

Colorado Office
3578 Hartsel Drive #E338
Colorado Springs, CO 80920

TEL 877/344-8868
303/394-9181
FAX 303/394-9014
www.reservestudy.com



Corporate Office
Calabasas, CA
Regional Offices
Phoenix, AZ
Orange County, CA
San Diego, CA
San Francisco, CA
Kailua-Kona, HI
Las Vegas, NV
Seattle, WA

“Full” Reserve Study



Twenty Four Neighborhood TOA Carbondale, CO

Report #: 21306-0
For Period Beginning: January 1, 2011
Ending: December 31, 2011
Revision Date (2): February 9, 2011
Date Prepared: September 29, 2010

Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you “where you are”, and “where to go from here”.

In this Report, you will find...

- 1) A List of What you’re Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

800/733-1365



Table of Contents

Executive Summary	i
Reserve Study Summary	i
Reserve Component List – Table 1	ii
Introduction, Objectives, and Methodology	1
Which Physical Assets are Covered by Reserves?.....	2
How are Useful Life and Remaining Useful Life established?.....	2
How are Cost Estimates Established?	2
How much Reserves are enough?	3
How much should we contribute?	3
What is our Funding Goal?	4
Site Inspection	5
Projected Expenses	6
Expense Graph – Figure 1	6
Reserve Fund Status & Recommended Funding Plan	7
Funding Plan Graph – Figure 2.....	7
Cash Flow Graph – Figure 3.....	8
% Funded Graph – Figure 4.....	8
Table Descriptions	9
Reserve Component List Detail – Table 2.....	10
Contribution & Fund Breakdown – Table 3	11
30 Year Reserve Plan Summary – Table 4.....	12
30 Year Reserve Plan Year by Year Detail – Table 5	13
Accuracy, Limitations, and Disclosures	19
Terms and Definitions	20
Photographic Inventory	Appendix

3- Minute Executive Summary

Association: Twenty Four Neighborhood TOA **Assoc. #:** 21306-0
Location: Carbondale, CO
of Units: 6
Report Period: January 1, 2011 through December 31, 2011

Results

Projected Starting Reserve Balance:	\$4,000
Fully Funded Reserve Balance:	\$84,901
Average Reserve Deficit (Surplus) Per Unit:	\$13,484
Percent Funded:	4.7%
Recommended 2011 monthly Reserve Contribution:	\$4,590
Recommended Special Assessment this year:	\$0
Most Recent Reserve Contribution Rate:	\$336

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.....0.00%
Annual Inflation Rate3.00%

- This is a "Full" Reserve Study (original, created "from scratch").
- The information in this Reserve Study is based on our site inspection on September 11, 2010.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is below 30 % Funded, at 4.7% Funded, this represents a weak position. In perspective, associations in the 0-30% funded range are likely to incur special assessments, deferred maintenance, or large increases to dues. While associations in the 70% funded range and above are less likely to have such cash flow issues. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions.

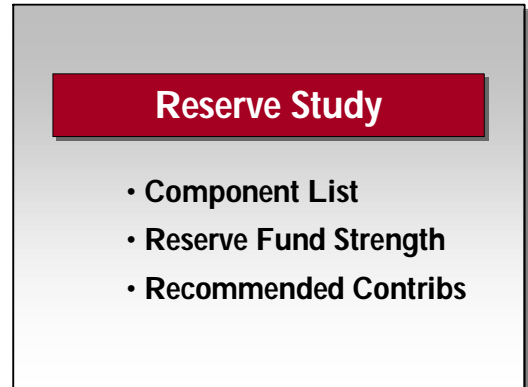
#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
109	Wood Deck - Replace	15	12	\$41,800	\$59,597
201	Asphalt - Resurface	20	18	\$52,500	\$89,378
202	Asphalt - Seal/Repair	5	3	\$3,500	\$3,825
205	Concrete - Replace (part)	5	4	\$4,500	\$5,065
381	A/C Condensers - Replace	15	13	\$12,000	\$17,622
402	Wood Beams - Replace/Repair	10	8	\$4,000	\$5,067
505	Wood Railings - Replace (part)	5	4	\$4,000	\$4,502
701	Garage Doors - Replace	30	28	\$10,200	\$23,337
1003	Irrigation System - Repair (part)	2	1	\$2,000	\$2,060
1116	Cedar Siding - Restain	5	4	\$31,950	\$35,960
1116	Trim - Repaint	5	4	\$9,900	\$11,143
1119	Exterior Stone - Seal/Point (part)	3	2	\$3,900	\$4,138
1301	Metal Roof - Replace	28	26	\$85,000	\$183,310
1305	Shingle Roofs - Replace	20	18	\$248,000	\$422,203
1310	Gutters/Downspouts - Repair (part)	20	18	\$4,700	\$8,001
2230	Windows - Replace	15	12	\$115,500	\$164,675
16	Total Funded Components				

