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## Update “With-Site-Visit” Reserve Study



### **Enclave at Broadmoor Glen Colorado Springs, CO**

**Report #: 17120-1**  
**For Period Beginning: January 1, 2012**  
**Expires: December 31, 2012**

**Date Prepared: August 9, 2011**

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## **Hello, and welcome to your Reserve Study!**

**T**his 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.

**W**ith 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](http://www.ReserveStudy.com) or call us at:

800/733-1365



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### 3- Minute Executive Summary

Association: Enclave at Broadmoor Glen Assoc. #: 17120-1  
Location: Colorado Springs, CO  
# of Units: 76  
Report Period: January 1, 2012 through December 31, 2012

*Results as-of 1/1/2012:*

Projected Starting Reserve Balance: .....	\$260,401
Fully Funded Reserve Balance: .....	\$414,520
Average Reserve Deficit (Surplus) Per Unit:.....	\$2,028
Percent Funded: .....	62.8%
Recommended 2012 monthly Reserve Contribution: .....	\$6,560
Recommended 2012 Special Assessment for Reserves: .....	\$0
Most Recent Reserve Contribution Rate:.....	\$1,224

*Economic Assumptions:*

Net Annual "After Tax" Interest Earnings Accruing to Reserves..... 0.50%  
Annual Inflation Rate ..... 3.00%

- This is an "Update With-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2008 Fiscal Year. The information in this Reserve Study is based on our site inspection on July 26, 2011.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is below 70% Funded, at 62.8% Funded, this represents a fair 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
103	Concrete Patio - Repair (part)	5	2	\$4,500	\$4,774
103	Concrete Walkway - Repair (part)	5	3	\$5,500	\$6,010
109	Wood Deck Phase 1 - Replace 25%	N/A	1	\$41,250	\$42,488
109	Wood Deck Phase 2 - Replace 25%	N/A	3	\$41,250	\$45,075
109	Wood Deck Phase 3 - Replace 25%	N/A	7	\$41,250	\$50,732
109	Wood Deck Phase 4 - Replace 25%	N/A	10	\$41,250	\$55,437
<b>205</b>	<b>Concrete Driveway - Repair (part)</b>	<b>3</b>	<b>0</b>	<b>\$11,000</b>	<b>\$12,020</b>
501	Block Wall - Repair	10	8	\$1,750	\$2,217
503	Metal Fence - Replace (part)	12	8	\$4,500	\$5,700
503	Unit Fence - Replace (part)	10	8	\$4,500	\$5,700
512	Retaining Walls - Repair	10	6	\$9,000	\$10,746
811	Siding/Trim 1 - Replace 25%	25	10	\$161,550	\$217,110
811	Siding/Trim 2 - Replace 25%	25	12	\$161,550	\$230,332
811	Siding/Trim 3 - Replace 25%	25	14	\$161,550	\$244,359
811	Siding/Trim 4 - Replace 25%	25	16	\$161,550	\$259,240
830	Brick Veneer - Repoint/Repair	10	8	\$2,000	\$2,534
1003	Irrigation System - Repair (part)	5	3	\$7,000	\$7,649
1005	Landscaping - Replace (part)	N/A	1	\$12,500	\$12,875
1107	Metal Fence/Rail - Repaint	5	0	\$2,550	\$2,956
1107	Unit Fence - Repaint (20%)	1	0	\$1,550	\$1,597
1112	Siding - Repaint	1	0	\$12,100	\$12,463
1116	Wood Deck - Re-seal	1	0	\$3,600	\$3,708
1304	Tile Roof - Repair	1	0	\$7,000	\$7,210
1310	Gutters/Downspouts - Replace (part)	10	7	\$5,000	\$6,149
1402	Signage - Refurbish	10	0	\$4,500	\$6,048
<b>25</b>	<b>Total Funded Components</b>				

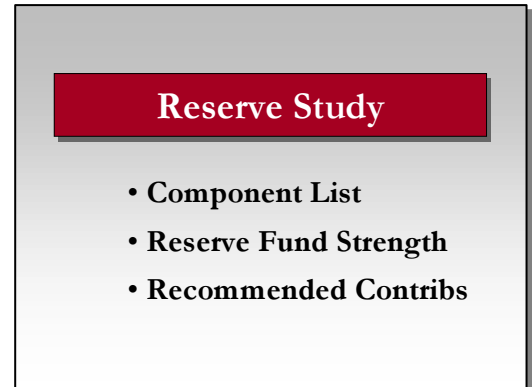
Note 1: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Note 2: highlighted line items are expected to require attention in the initial year

