
Per Unit	\$329.55
Future Annual Increases	3.00%
For number of years:	28

70% Funded Monthly Reserve Allocation Reference	\$9,225
Per Unit	\$279.55
Future Annual Increases	3.00%
For number of years:	28



Percent Funded - Graph



Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	104	Flat Roofs - Replace	25	0	\$145,000	\$146,000
Painted Surfaces	201	Stucco Surfaces - Repair/Repaint	15	2	\$8,000	\$12,000
	207	Metal Fencing - Repaint	6	1	\$2,000	\$3,000
	212	Metal Railings - Repaint	6	1	\$70,000	\$80,000
Drive Materials	403	Concrete - Repair/Replace	10	10	\$4,000	\$6,000
	490	Garage Entry Concrete - Replace	50	1	\$67,000	\$74,000
Property Access	502	Garage Doors - Replace	20	12	\$7,000	\$9,000
	506	Phone Entry System - (940) - Replace	15	11	\$2,500	\$3,500
	506	Phone Entry System - (960) - Replace	15	11	\$2,500	\$3,500
Decking	604	Balconies & Ledges - (PH) - Repair/Resu	20	11	\$57,000	\$70,000
	604	Balconies & Ledges - Repair/Resurface	20	1	\$223,000	\$273,000
	690	Metal Railings - Replace	50	38	\$180,000	\$240,000
Mechanical Equip.	705	HVAC - (940) - Replace	20	6	\$9,000	\$10,000
	705	HVAC - (960) - Replace	20	18	\$9,000	\$10,000
	707	Elevator - (940) - Modernize	30	17	\$120,000	\$170,000
	707	Elevator - (960) - Modernize	30	30	\$120,000	\$170,000
	708	Elevator - (960) - Replace	99	0	\$327,000	\$328,000
	714	Exhaust Fans - Replace	N/A		\$0	\$0
	790	Carbon Monoxide Detectors - Replace	10	1	\$3,000	\$4,000
	790	Water Softener System - (940) - Replace	20	16	\$5,000	\$7,000
	790	Water Softener System - (960) - Replace	20	14	\$5,000	\$7,000
Prop. Identification	803	Mailboxes - Replace	25	14	\$17,000	\$19,000
Life / Safety	901	Fire Protection System - Renovate	20	16	\$20,000	\$30,000
Fencing	1002	Metal Fencing - Replace	50	8	\$12,000	\$14,000
Pool / Spa	1101	Pool & Spa - Resurface	12	6	\$30,000	\$36,000
	1104	Pool Heater - Replace	12	1	\$5,000	\$6,000
	1105	Spa Heater - Replace	12	1	\$4,000	\$5,000
	1107	Pool Filter - Replace	15	2	\$2,500	\$3,500
	1108	Spa Filter - Replace	15	3	\$2,500	\$3,500
	1110	Pool & Spa Pumps - Replace	10	0	\$5,000	\$6,000
	1111	Chemical Controller Systems - Replace	12	0	\$10,000	\$11,000
	1112	Pool Cover - Replace	10	7	\$4,000	\$5,000
	1116	Pool Deck - Replace	50	46	\$70,000	\$77,000
	1121	Pool Furniture - Replace	6	1	\$3,000	\$4,000
Interiors	1413	Restroom - Remodel	20	15	\$3,000	\$4,000
	1415	Lobby - (940) - Remodel	20	8	\$10,000	\$12,000
	1415	Lobby - (960) - Remodel	20	6	\$10,000	\$12,000
	1490	Hallways - Remodel	N/A		\$0	\$0
Light Fixtures	1690	Garage Light Fixtures - Replace	N/A		\$0	\$0

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Landscaping	1812	Landscaping & Irrigation System - Renov	20	6	\$60,000	\$80,000
Vehicles / Equipm	1905	Snow Blower - Replace	N/A		\$0	\$0
	1910	Lawn Mower - Replace	N/A		\$0	\$0
Buildings / Structu	2303	Waterproof, Foundation, Expansion Joint	99	0	\$150,000	\$200,000
	2304	Front Entry - 940 - Repair	99	0	\$150,000	\$200,000
	2305	Expansion Joints - Replace	10	10	\$35,000	\$45,000