Note: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

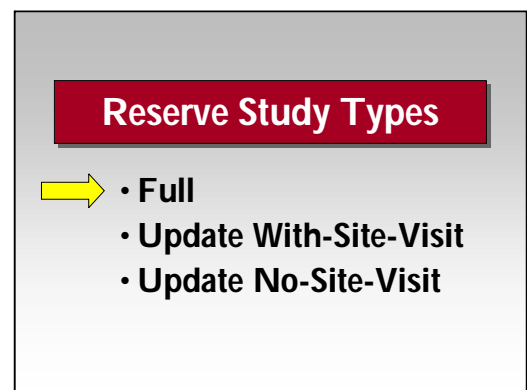
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.



As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Full" Reserve Study, we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs. Reserves), and research into any well-established association precedents. We performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List "from scratch".



Which Physical Assets are Covered by Reserves?

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve

Reserve Components

- **Common Area**
- **Limited Useful Life**
- **Predictable Life Limit**
- **Cost must be Significant**

Components to major, predictable expenses. Within this framework, it is inappropriate to include “lifetime” components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

How are Useful Life and Remaining Useful Life established?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

How are Cost Estimates Established?

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

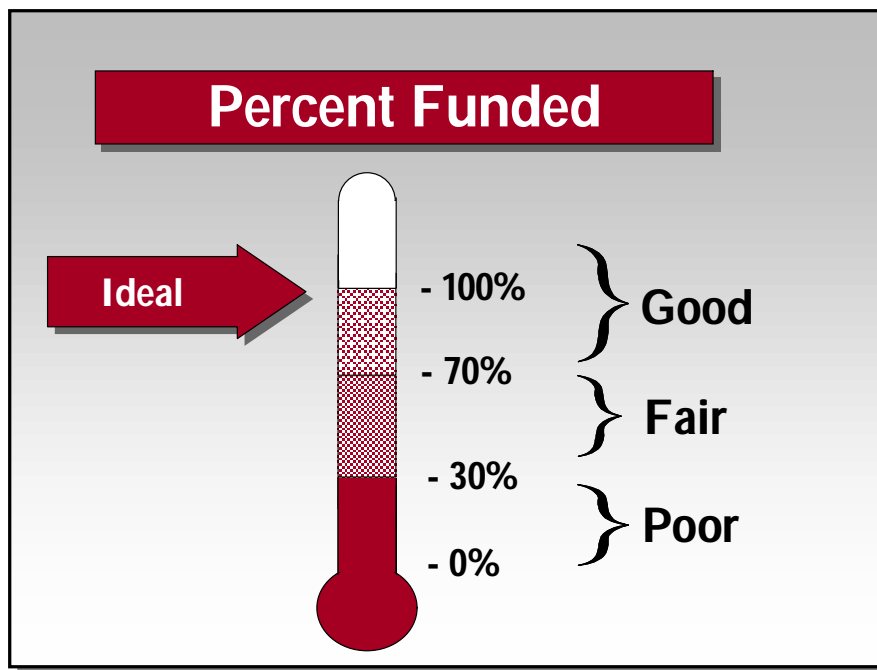
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB).
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% -130% range is considered "strong" because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Board members to recommend to their association.

Funding Principles

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible


What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Funding Goals



- Full Funding
- Threshold Funding
- Baseline Funding

Site Inspection Notes

During our site visit on September 11, 2010, we started with a phone meeting with Tim Riggins, and then started the site inspection beginning with the exterior siding take off. We visually inspected all the buildings, and were able to see all/some areas.

The purpose of this report is to establish a reserve fund contribution number that will protect the asset by ensuring future funds are available to cover anticipated replacement costs.

As reported to us by Melanie Muss – Developer, funds are contributed by the developer on any un-sold units. It is our presumption, that contributions will include our reserve recommendation as part of the total amount collected.

Projected Expenses

The figure below shows the array of the projected future expenses at your association. As expenses are based on the average of our Best Case and Worst Case projections, inflated appropriately for future years. Note the large expense in 2029, made up primarily of roof replacement costs.