## 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.

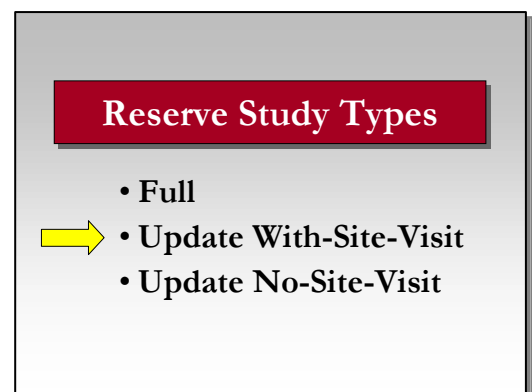
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance 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 "Update With-Site-Visit" Reserve Study, we started with a review of your prior Reserve Study, 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 evaluate your common areas, updating and adjusting your Reserve Component List as appropriate.



### *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 since last report)
- 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...

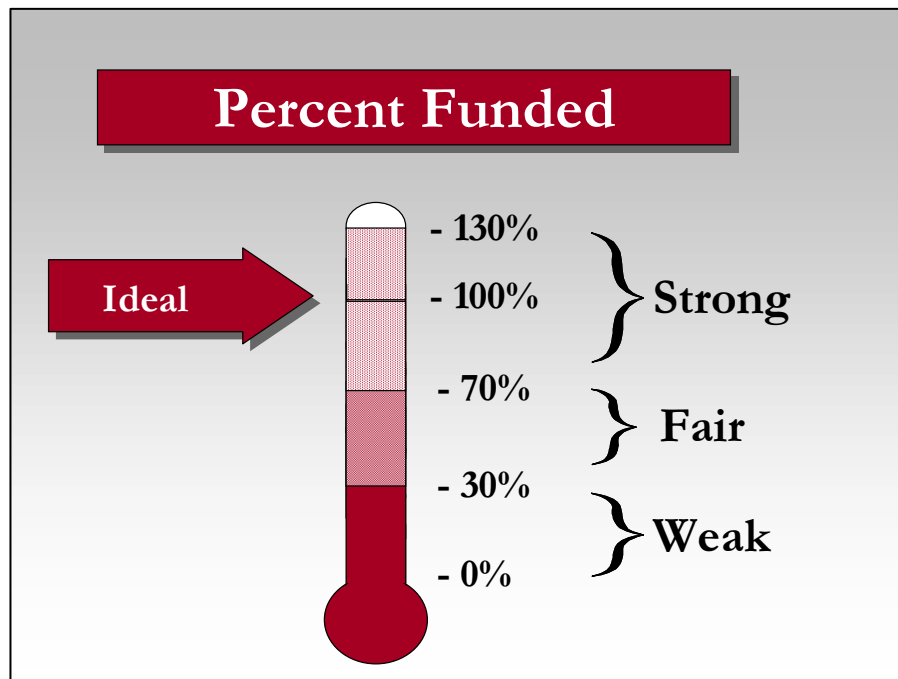
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

### *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 Boardmembers 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 July 26, 2011, we started with a brief meeting with Kerry Cantrell, and then started the site inspection beginning with the streets and drives. We visually inspected all the buildings, and were able to see all areas. We re-measured metal fencing block walls and . We were not able to closely inspect the roofs due to access limitations.

During our site inspection we were informed that homeowners are currently being offered funding towards replacing their decks with a composite material. Once completed, maintenance of the decks becomes the responsibility of the homeowner. Our funding anticipates that all decks will be replaced over a 10 year period.

The siding is showing signs of deterioration on several units. Economic factors have forced the reduction of the cost to install the Hardie Board siding product, which is a superior alternative to Masonite products. We have factored replacement with the Hardie Board product.

The Association has elected not to follow the previous plan that was established in 2008. With a major siding replacement project quickly approaching, one which will be the Association's most significant financial expense, we recommend an immediate increase in the reserve contribution to avoid future financial problems or the potential for a significant special assessment.

The metal fence is in contact with shrubbery along the perimeter of the property. Shrubby with retain moisture for rain, snow and the irrigation system which will cause the accelerated deterioration of this component. Recommend that shrubbery be pruned away from the metal fence.

The building paint cycle has been changed to accommodate the Board's decision to extend to a seven years cycle. Future studies should be adjusted if necessary, based on actual paint life.



### Projected Expenses

The figure below shows the array of the projected future expenses at your association. This figure clearly shows the near term and future expenses that your association will face. Note the peaks starting in approximately 2023, made up primarily of siding replacement expenses.