Significant Components

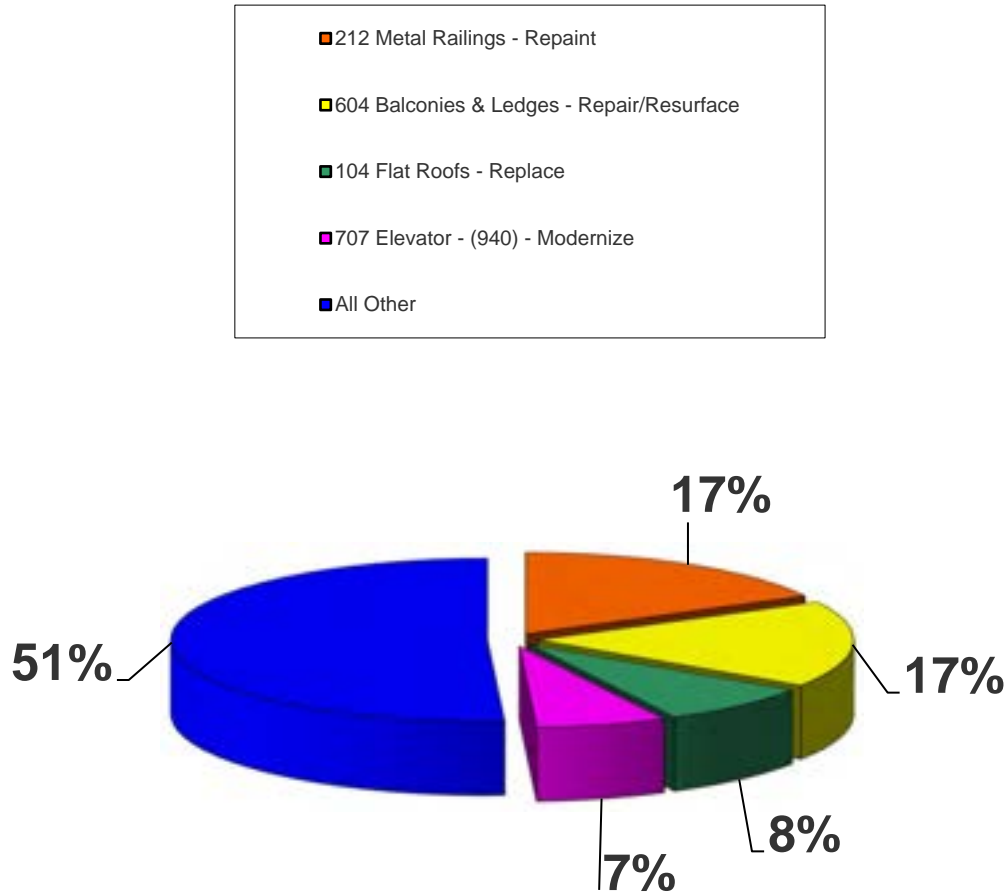
ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	Flat Roofs - Replace	25	0	\$145,500	\$5,820	8.0418%
201	Stucco Surfaces - Repair/Repaint	15	2	\$10,000	\$667	0.9212%
207	Metal Fencing - Repaint	6	1	\$2,500	\$417	0.5757%
212	Metal Railings - Repaint	6	1	\$75,000	\$12,500	17.2720%
403	Concrete - Repair/Replace	10	10	\$5,000	\$500	0.6909%
490	Garage Entry Concrete - Replace	50	1	\$70,500	\$1,410	1.9483%
502	Garage Doors - Replace	20	12	\$8,000	\$400	0.5527%
506	Phone Entry System - (940) - Replace	15	11	\$3,000	\$200	0.2764%
506	Phone Entry System - (960) - Replace	15	11	\$3,000	\$200	0.2764%
604	Balconies & Ledges - (PH) - Repair/Res	20	11	\$63,500	\$3,175	4.3871%
604	Balconies & Ledges - Repair/Resurface	20	1	\$248,000	\$12,400	17.1338%
690	Metal Railings - Replace	50	38	\$210,000	\$4,200	5.8034%
705	HVAC - (940) - Replace	20	6	\$9,500	\$475	0.6563%
705	HVAC - (960) - Replace	20	18	\$9,500	\$475	0.6563%
707	Elevator - (940) - Modernize	30	17	\$145,000	\$4,833	6.6785%
707	Elevator - (960) - Modernize	30	30	\$145,000	\$4,833	6.6785%
708	Elevator - (960) - Replace	99	0	\$327,500	\$0	0.0000%
790	Carbon Monoxide Detectors - Replace	10	1	\$3,500	\$350	0.4836%
790	Water Softener System - (940) - Replac	20	16	\$6,000	\$300	0.4145%
790	Water Softener System - (960) - Replac	20	14	\$6,000	\$300	0.4145%
803	Mailboxes - Replace	25	14	\$18,000	\$720	0.9949%
901	Fire Protection System - Renovate	20	16	\$25,000	\$1,250	1.7272%
1002	Metal Fencing - Replace	50	8	\$13,000	\$260	0.3593%
1101	Pool & Spa - Resurface	12	6	\$33,000	\$2,750	3.7998%
1104	Pool Heater - Replace	12	1	\$5,500	\$458	0.6333%
1105	Spa Heater - Replace	12	1	\$4,500	\$375	0.5182%
1107	Pool Filter - Replace	15	2	\$3,000	\$200	0.2764%
1108	Spa Filter - Replace	15	3	\$3,000	\$200	0.2764%
1110	Pool & Spa Pumps - Replace	10	0	\$5,500	\$550	0.7600%
1111	Chemical Controller Systems - Replace	12	0	\$10,500	\$875	1.2090%
1112	Pool Cover - Replace	10	7	\$4,500	\$450	0.6218%
1116	Pool Deck - Replace	50	46	\$73,500	\$1,470	2.0312%
1121	Pool Furniture - Replace	6	1	\$3,500	\$583	0.8060%
1413	Restroom - Remodel	20	15	\$3,500	\$175	0.2418%
1415	Lobby - (940) - Remodel	20	8	\$11,000	\$550	0.7600%
1415	Lobby - (960) - Remodel	20	6	\$11,000	\$550	0.7600%
1812	Landscaping & Irrigation System - Rend	20	6	\$70,000	\$3,500	4.8361%
2303	Waterproof, Foundation, Expansion Joi	99	0	\$175,000	\$0	0.0000%
2304	Front Entry - 940 - Repair	99	0	\$175,000	\$0	0.0000%