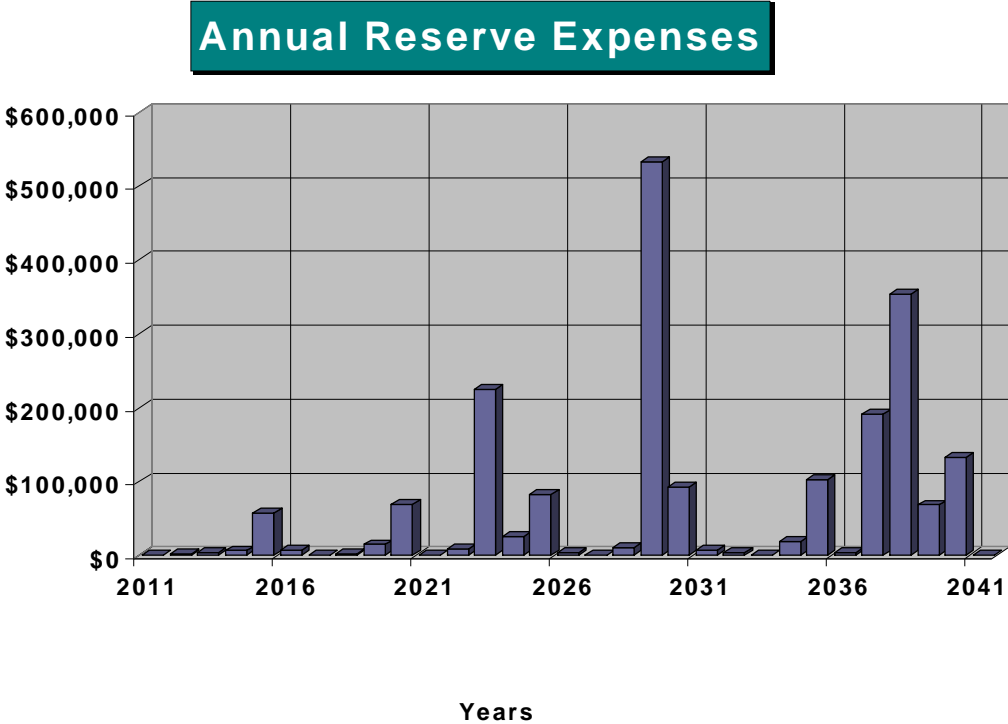


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$4,000 as-of the start of your Fiscal Year on January 1, 2011. This is based on your actual balance on 08/31/10 of \$1.00 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of January 1, 2011, your Fully Funded Balance is computed to be \$84,901 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 5% Funded. As indicated earlier in the Executive Summary, this represents a weak status.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$4,590/month this Fiscal Year. This represents the first year of the 30-year Funding Plan shown below. This same information is shown numerically in both Table 4 and Table 5.