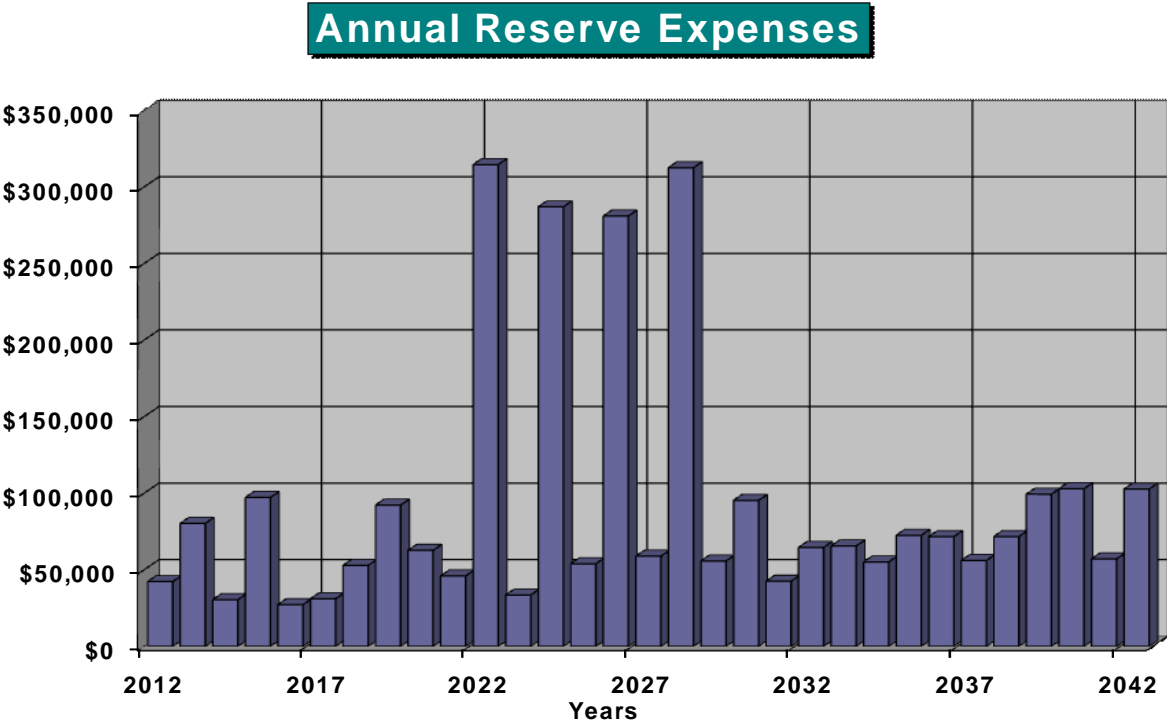


Figure 1

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 \$260,401 as-of the start of your Fiscal Year on January 1, 2012. This is based on your actual balance on 05/31/11 of \$251,834 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of January 1, 2012, your Fully Funded Balance is computed to be \$414,520 (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 63% Funded. As indicated earlier in the Executive Summary, this represents a fair status.

### Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$6,560/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.