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
2305	Expansion Joints - Replace	10	10	\$40,000	\$4,000	5.5270%



Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
212	Metal Railings - Repaint	6	1	\$75,000	\$12,500	17%
604	Balconies & Ledges - Repair/Resurface	20	1	\$248,000	\$12,400	17%
104	Flat Roofs - Replace	25	0	\$145,500	\$5,820	8%
707	Elevator - (940) - Modernize	30	17	\$145,000	\$4,833	7%
All Other	See Expanded Table For Breakdown				\$36,818	51%



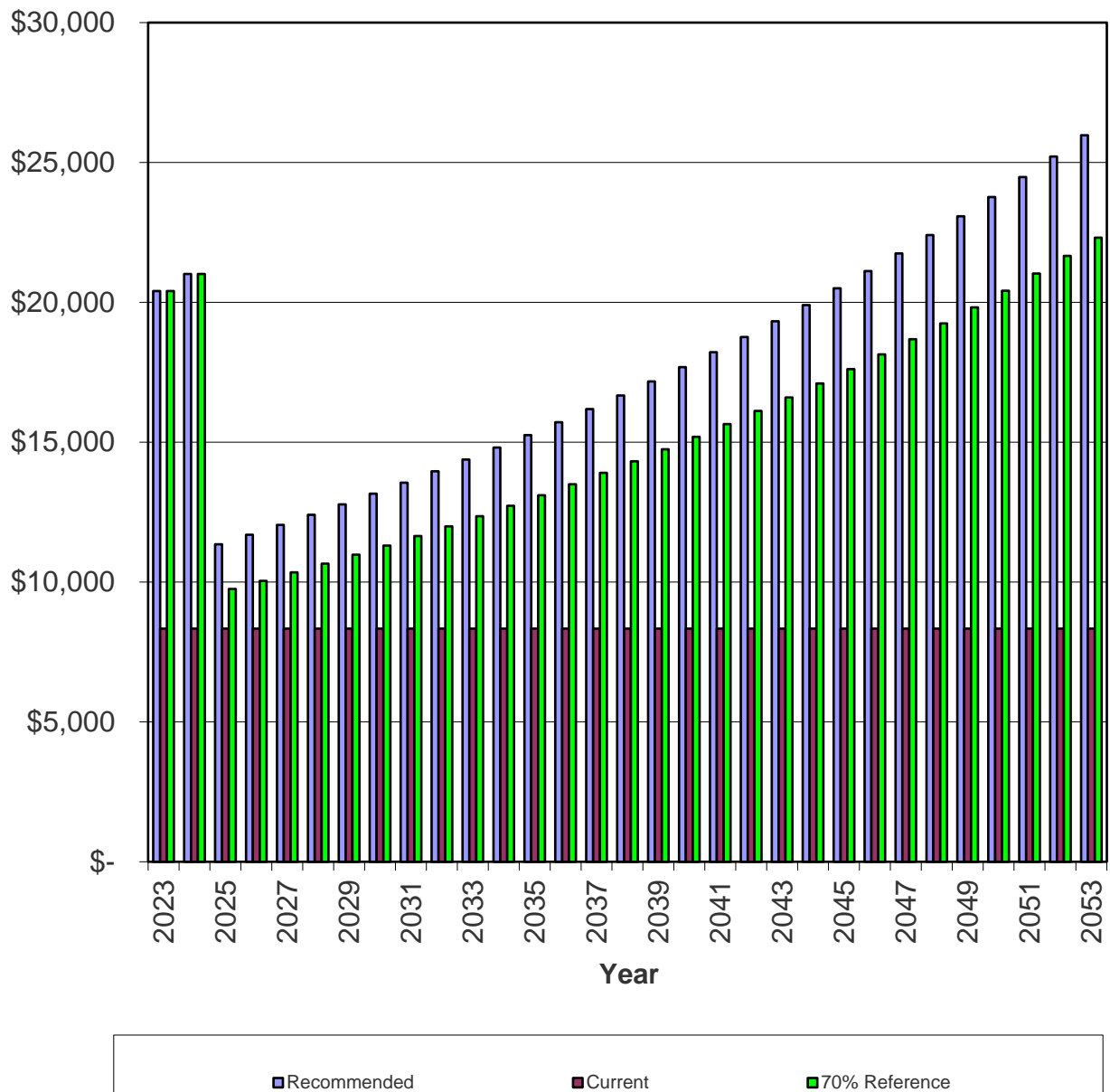
Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2023	\$1,506,127	\$811,041	54%	\$244,800	\$1,802	\$839,000	\$218,642
2024	\$769,078	\$218,642	28%	\$252,144	\$456	\$429,520	\$41,722
2025	\$431,418	\$41,722	10%	\$136,200	\$360	\$14,061	\$164,221
2026	\$515,460	\$164,221	32%	\$140,286	\$816	\$3,375	\$301,948
2027	\$617,233	\$301,948	49%	\$144,495	\$1,312	\$0	\$447,755
2028	\$729,973	\$447,755	61%	\$148,829	\$1,831	\$0	\$598,415
2029	\$850,746	\$598,415	70%	\$153,294	\$2,093	\$156,267	\$597,535
2030	\$817,494	\$597,535	73%	\$157,893	\$2,174	\$112,512	\$645,090
2031	\$832,227	\$645,090	78%	\$162,630	\$2,489	\$32,846	\$777,363
2032	\$934,364	\$777,363	83%	\$167,509	\$3,019	\$0	\$947,891
2033	\$1,078,866	\$947,891	88%	\$172,534	\$3,494	\$74,752	\$1,049,167
2034	\$1,155,691	\$1,049,167	91%	\$177,710	\$3,792	\$112,380	\$1,118,289