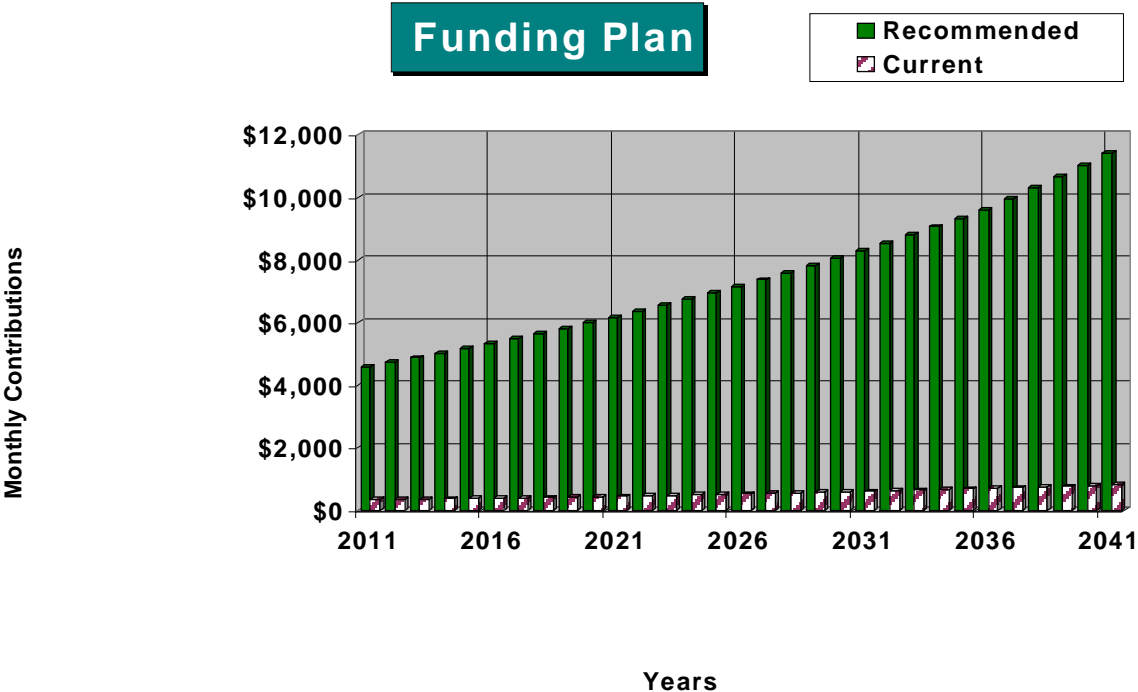


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

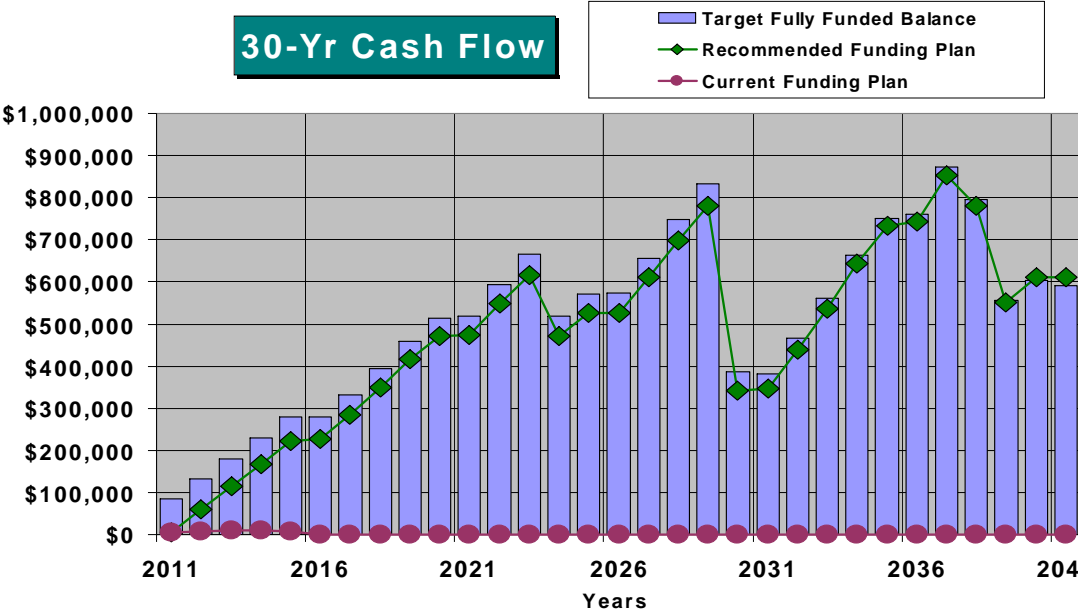


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

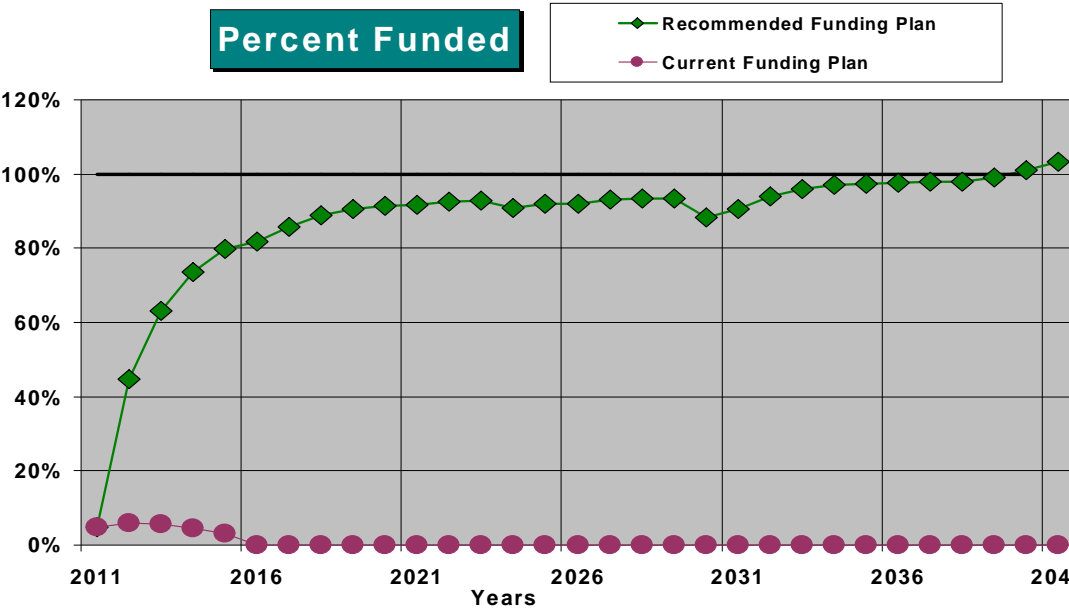


Figure 4

Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail**21306-0**

#	Component	Quantity	Use	Rem.	Best	Current
			ful	Usef	Cost	Worst
			Life	ul		Cost
			Life	Life		
109	Wood Deck - Replace	Approx 2,200 GSF Deck	15	12	\$39,600	\$44,000
201	Asphalt - Resurface	Approx 10,000 GSF	20	18	\$50,000	\$55,000
202	Asphalt - Seal/Repair	Approx 10,000 GSF	5	3	\$3,000	\$4,000
205	Concrete - Replace (part)	Numerous GSF Concrete	5	4	\$4,000	\$5,000
381	A/C Condensers - Replace	(6) York Condensers	15	13	\$10,800	\$13,200
402	Wood Beams - Replace/Repair	Extensive Wood Beams	10	8	\$3,000	\$5,000
505	Wood Railings - Replace (part)	Approx 350 LF Railing	5	4	\$3,000	\$5,000
701	Garage Doors - Replace	(12) Wooden Doors	30	28	\$9,600	\$10,800
1003	Irrigation System - Repair (part)	(1) Small System	2	1	\$1,500	\$2,500
1116	Cedar Siding - Restain	Approx 21,300 GSF Siding	5	4	\$26,600	\$37,300
1116	Trim - Repaint	Extensive Trim - 6 Units	5	4	\$9,000	\$10,800
1119	Exterior Stone - Seal/Point (part)	Approx 6,600 GSF Stone	3	2	\$3,700	\$4,100
1301	Metal Roof - Replace	Approx 5,000 GSF Roof	28	26	\$80,000	\$90,000
1305	Shingle Roofs - Replace	Apprx 17,100 GSF Shingles	20	18	\$230,900	\$265,100