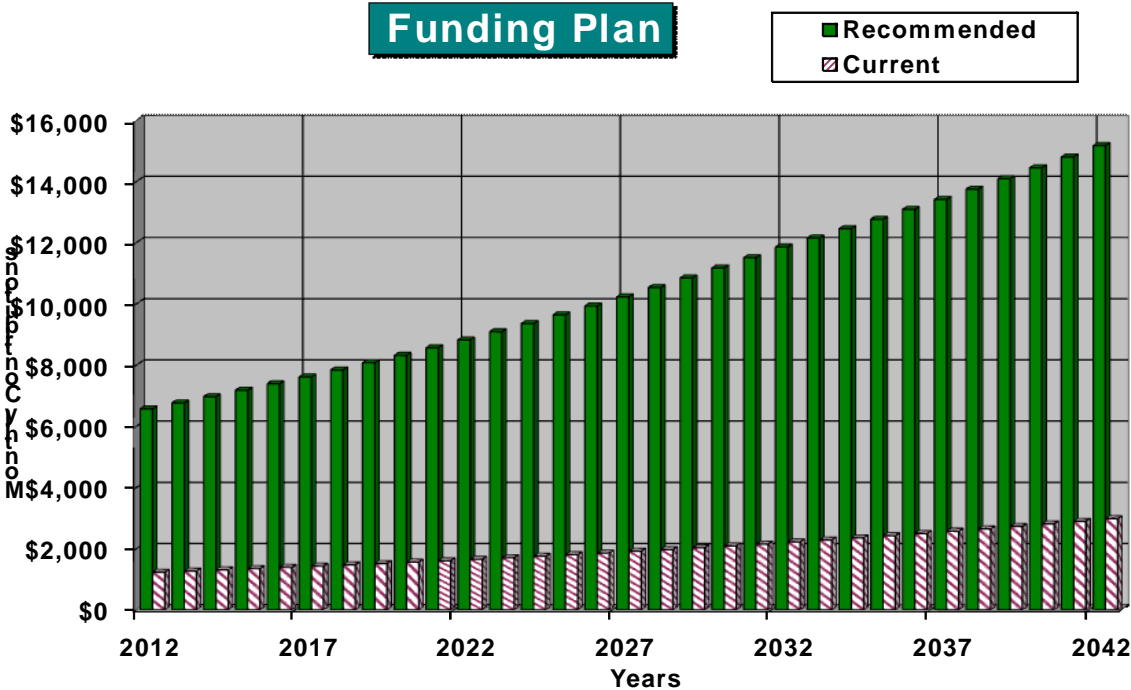


Figure 2

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.

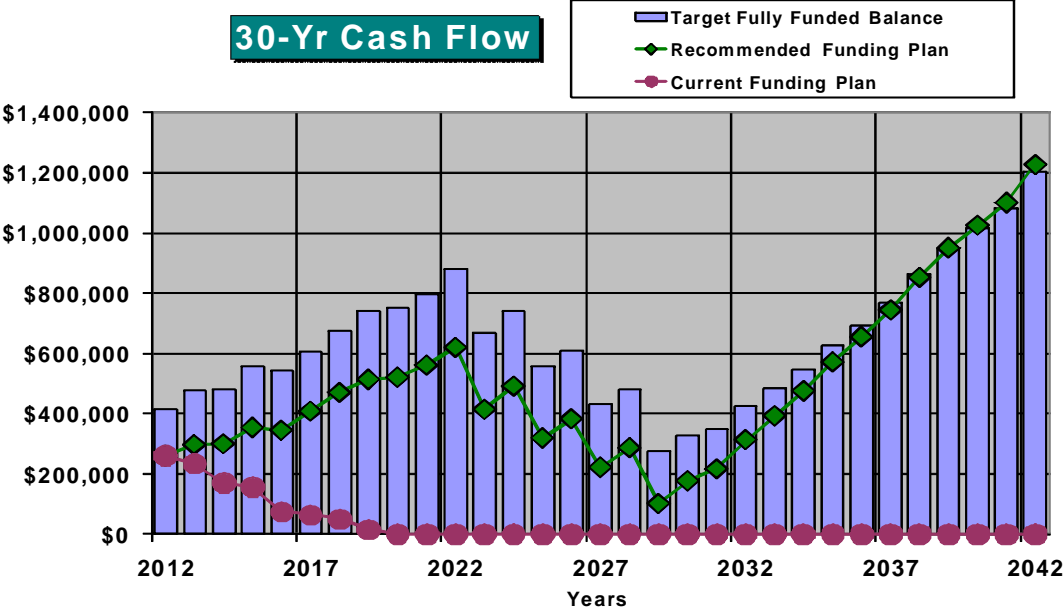


Figure 3

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

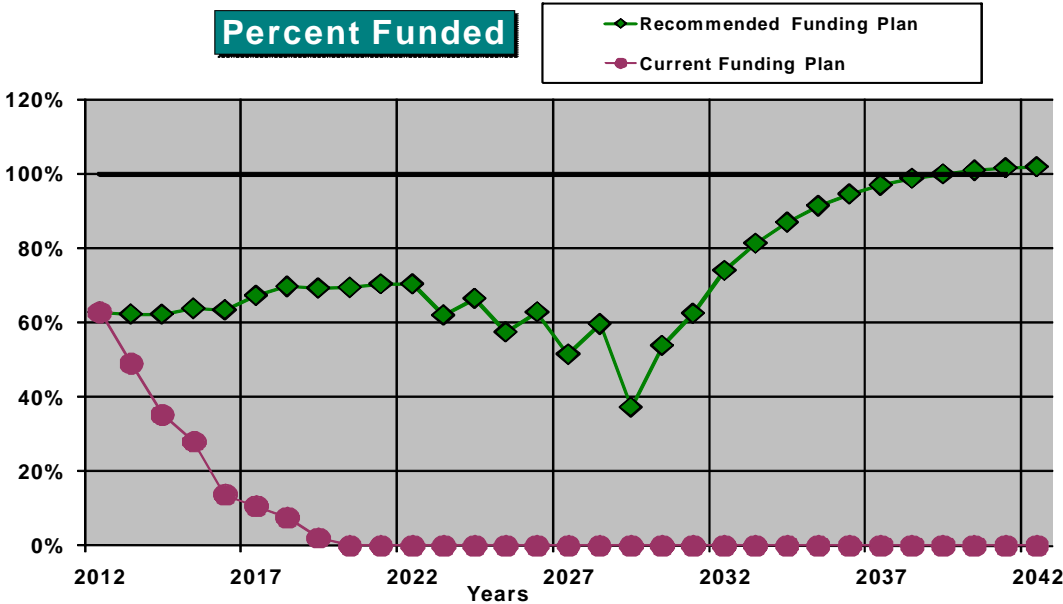


Figure 4

## 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 page. 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****17120-1**