2035	\$1,200,913	\$1,118,289	93%	\$183,041	\$4,189	\$29,619	\$1,275,901
2036	\$1,338,650	\$1,275,901	95%	\$188,533	\$4,538	\$151,522	\$1,317,449
2037	\$1,359,937	\$1,317,449	97%	\$194,189	\$4,886	\$41,560	\$1,474,964
2038	\$1,501,450	\$1,474,964	98%	\$200,014	\$5,510	\$6,303	\$1,674,185
2039	\$1,690,503	\$1,674,185	99%	\$206,015	\$6,128	\$58,062	\$1,828,266
2040	\$1,838,711	\$1,828,266	99%	\$212,195	\$6,226	\$316,534	\$1,730,153
2041	\$1,729,676	\$1,730,153	100%	\$218,561	\$6,287	\$92,175	\$1,862,827
2042	\$1,855,477	\$1,862,827	100%	\$225,118	\$6,626	\$170,655	\$1,923,915
2043	\$1,910,791	\$1,923,915	101%	\$231,871	\$6,957	\$110,652	\$2,052,092
2044	\$2,037,063	\$2,052,092	101%	\$238,828	\$6,608	\$573,110	\$1,724,417
2045	\$1,694,026	\$1,724,417	102%	\$245,992	\$6,476	\$0	\$1,976,886
2046	\$1,940,162	\$1,976,886	102%	\$253,372	\$7,374	\$0	\$2,237,633
2047	\$2,203,280	\$2,237,633	102%	\$260,973	\$8,255	\$26,915	\$2,479,946
2048	\$2,456,350	\$2,479,946	101%	\$268,802	\$8,060	\$630,470	\$2,126,338
2049	\$2,099,564	\$2,126,338	101%	\$276,867	\$7,470	\$267,543	\$2,143,131
2050	\$2,113,975	\$2,143,131	101%	\$285,173	\$7,990	\$12,975	\$2,423,319
2051	\$2,402,061	\$2,423,319	101%	\$293,728	\$8,952	\$32,986	\$2,693,013
2052	\$2,689,541	\$2,693,013	100%	\$302,540	\$9,971	\$0	\$3,005,524