1310	Gutters/Downspouts - Repair (part)	Approx 550 LF Gutters	20	18	\$3,900	\$5,500
2230	Windows - Replace	Approx (105) Windows	15	12	\$94,500	\$136,500
16	Total Funded Components					

Table 3: Contribution and Fund Breakdown**21306-0**

#	Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
109	Wood Deck - Replace	15	12	\$41,800	\$8,360	\$0.00	\$294.77
201	Asphalt - Resurface	20	18	\$52,500	\$5,250	\$0.00	\$277.67
202	Asphalt - Seal/Repair	5	3	\$3,500	\$1,400	\$1,400.00	\$74.05
205	Concrete - Replace (part)	5	4	\$4,500	\$900	\$300.00	\$95.20
381	A/C Condensers - Replace	15	13	\$12,000	\$1,600	\$0.00	\$84.62
402	Wood Beams - Replace/Repair	10	8	\$4,000	\$800	\$0.00	\$42.31
505	Wood Railings - Replace (part)	5	4	\$4,000	\$800	\$0.00	\$84.62
701	Garage Doors - Replace	30	28	\$10,200	\$680	\$0.00	\$35.96
1003	Irrigation System - Repair (part)	2	1	\$2,000	\$1,000	\$1,000.00	\$105.78
1116	Cedar Siding - Restain	5	4	\$31,950	\$6,390	\$0.00	\$675.93
1116	Trim - Repaint	5	4	\$9,900	\$1,980	\$0.00	\$209.44
1119	Exterior Stone - Seal/Point (part)	3	2	\$3,900	\$1,300	\$1,300.00	\$137.51
1301	Metal Roof - Replace	28	26	\$85,000	\$6,071	\$0.00	\$321.11
1305	Shingle Roofs - Replace	20	18	\$248,000	\$24,800	\$0.00	\$1,311.66
1310	Gutters/Downspouts - Repair (part)	20	18	\$4,700	\$470	\$0.00	\$24.86
2230	Windows - Replace	15	12	\$115,500	\$23,100	\$0.00	\$814.50
16	Total Funded Components				\$84,901	\$4,000	\$4,590