#	Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
103	Concrete Patio - Repair (part)	Numerous GSF	5	2	\$4,000	\$5,000
103	Concrete Walkway - Repair (part)	Numerous GSF	5	3	\$5,000	\$6,000
109	Wood Deck Phase 1 - Replace 25%	Approx 40 Decks	N/A	1	\$37,500	\$45,000
109	Wood Deck Phase 2 - Replace 25%	Approx 40 Decks	N/A	3	\$37,500	\$45,000
109	Wood Deck Phase 3 - Replace 25%	Approx 40 Decks	N/A	7	\$37,500	\$45,000
109	Wood Deck Phase 4 - Replace 25%	Approx 40 Decks	N/A	10	\$37,500	\$45,000
205	Concrete Driveway - Repair (part)	Numerous GSF	3	0	\$10,000	\$12,000
501	Block Wall - Repair	Numerous LF	10	8	\$1,500	\$2,000
503	Metal Fence - Replace (part)	Approx 360 LF 6' Ht.	12	8	\$4,000	\$5,000
503	Unit Fence - Replace (part)	Approx 1,400 LF	10	8	\$4,000	\$5,000
512	Retaining Walls - Repair	Numerous LF	10	6	\$8,000	\$10,000
811	Siding/Trim 1 - Replace 25%	Approx 99,400 GSF	25	10	\$124,300	\$198,800
811	Siding/Trim 2 - Replace 25%	Approx 99,400 GSF	25	12	\$124,300	\$198,800
811	Siding/Trim 3 - Replace 25%	Approx 99,400 GSF	25	14	\$124,300	\$198,800
811	Siding/Trim 4 - Replace 25%	Approx 99,400 GSF	25	16	\$124,300	\$198,800
830	Brick Veneer - Repoint/Repair	Numerous GSF	10	8	\$1,500	\$2,500
1003	Irrigation System - Repair (part)	Medium Sized System	5	3	\$6,000	\$8,000
1005	Landscaping - Replace (part)	Numerous GSF	N/A	1	\$10,000	\$15,000
1107	Metal Fence/Rail - Repaint	Approx 360 LF 6' Ht.	5	0	\$2,200	\$2,900
1107	Unit Fence - Repaint (20%)	Approx 1,400 LF	1	0	\$1,400	\$1,700
1112	Siding - Repaint	(11) Units	1	0	\$11,000	\$13,200
1116	Wood Deck - Re-seal	(40) Decks	1	0	\$3,000	\$4,200
1304	Tile Roof - Repair	Numerous GSF	1	0	\$6,000	\$8,000
1310	Gutters/Downspouts - Replace (part)	Numerous GSF	10	7	\$4,000	\$6,000
1402	Signage - Refurbish	(2) Monument Signs	10	0	\$3,500	\$5,500
25	Total Funded Components					