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
104	Flat Roofs - Replace	25	0	Approx 11,400 Sq.ft.	\$145,500	\$145,500	\$145,500	\$1,640.53
201	Stucco Surfaces - Repair/Repaint	15	2	Approx 5,750 Sq.ft.	\$10,000	\$8,667	\$0	\$187.92
207	Metal Fencing - Repaint	6	1	Approx 140 Linear ft.	\$2,500	\$2,083	\$0	\$117.45
212	Metal Railings - Repaint	6	1	Approx 2,990 Linear ft.	\$75,000	\$62,500	\$0	\$3,523.48
403	Concrete - Repair/Replace	10	10	Approx 3,600 Sq.ft.	\$5,000	\$0	\$0	\$140.94
490	Garage Entry Concrete - Replace	50	1	Approx 3,600 Sq.ft.	\$70,500	\$69,090	\$0	\$397.45
502	Garage Doors - Replace	20	12	(2) Garage Doors	\$8,000	\$3,200	\$0	\$112.75
506	Phone Entry System - (940) - Replace	15	11	(1) System	\$3,000	\$800	\$0	\$56.38
506	Phone Entry System - (960) - Replace	15	11	(1) System	\$3,000	\$800	\$0	\$56.38
604	Balconies & Ledges - (PH) - Repair/Resurface	20	11	Approx 3,150 Sq.ft.	\$63,500	\$28,575	\$0	\$894.96
604	Balconies & Ledges - Repair/Resurface	20	1	Approx 12,365 Sq.ft.	\$248,000	\$235,600	\$0	\$3,495.29
690	Metal Railings - Replace	50	38	Approx 2,990 Linear ft.	\$210,000	\$50,400	\$0	\$1,183.89
705	HVAC - (940) - Replace	20	6	(1) System	\$9,500	\$6,650	\$0	\$133.89
705	HVAC - (960) - Replace	20	18	(1) System	\$9,500	\$950	\$0	\$133.89
707	Elevator - (940) - Modernize	30	17	(1) Elevator	\$145,000	\$62,833	\$0	\$1,362.41
707	Elevator - (960) - Modernize	30	30	(1) Elevator	\$145,000	\$0	\$0	\$1,362.41
708	Elevator - (960) - Replace	99	0	(1) Elevator	\$327,500	\$327,500	\$327,500	\$0.00
790	Carbon Monoxide Detectors - Replace	10	1	(4) Sensors	\$3,500	\$3,150	\$0	\$98.66
790	Water Softener System - (940) - Replace	20	16	(1) System	\$6,000	\$1,200	\$0	\$84.56
790	Water Softener System - (960) - Replace	20	14	(1) System	\$6,000	\$1,800	\$0	\$84.56
803	Mailboxes - Replace	25	14	(5) Clusters	\$18,000	\$7,920	\$0	\$202.95
901	Fire Protection System - Renovate	20	16	(1) System	\$25,000	\$5,000	\$0	\$352.35
1002	Metal Fencing - Replace	50	8	Approx 140 Linear ft.	\$13,000	\$10,920	\$0	\$73.29
1101	Pool & Spa - Resurface	12	6	(1) Pool	\$33,000	\$16,500	\$0	\$775.17
1104	Pool Heater - Replace	12	1	(1) Heater	\$5,500	\$5,042	\$0	\$129.19
1105	Spa Heater - Replace	12	1	(1) Heater	\$4,500	\$4,125	\$0	\$105.70
1107	Pool Filter - Replace	15	2	(1) Filter	\$3,000	\$2,600	\$0	\$56.38
1108	Spa Filter - Replace	15	3	(1) Filter	\$3,000	\$2,400	\$0	\$56.38
1110	Pool & Spa Pumps - Replace	10	0	(3) Pumps	\$5,500	\$5,500	\$5,500	\$155.03
1111	Chemical Controller Systems - Replace	12	0	(2) Systems	\$10,500	\$10,500	\$10,500	\$246.64

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
1112	Pool Cover - Replace	10	7	(1) Cover	\$4,500	\$1,350	\$0	\$126.85
1116	Pool Deck - Replace	50	46	(1) Pool Deck	\$73,500	\$5,880	\$0	\$414.36
1121	Pool Furniture - Replace	6	1	Assorted Pieces	\$3,500	\$2,917	\$0	\$164.43
1413	Restroom - Remodel	20	15	(1) Restroom	\$3,500	\$875	\$0	\$49.33
1415	Lobby - (940) - Remodel	20	8	(1) Lobby	\$11,000	\$6,600	\$0	\$155.03
1415	Lobby - (960) - Remodel	20	6	(1) Lobby	\$11,000	\$7,700	\$0	\$155.03
1812	Landscaping & Irrigation System - Renovate	20	6	Extensive Sq.ft.	\$70,000	\$49,000	\$0	\$986.57
2303	Waterproof, Foundation, Expansion Joint - 94	99	0	(1) Project	\$175,000	\$175,000	\$175,000	\$0.00
2304	Front Entry - 940 - Repair	99	0	(1) Entrance	\$175,000	\$175,000	\$147,041	\$0.00
2305	Expansion Joints - Replace	10	10	(3) Expansion Joints	\$40,000	\$0	\$0	\$1,127.51
					\$2,184,000	\$1,506,127	\$811,041	\$20,400