Table 4: 30-Year Reserve Plan Summary

21306-0

Fiscal Year Beginning: 01/01/11

Interest: 0.0%	Inflation: 3.0%
-----------------------	------------------------

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2011	\$4,000	\$84,901	4.7%	Weak	\$55,080	\$0	\$0	\$0
2012	\$59,080	\$132,143	44.7%	Fair	\$56,732	\$0	\$0	\$2,060
2013	\$113,752	\$180,020	63.2%	Fair	\$58,434	\$0	\$0	\$4,138
2014	\$168,049	\$228,575	73.5%	Strong	\$60,187	\$0	\$0	\$6,010
2015	\$222,227	\$278,081	79.9%	Strong	\$61,993	\$0	\$0	\$56,669
2016	\$227,550	\$278,357	81.7%	Strong	\$63,853	\$0	\$0	\$6,840
2017	\$284,563	\$331,476	85.8%	Strong	\$65,768	\$0	\$0	\$0
2018	\$350,332	\$394,787	88.7%	Strong	\$67,741	\$0	\$0	\$2,460
2019	\$415,614	\$459,065	90.5%	Strong	\$69,774	\$0	\$0	\$14,441
2020	\$470,946	\$514,580	91.5%	Strong	\$71,867	\$0	\$0	\$68,305
2021	\$474,508	\$517,979	91.6%	Strong	\$74,023	\$0	\$0	\$0
2022	\$548,531	\$593,584	92.4%	Strong	\$76,244	\$0	\$0	\$8,167
2023	\$616,608	\$664,847	92.7%	Strong	\$78,531	\$0	\$0	\$224,272
2024	\$470,866	\$517,515	91.0%	Strong	\$80,887	\$0	\$0	\$25,699
2025	\$526,054	\$572,205	91.9%	Strong	\$83,313	\$0	\$0	\$82,058
2026	\$527,309	\$572,455	92.1%	Strong	\$85,813	\$0	\$0	\$3,116
2027	\$610,006	\$656,051	93.0%	Strong	\$88,387	\$0	\$0	\$0
2028	\$698,393	\$747,454	93.4%	Strong	\$91,039	\$0	\$0	\$9,752
2029	\$779,680	\$833,706	93.5%	Strong	\$93,770	\$0	\$0	\$532,351
2030	\$341,100	\$386,484	88.3%	Strong	\$96,583	\$0	\$0	\$91,796
2031	\$345,887	\$381,901	90.6%	Strong	\$99,481	\$0	\$0	\$7,044
2032	\$438,324	\$466,825	93.9%	Strong	\$102,465	\$0	\$0	\$3,721
2033	\$537,068	\$560,142	95.9%	Strong	\$105,539	\$0	\$0	\$0
2034	\$642,607	\$662,585	97.0%	Strong	\$108,705	\$0	\$0	\$18,552
2035	\$732,760	\$751,562	97.5%	Strong	\$111,966	\$0	\$0	\$102,351
2036	\$742,375	\$759,541	97.7%	Strong	\$115,325	\$0	\$0	\$4,188
2037	\$853,513	\$871,594	97.9%	Strong	\$119,362	\$0	\$0	\$191,721
2038	\$781,154	\$796,656	98.1%	Strong	\$123,539	\$0	\$0	\$353,851
2039	\$550,842	\$555,367	99.2%	Strong	\$127,863	\$0	\$0	\$67,951
2040	\$610,754	\$604,295	101.1%	Strong	\$132,338	\$0	\$0	\$132,557

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)**21306-0**

Fiscal Year	2011	2012	2013	2014	2015
Starting Reserve Balance	\$4,000	\$59,080	\$113,752	\$168,049	\$222,227
Annual Reserve Contribution	\$55,080	\$56,732	\$58,434	\$60,187	\$61,993
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0
Total Income	\$59,080	\$115,812	\$172,187	\$228,237	\$284,220
# Component					
109 Wood Deck - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$3,825	\$0
205 Concrete - Replace (part)	\$0	\$0	\$0	\$0	\$5,065
381 A/C Condensers - Replace	\$0	\$0	\$0	\$0	\$0
402 Wood Beams - Replace/Repair	\$0	\$0	\$0	\$0	\$0
505 Wood Railings - Replace (part)	\$0	\$0	\$0	\$0	\$4,502
701 Garage Doors - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$0	\$2,060	\$0	\$2,185	\$0
1116 Cedar Siding - Restain	\$0	\$0	\$0	\$0	\$35,960
1116 Trim - Repaint	\$0	\$0	\$0	\$0	\$11,143
1119 Exterior Stone - Seal/Point (part)	\$0	\$0	\$4,138	\$0	\$0
1301 Metal Roof - Replace	\$0	\$0	\$0	\$0	\$0
1305 Shingle Roofs - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair (part)	\$0	\$0	\$0	\$0	\$0
2230 Windows - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$2,060	\$4,138	\$6,010	\$56,669
Ending Reserve Balance:	\$59,080	\$113,752	\$168,049	\$222,227	\$227,550