Current Fund Balance as a percentage of Ideal Balance: 54%



Yearly Cash Flow

Year	2023	2024	2025	2026	2027
Starting Balance	\$811,041	\$218,642	\$41,722	\$164,221	\$301,948
<i>Reserve Income</i>	\$244,800	\$252,144	\$136,200	\$140,286	\$144,495
<i>Interest Earnings</i>	\$1,802	\$456	\$360	\$816	\$1,312
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,057,642	\$471,242	\$178,282	\$305,323	\$447,755
Reserve Expenditures	\$839,000	\$429,520	\$14,061	\$3,375	\$0
Ending Balance	\$218,642	\$41,722	\$164,221	\$301,948	\$447,755

Year	2028	2029	2030	2031	2032
Starting Balance	\$447,755	\$598,415	\$597,535	\$645,090	\$777,363
<i>Reserve Income</i>	\$148,829	\$153,294	\$157,893	\$162,630	\$167,509
<i>Interest Earnings</i>	\$1,831	\$2,093	\$2,174	\$2,489	\$3,019
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$598,415	\$753,802	\$757,602	\$810,209	\$947,891
Reserve Expenditures	\$0	\$156,267	\$112,512	\$32,846	\$0
Ending Balance	\$598,415	\$597,535	\$645,090	\$777,363	\$947,891

Year	2033	2034	2035	2036	2037
Starting Balance	\$947,891	\$1,049,167	\$1,118,289	\$1,275,901	\$1,317,449
<i>Reserve Income</i>	\$172,534	\$177,710	\$183,041	\$188,533	\$194,189
<i>Interest Earnings</i>	\$3,494	\$3,792	\$4,189	\$4,538	\$4,886
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,123,919	\$1,230,669	\$1,305,520	\$1,468,971	\$1,516,524
Reserve Expenditures	\$74,752	\$112,380	\$29,619	\$151,522	\$41,560
Ending Balance	\$1,049,167	\$1,118,289	\$1,275,901	\$1,317,449	\$1,474,964

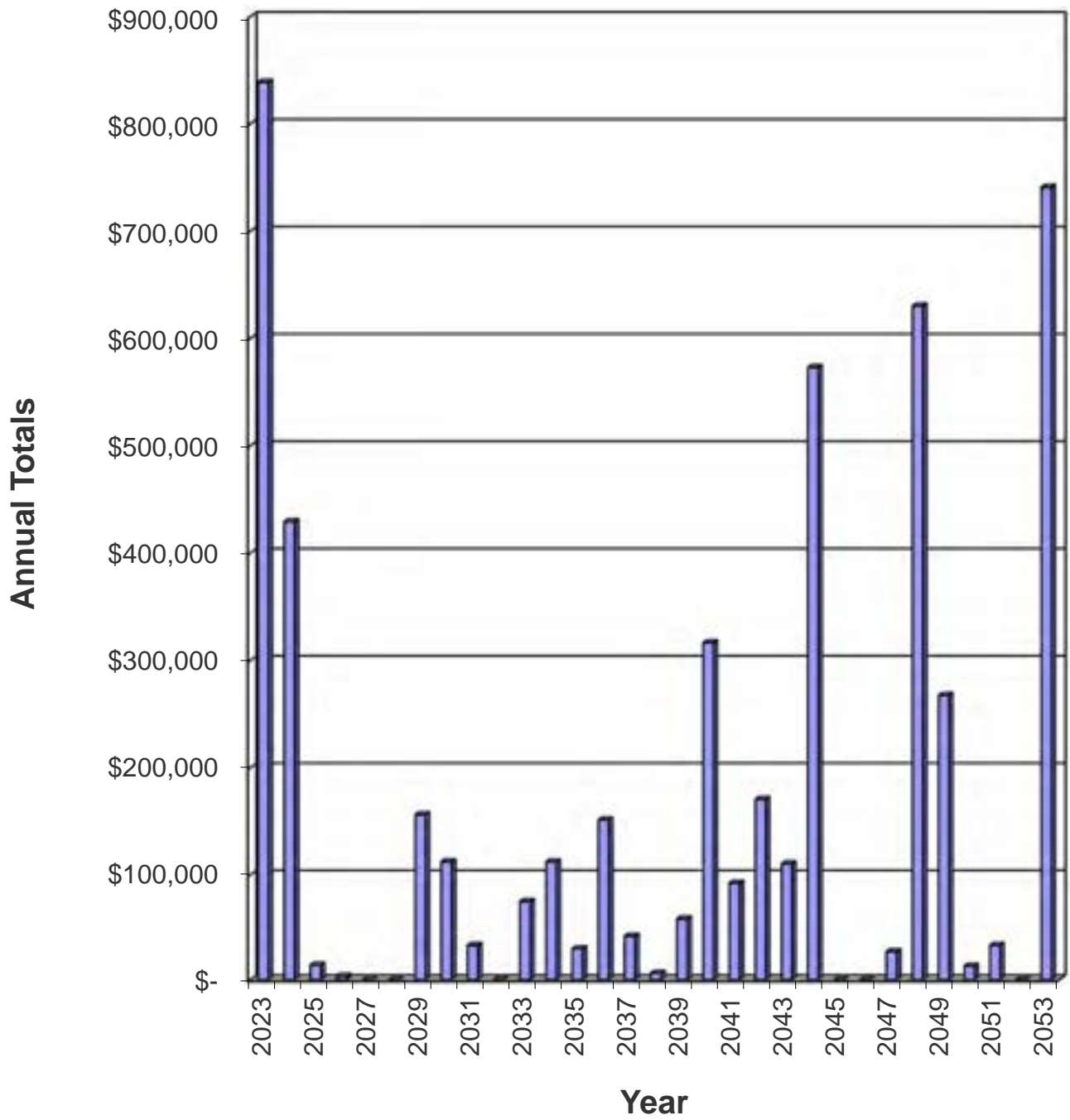
Year	2038	2039	2040	2041	2042
Starting Balance	\$1,474,964	\$1,674,185	\$1,828,266	\$1,730,153	\$1,862,827
<i>Reserve Income</i>	\$200,014	\$206,015	\$212,195	\$218,561	\$225,118
<i>Interest Earnings</i>	\$5,510	\$6,128	\$6,226	\$6,287	\$6,626
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,680,488	\$1,886,328	\$2,046,687	\$1,955,001	\$2,094,570
Reserve Expenditures	\$6,303	\$58,062	\$316,534	\$92,175	\$170,655
Ending Balance	\$1,674,185	\$1,828,266	\$1,730,153	\$1,862,827	\$1,923,915

Year	2043	2044	2045	2046	2047
Starting Balance	\$1,923,915	\$2,052,092	\$1,724,417	\$1,976,886	\$2,237,633
<i>Reserve Income</i>	\$231,871	\$238,828	\$245,992	\$253,372	\$260,973
<i>Interest Earnings</i>	\$6,957	\$6,608	\$6,476	\$7,374	\$8,255
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$2,162,744	\$2,297,528	\$1,976,886	\$2,237,633	\$2,506,860
Reserve Expenditures	\$110,652	\$573,110	\$0	\$0	\$26,915
Ending Balance	\$2,052,092	\$1,724,417	\$1,976,886	\$2,237,633	\$2,479,946

Year	2048	2049	2050	2051	2052
Starting Balance	\$2,479,946	\$2,126,338	\$2,143,131	\$2,423,319	\$2,693,013
<i>Reserve Income</i>	\$268,802	\$276,867	\$285,173	\$293,728	\$302,540
<i>Interest Earnings</i>	\$8,060	\$7,470	\$7,990	\$8,952	\$9,971
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$2,756,808	\$2,410,675	\$2,436,294	\$2,725,999	\$3,005,524
Reserve Expenditures	\$630,470	\$267,543	\$12,975	\$32,986	\$0
Ending Balance	\$2,126,338	\$2,143,131	\$2,423,319	\$2,693,013	\$3,005,524