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)**21306-0**

Fiscal Year	2016	2017	2018	2019	2020
Starting Reserve Balance	\$227,550	\$284,563	\$350,332	\$415,614	\$470,946
Annual Reserve Contribution	\$63,853	\$65,768	\$67,741	\$69,774	\$71,867
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0
Total Income	\$291,403	\$350,332	\$418,073	\$485,387	\$542,813
# Component					
109 Wood Deck - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$4,434	\$0
205 Concrete - Replace (part)	\$0	\$0	\$0	\$0	\$5,871
381 A/C Condensers - Replace	\$0	\$0	\$0	\$0	\$0
402 Wood Beams - Replace/Repair	\$0	\$0	\$0	\$5,067	\$0
505 Wood Railings - Replace (part)	\$0	\$0	\$0	\$0	\$5,219
701 Garage Doors - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$2,319	\$0	\$2,460	\$0	\$2,610
1116 Cedar Siding - Restain	\$0	\$0	\$0	\$0	\$41,688
1116 Trim - Repaint	\$0	\$0	\$0	\$0	\$12,917
1119 Exterior Stone - Seal/Point (part)	\$4,521	\$0	\$0	\$4,940	\$0
1301 Metal Roof - Replace	\$0	\$0	\$0	\$0	\$0
1305 Shingle Roofs - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair (part)	\$0	\$0	\$0	\$0	\$0
2230 Windows - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$6,840	\$0	\$2,460	\$14,441	\$68,305
Ending Reserve Balance:	\$284,563	\$350,332	\$415,614	\$470,946	\$474,508

Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)**21306-0**

Fiscal Year	2021	2022	2023	2024	2025
Starting Reserve Balance	\$474,508	\$548,531	\$616,608	\$470,866	\$526,054
Annual Reserve Contribution	\$74,023	\$76,244	\$78,531	\$80,887	\$83,313
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0
Total Income	\$548,531	\$624,775	\$695,139	\$551,753	\$609,367
# Component					
109 Wood Deck - Replace	\$0	\$0	\$59,597	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$5,140	\$0
205 Concrete - Replace (part)	\$0	\$0	\$0	\$0	\$6,807
381 A/C Condensers - Replace	\$0	\$0	\$0	\$17,622	\$0
402 Wood Beams - Replace/Repair	\$0	\$0	\$0	\$0	\$0
505 Wood Railings - Replace (part)	\$0	\$0	\$0	\$0	\$6,050
701 Garage Doors - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$0	\$2,768	\$0	\$2,937	\$0
1116 Cedar Siding - Restain	\$0	\$0	\$0	\$0	\$48,327
1116 Trim - Repaint	\$0	\$0	\$0	\$0	\$14,975
1119 Exterior Stone - Seal/Point (part)	\$0	\$5,399	\$0	\$0	\$5,899
1301 Metal Roof - Replace	\$0	\$0	\$0	\$0	\$0
1305 Shingle Roofs - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair (part)	\$0	\$0	\$0	\$0	\$0
2230 Windows - Replace	\$0	\$0	\$164,675	\$0	\$0
Total Expenses	\$0	\$8,167	\$224,272	\$25,699	\$82,058
Ending Reserve Balance:	\$548,531	\$616,608	\$470,866	\$526,054	\$527,309

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)

21306-0

Fiscal Year	2026	2027	2028	2029	2030
Starting Reserve Balance	\$527,309	\$610,006	\$698,393	\$779,680	\$341,100
Annual Reserve Contribution	\$85,813	\$88,387	\$91,039	\$93,770	\$96,583
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0
Total Income	\$613,122	\$698,393	\$789,432	\$873,450	\$437,683
# Component					
109 Wood Deck - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$89,378	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$5,959	\$0
205 Concrete - Replace (part)	\$0	\$0	\$0	\$0	\$7,891
381 A/C Condensers - Replace	\$0	\$0	\$0	\$0	\$0
402 Wood Beams - Replace/Repair	\$0	\$0	\$0	\$6,810	\$0
505 Wood Railings - Replace (part)	\$0	\$0	\$0	\$0	\$7,014
701 Garage Doors - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$3,116	\$0	\$3,306	\$0	\$3,507
1116 Cedar Siding - Restain	\$0	\$0	\$0	\$0	\$56,025
1116 Trim - Repaint	\$0	\$0	\$0	\$0	\$17,360
1119 Exterior Stone - Seal/Point (part)	\$0	\$0	\$6,446	\$0	\$0
1301 Metal Roof - Replace	\$0	\$0	\$0	\$0	\$0
1305 Shingle Roofs - Replace	\$0	\$0	\$0	\$422,203	\$0
1310 Gutters/Downspouts - Repair (part)	\$0	\$0	\$0	\$8,001	\$0
2230 Windows - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$3,116	\$0	\$9,752	\$532,351	\$91,796
Ending Reserve Balance:	\$610,006	\$698,393	\$779,680	\$341,100	\$345,887

Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)**21306-0**

Fiscal Year	2031	2032	2033	2034	2035
Starting Reserve Balance	\$345,887	\$438,324	\$537,068	\$642,607	\$732,760
Annual Reserve Contribution	\$99,481	\$102,465	\$105,539	\$108,705	\$111,966
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0
Total Income	\$445,367	\$540,789	\$642,607	\$751,312	\$844,727
# Component					
109 Wood Deck - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$6,908	\$0
205 Concrete - Replace (part)	\$0	\$0	\$0	\$0	\$9,148
381 A/C Condensers - Replace	\$0	\$0	\$0	\$0	\$0
402 Wood Beams - Replace/Repair	\$0	\$0	\$0	\$0	\$0
505 Wood Railings - Replace (part)	\$0	\$0	\$0	\$0	\$8,131
701 Garage Doors - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$0	\$3,721	\$0	\$3,947	\$0
1116 Cedar Siding - Restain	\$0	\$0	\$0	\$0	\$64,948
1116 Trim - Repaint	\$0	\$0	\$0	\$0	\$20,125
1119 Exterior Stone - Seal/Point (part)	\$7,044	\$0	\$0	\$7,697	\$0
1301 Metal Roof - Replace	\$0	\$0	\$0	\$0	\$0
1305 Shingle Roofs - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair (part)	\$0	\$0	\$0	\$0	\$0
2230 Windows - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$7,044	\$3,721	\$0	\$18,552	\$102,351
Ending Reserve Balance:	\$438,324	\$537,068	\$642,607	\$732,760	\$742,375

Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)**21306-0**

Fiscal Year	2036	2037	2038	2039	2040
Starting Reserve Balance	\$742,375	\$853,513	\$781,154	\$550,842	\$610,754
Annual Reserve Contribution	\$115,325	\$119,362	\$123,539	\$127,863	\$132,338
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0
Total Income	\$857,701	\$972,875	\$904,693	\$678,705	\$743,092
# Component					
109 Wood Deck - Replace	\$0	\$0	\$92,850	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$8,008	\$0
205 Concrete - Replace (part)	\$0	\$0	\$0	\$0	\$10,605
381 A/C Condensers - Replace	\$0	\$0	\$0	\$27,455	\$0
402 Wood Beams - Replace/Repair	\$0	\$0	\$0	\$9,152	\$0
505 Wood Railings - Replace (part)	\$0	\$0	\$0	\$0	\$9,426
701 Garage Doors - Replace	\$0	\$0	\$0	\$23,337	\$0
1003 Irrigation System - Repair (part)	\$4,188	\$0	\$4,443	\$0	\$4,713
1116 Cedar Siding - Restain	\$0	\$0	\$0	\$0	\$75,292
1116 Trim - Repaint	\$0	\$0	\$0	\$0	\$23,330
1119 Exterior Stone - Seal/Point (part)	\$0	\$8,411	\$0	\$0	\$9,191
1301 Metal Roof - Replace	\$0	\$183,310	\$0	\$0	\$0
1305 Shingle Roofs - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair (part)	\$0	\$0	\$0	\$0	\$0
2230 Windows - Replace	\$0	\$0	\$256,559	\$0	\$0
Total Expenses	\$4,188	\$191,721	\$353,851	\$67,951	\$132,557
Ending Reserve Balance:	\$853,513	\$781,154	\$550,842	\$610,754	\$610,535

Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves, Inc., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Carmine R. DeLisio, RS, company president, is a Colorado licensed General Contractor (Licensed #15126), and credentialed Reserve Specialist (#184). All work done by Association Reserves - Colorado is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association’s representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

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

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area)
GSY	Gross Square Yards (area)
HP	Horsepower
LF	Linear Feet (length)

Effective Age: The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

Fully Funded Balance (FFB): The Reserve Balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

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

Inflation: Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

Interest: Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

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 Fully Funded Balance, expressed as a percentage.

Remaining Useful Life: The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

Useful Life: The estimated time, in years, that a common area component can be expected to serve its intended function.

Photographic Inventory Appendix