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2023	104	Flat Roofs - Replace	\$145,500	
	708	Elevator - (960) - Replace	\$327,500	
	1110	Pool & Spa Pumps - Replace	\$5,500	
	1111	Chemical Controller Systems - Replace	\$10,500	
	2303	Waterproof, Foundation, Expansion Joint - 940 - Repair	\$175,000	
	2304	Front Entry - 940 - Repair	\$175,000	\$839,000
2024	207	Metal Fencing - Repaint	\$2,600	
	212	Metal Railings - Repaint	\$78,000	
	490	Garage Entry Concrete - Replace	\$73,320	
	604	Balconies & Ledges - Repair/Resurface	\$257,920	
	790	Carbon Monoxide Detectors - Replace	\$3,640	
	1104	Pool Heater - Replace	\$5,720	
	1105	Spa Heater - Replace	\$4,680	
	1121	Pool Furniture - Replace	\$3,640	\$429,520
2025	201	Stucco Surfaces - Repair/Repaint	\$10,816	
	1107	Pool Filter - Replace	\$3,245	\$14,061
2026	1108	Spa Filter - Replace	\$3,375	\$3,375
2027		No Expenditures Projected		\$0
2028		No Expenditures Projected		\$0
2029	705	HVAC - (940) - Replace	\$12,021	
	1101	Pool & Spa - Resurface	\$41,756	
	1415	Lobby - (960) - Remodel	\$13,919	
	1812	Landscaping & Irrigation System - Renovate	\$88,572	\$156,267
2030	207	Metal Fencing - Repaint	\$3,290	
	212	Metal Railings - Repaint	\$98,695	
	1112	Pool Cover - Replace	\$5,922	
	1121	Pool Furniture - Replace	\$4,606	\$112,512
2031	1002	Metal Fencing - Replace	\$17,791	
	1415	Lobby - (940) - Remodel	\$15,054	\$32,846
2032		No Expenditures Projected		\$0
2033	403	Concrete - Repair/Replace	\$7,401	
	1110	Pool & Spa Pumps - Replace	\$8,141	
	2305	Expansion Joints - Replace	\$59,210	\$74,752
2034	506	Phone Entry System - (940) - Replace	\$4,618	
	506	Phone Entry System - (960) - Replace	\$4,618	
	604	Balconies & Ledges - (PH) - Repair/Resurface	\$97,755	
	790	Carbon Monoxide Detectors - Replace	\$5,388	\$112,380
2035	502	Garage Doors - Replace	\$12,808	
	1111	Chemical Controller Systems - Replace	\$16,811	\$29,619
2036	207	Metal Fencing - Repaint	\$4,163	
	212	Metal Railings - Repaint	\$124,881	
	1104	Pool Heater - Replace	\$9,158	
	1105	Spa Heater - Replace	\$7,493	
	1121	Pool Furniture - Replace	\$5,828	\$151,522

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
2037	790	Water Softener System - (960) - Replace	\$10,390	
	803	Mailboxes - Replace	\$31,170	\$41,560
2038	1413	Restroom - Remodel	\$6,303	\$6,303
2039	790	Water Softener System - (940) - Replace	\$11,238	
	901	Fire Protection System - Renovate	\$46,825	\$58,062
2040	201	Stucco Surfaces - Repair/Repaint	\$19,479	
	707	Elevator - (940) - Modernize	\$282,446	
	1107	Pool Filter - Replace	\$5,844	
	1112	Pool Cover - Replace	\$8,766	\$316,534
2041	705	HVAC - (960) - Replace	\$19,245	
	1101	Pool & Spa - Resurface	\$66,852	
	1108	Spa Filter - Replace	\$6,077	\$92,175
2042	207	Metal Fencing - Repaint	\$5,267	
	212	Metal Railings - Repaint	\$158,014	
	1121	Pool Furniture - Replace	\$7,374	\$170,655
2043	403	Concrete - Repair/Replace	\$10,956	
	1110	Pool & Spa Pumps - Replace	\$12,051	
	2305	Expansion Joints - Replace	\$87,645	\$110,652
2044	604	Balconies & Ledges - Repair/Resurface	\$565,134	
	790	Carbon Monoxide Detectors - Replace	\$7,976	\$573,110
2045		No Expenditures Projected		\$0
2046		No Expenditures Projected		\$0
2047	1111	Chemical Controller Systems - Replace	\$26,915	\$26,915
2048	104	Flat Roofs - Replace	\$387,879	
	207	Metal Fencing - Repaint	\$6,665	
	212	Metal Railings - Repaint	\$199,938	
	1104	Pool Heater - Replace	\$14,662	
	1105	Spa Heater - Replace	\$11,996	
	1121	Pool Furniture - Replace	\$9,330	\$630,470
2049	506	Phone Entry System - (940) - Replace	\$8,317	
	506	Phone Entry System - (960) - Replace	\$8,317	
	705	HVAC - (940) - Replace	\$26,338	
	1415	Lobby - (960) - Remodel	\$30,497	
	1812	Landscaping & Irrigation System - Renovate	\$194,073	\$267,543
2050	1112	Pool Cover - Replace	\$12,975	\$12,975
2051	1415	Lobby - (940) - Remodel	\$32,986	\$32,986
2052		No Expenditures Projected		\$0

Glossary of Commonly Used Words And Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

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 reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component – Also referred to as an “Asset.” 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) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

Component 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 representatives.

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the 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 expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the 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 of a reserve component. This number is calculated for each component, and then summed together for an association total.

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

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative 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.

Funding Plan – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.



Funding Principles –

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, 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 current fiscal year have a “0” 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 (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.