**Table 3: Contribution and Fund Breakdown****17120-1**

#	Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
103	Concrete Patio - Repair (part)	5	2	\$4,500	\$2,700	\$2,700.00	\$97.23
103	Concrete Walkway - Repair (part)	5	3	\$5,500	\$2,200	\$2,200.00	\$118.83
109	Wood Deck Phase 1 - Replace 25%	N/A	1	\$41,250	\$20,625	\$20,625.00	\$0.00
109	Wood Deck Phase 2 - Replace 25%	N/A	3	\$41,250	\$10,313	\$10,312.50	\$0.00
109	Wood Deck Phase 3 - Replace 25%	N/A	7	\$41,250	\$5,156	\$5,156.25	\$0.00
109	Wood Deck Phase 4 - Replace 25%	N/A	10	\$41,250	\$3,750	\$3,750.00	\$0.00
205	Concrete Driveway - Repair (part)	3	0	\$11,000	\$11,000	\$11,000.00	\$396.10
501	Block Wall - Repair	10	8	\$1,750	\$350	\$350.00	\$18.91
503	Metal Fence - Replace (part)	12	8	\$4,500	\$1,500	\$1,500.00	\$40.51
503	Unit Fence - Replace (part)	10	8	\$4,500	\$900	\$900.00	\$48.61
512	Retaining Walls - Repair	10	6	\$9,000	\$3,600	\$3,600.00	\$97.23
811	Siding/Trim 1 - Replace 25%	25	10	\$161,550	\$96,930	\$96,930.00	\$698.08
811	Siding/Trim 2 - Replace 25%	25	12	\$161,550	\$84,006	\$59,127.25	\$698.08
811	Siding/Trim 3 - Replace 25%	25	14	\$161,550	\$71,082	\$0.00	\$698.08
811	Siding/Trim 4 - Replace 25%	25	16	\$161,550	\$58,158	\$0.00	\$698.08
830	Brick Veneer - Repoint/Repair	10	8	\$2,000	\$400	\$400.00	\$21.61
1003	Irrigation System - Repair (part)	5	3	\$7,000	\$2,800	\$2,800.00	\$151.24
1005	Landscaping - Replace (part)	N/A	1	\$12,500	\$6,250	\$6,250.00	\$0.00
1107	Metal Fence/Rail - Repaint	5	0	\$2,550	\$2,550	\$2,550.00	\$55.09
1107	Unit Fence - Repaint (20%)	1	0	\$1,550	\$1,550	\$1,550.00	\$167.44
1112	Siding - Repaint	1	0	\$12,100	\$12,100	\$12,100.00	\$1,307.15
1116	Wood Deck - Re-seal	1	0	\$3,600	\$3,600	\$3,600.00	\$388.90
1304	Tile Roof - Repair	1	0	\$7,000	\$7,000	\$7,000.00	\$756.20
1310	Gutters/Downspouts - Replace (part)	10	7	\$5,000	\$1,500	\$1,500.00	\$54.01
1402	Signage - Refurbish	10	0	\$4,500	\$4,500	\$4,500.00	\$48.61
25	Total Funded Components				\$414,520	\$260,401	\$6,560

**Table 4: 30-Year Reserve Plan Summary**

**17120-1**

**Fiscal Year Beginning: 01/01/12**

<b>Interest: 0.5%</b>	<b>Inflation: 3.0%</b>
-----------------------	------------------------

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2012	\$260,401	\$414,520	62.8%	Fair	\$78,720	\$0	\$1,396	\$42,300
2013	\$298,217	\$478,300	62.3%	Fair	\$81,082	\$0	\$1,496	\$80,340
2014	\$300,455	\$482,188	62.3%	Fair	\$83,514	\$0	\$1,639	\$30,501
2015	\$355,107	\$556,260	63.8%	Fair	\$86,019	\$0	\$1,751	\$97,253
2016	\$345,625	\$544,274	63.5%	Fair	\$88,600	\$0	\$1,886	\$27,294
2017	\$408,817	\$606,966	67.4%	Fair	\$91,258	\$0	\$2,200	\$31,069
2018	\$471,206	\$675,534	69.8%	Fair	\$93,996	\$0	\$2,465	\$52,837
2019	\$514,830	\$742,858	69.3%	Fair	\$96,816	\$0	\$2,592	\$92,241
2020	\$521,997	\$751,414	69.5%	Fair	\$99,720	\$0	\$2,709	\$62,705
2021	\$561,720	\$797,573	70.4%	Strong	\$102,712	\$0	\$2,957	\$45,993
2022	\$621,396	\$882,244	70.4%	Strong	\$105,793	\$0	\$2,591	\$314,611
2023	\$415,169	\$668,720	62.1%	Fair	\$108,967	\$0	\$2,270	\$33,568
2024	\$492,838	\$740,785	66.5%	Fair	\$112,236	\$0	\$2,032	\$287,006
2025	\$320,100	\$556,569	57.5%	Fair	\$115,603	\$0	\$1,759	\$53,969
2026	\$383,493	\$609,530	62.9%	Fair	\$119,071	\$0	\$1,516	\$281,039
2027	\$223,041	\$432,953	51.5%	Fair	\$122,643	\$0	\$1,278	\$58,891
2028	\$288,071	\$482,729	59.7%	Fair	\$126,322	\$0	\$977	\$312,597
2029	\$102,773	\$275,605	37.3%	Fair	\$130,112	\$0	\$701	\$55,784
2030	\$177,803	\$329,795	53.9%	Fair	\$134,016	\$0	\$988	\$95,336
2031	\$217,470	\$347,974	62.5%	Fair	\$138,036	\$0	\$1,329	\$42,523
2032	\$314,313	\$424,290	74.1%	Strong	\$142,177	\$0	\$1,769	\$64,659
2033	\$393,601	\$483,386	81.4%	Strong	\$145,732	\$0	\$2,173	\$65,575
2034	\$475,930	\$546,700	87.1%	Strong	\$149,375	\$0	\$2,621	\$55,088
2035	\$572,838	\$626,206	91.5%	Strong	\$153,109	\$0	\$3,073	\$72,529
2036	\$656,491	\$693,728	94.6%	Strong	\$156,937	\$0	\$3,504	\$71,656
2037	\$745,275	\$767,878	97.1%	Strong	\$160,860	\$0	\$3,997	\$56,113
2038	\$854,020	\$864,076	98.8%	Strong	\$164,882	\$0	\$4,513	\$71,707
2039	\$951,708	\$951,027	100.1%	Strong	\$169,004	\$0	\$4,944	\$99,403
2040	\$1,026,253	\$1,016,107	101.0%	Strong	\$173,229	\$0	\$5,319	\$102,957
2041	\$1,101,845	\$1,083,646	101.7%	Strong	\$177,560	\$0	\$5,824	\$57,147

**Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)****17120-1**

Fiscal Year	2012	2013	2014	2015	2016
Starting Reserve Balance	\$260,401	\$298,217	\$300,455	\$355,107	\$345,625
Annual Reserve Contribution	\$78,720	\$81,082	\$83,514	\$86,019	\$88,600
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,396	\$1,496	\$1,639	\$1,751	\$1,886
<b>Total Income</b>	<b>\$340,517</b>	<b>\$380,795</b>	<b>\$385,608</b>	<b>\$442,878</b>	<b>\$436,111</b>
<b># Component</b>					
103 Concrete Patio - Repair (part)	\$0	\$0	\$4,774	\$0	\$0
103 Concrete Walkway - Repair (part)	\$0	\$0	\$0	\$6,010	\$0
109 Wood Deck Phase 1 - Replace 25%	\$0	\$42,488	\$0	\$0	\$0
109 Wood Deck Phase 2 - Replace 25%	\$0	\$0	\$0	\$45,075	\$0
109 Wood Deck Phase 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
205 Concrete Driveway - Repair (part)	\$11,000	\$0	\$0	\$12,020	\$0
501 Block Wall - Repair	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace (part)	\$0	\$0	\$0	\$0	\$0
503 Unit Fence - Replace (part)	\$0	\$0	\$0	\$0	\$0
512 Retaining Walls - Repair	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
830 Brick Veneer - Repoint/Repair	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$0	\$0	\$0	\$7,649	\$0
1005 Landscaping - Replace (part)	\$0	\$12,875	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$2,550	\$0	\$0	\$0	\$0
1107 Unit Fence - Repaint (20%)	\$1,550	\$1,597	\$1,644	\$1,694	\$1,745
1112 Siding - Repaint	\$12,100	\$12,463	\$12,837	\$13,222	\$13,619
1116 Wood Deck - Re-seal	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052
1304 Tile Roof - Repair	\$7,000	\$7,210	\$7,426	\$7,649	\$7,879
1310 Gutters/Downspouts - Replace (part)	\$0	\$0	\$0	\$0	\$0
1402 Signage - Refurbish	\$4,500	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$42,300</b>	<b>\$80,340</b>	<b>\$30,501</b>	<b>\$97,253</b>	<b>\$27,294</b>
Ending Reserve Balance:	\$298,217	\$300,455	\$355,107	\$345,625	\$408,817

**Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)****17120-1**

Fiscal Year	2017	2018	2019	2020	2021
Starting Reserve Balance	\$408,817	\$471,206	\$514,830	\$521,997	\$561,720
Annual Reserve Contribution	\$91,258	\$93,996	\$96,816	\$99,720	\$102,712
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,200	\$2,465	\$2,592	\$2,709	\$2,957
<b>Total Income</b>	<b>\$502,275</b>	<b>\$567,667</b>	<b>\$614,237</b>	<b>\$624,426</b>	<b>\$667,389</b>
<b># Component</b>					
103 Concrete Patio - Repair (part)	\$0	\$0	\$5,534	\$0	\$0
103 Concrete Walkway - Repair (part)	\$0	\$0	\$0	\$6,967	\$0
109 Wood Deck Phase 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 3 - Replace 25%	\$0	\$0	\$50,732	\$0	\$0
109 Wood Deck Phase 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
205 Concrete Driveway - Repair (part)	\$0	\$13,135	\$0	\$0	\$14,353
501 Block Wall - Repair	\$0	\$0	\$0	\$2,217	\$0
503 Metal Fence - Replace (part)	\$0	\$0	\$0	\$5,700	\$0
503 Unit Fence - Replace (part)	\$0	\$0	\$0	\$5,700	\$0
512 Retaining Walls - Repair	\$0	\$10,746	\$0	\$0	\$0
811 Siding/Trim 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
830 Brick Veneer - Repoint/Repair	\$0	\$0	\$0	\$2,534	\$0
1003 Irrigation System - Repair (part)	\$0	\$0	\$0	\$8,867	\$0
1005 Landscaping - Replace (part)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$2,956	\$0	\$0	\$0	\$0
1107 Unit Fence - Repaint (20%)	\$1,797	\$1,851	\$1,906	\$1,963	\$2,022
1112 Siding - Repaint	\$14,027	\$14,448	\$14,881	\$15,328	\$15,788
1116 Wood Deck - Re-seal	\$4,173	\$4,299	\$4,428	\$4,560	\$4,697
1304 Tile Roof - Repair	\$8,115	\$8,358	\$8,609	\$8,867	\$9,133
1310 Gutters/Downspouts - Replace (part)	\$0	\$0	\$6,149	\$0	\$0
1402 Signage - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$31,069</b>	<b>\$52,837</b>	<b>\$92,241</b>	<b>\$62,705</b>	<b>\$45,993</b>
<b>Ending Reserve Balance:</b>	<b>\$471,206</b>	<b>\$514,830</b>	<b>\$521,997</b>	<b>\$561,720</b>	<b>\$621,396</b>

**Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)****17120-1**

Fiscal Year	2022	2023	2024	2025	2026
Starting Reserve Balance	\$621,396	\$415,169	\$492,838	\$320,100	\$383,493
Annual Reserve Contribution	\$105,793	\$108,967	\$112,236	\$115,603	\$119,071
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,591	\$2,270	\$2,032	\$1,759	\$1,516
<b>Total Income</b>	<b>\$729,780</b>	<b>\$526,406</b>	<b>\$607,106</b>	<b>\$437,462</b>	<b>\$504,080</b>
<b># Component</b>					
103 Concrete Patio - Repair (part)	\$0	\$0	\$6,416	\$0	\$0
103 Concrete Walkway - Repair (part)	\$0	\$0	\$0	\$8,077	\$0
109 Wood Deck Phase 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 4 - Replace 25%	\$55,437	\$0	\$0	\$0	\$0
205 Concrete Driveway - Repair (part)	\$0	\$0	\$15,683	\$0	\$0
501 Block Wall - Repair	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace (part)	\$0	\$0	\$0	\$0	\$0
503 Unit Fence - Replace (part)	\$0	\$0	\$0	\$0	\$0
512 Retaining Walls - Repair	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 1 - Replace 25%	\$217,110	\$0	\$0	\$0	\$0
811 Siding/Trim 2 - Replace 25%	\$0	\$0	\$230,332	\$0	\$0
811 Siding/Trim 3 - Replace 25%	\$0	\$0	\$0	\$0	\$244,359
811 Siding/Trim 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
830 Brick Veneer - Repoint/Repair	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$0	\$0	\$0	\$10,280	\$0
1005 Landscaping - Replace (part)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$3,427	\$0	\$0	\$0	\$0
1107 Unit Fence - Repaint (20%)	\$2,083	\$2,146	\$2,210	\$2,276	\$2,345
1112 Siding - Repaint	\$16,261	\$16,749	\$17,252	\$17,769	\$18,302
1116 Wood Deck - Re-seal	\$4,838	\$4,983	\$5,133	\$5,287	\$5,445
1304 Tile Roof - Repair	\$9,407	\$9,690	\$9,980	\$10,280	\$10,588
1310 Gutters/Downspouts - Replace (part)	\$0	\$0	\$0	\$0	\$0
1402 Signage - Refurbish	\$6,048	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$314,611</b>	<b>\$33,568</b>	<b>\$287,006</b>	<b>\$53,969</b>	<b>\$281,039</b>
<b>Ending Reserve Balance:</b>	<b>\$415,169</b>	<b>\$492,838</b>	<b>\$320,100</b>	<b>\$383,493</b>	<b>\$223,041</b>

**Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)****17120-1**

Fiscal Year	2027	2028	2029	2030	2031
Starting Reserve Balance	\$223,041	\$288,071	\$102,773	\$177,803	\$217,470
Annual Reserve Contribution	\$122,643	\$126,322	\$130,112	\$134,016	\$138,036
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,278	\$977	\$701	\$988	\$1,329
<b>Total Income</b>	<b>\$346,962</b>	<b>\$415,370</b>	<b>\$233,587</b>	<b>\$312,806</b>	<b>\$356,835</b>
<b># Component</b>					
103 Concrete Patio - Repair (part)	\$0	\$0	\$7,438	\$0	\$0
103 Concrete Walkway - Repair (part)	\$0	\$0	\$0	\$9,363	\$0
109 Wood Deck Phase 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
205 Concrete Driveway - Repair (part)	\$17,138	\$0	\$0	\$18,727	\$0
501 Block Wall - Repair	\$0	\$0	\$0	\$2,979	\$0
503 Metal Fence - Replace (part)	\$0	\$0	\$0	\$0	\$0
503 Unit Fence - Replace (part)	\$0	\$0	\$0	\$7,661	\$0
512 Retaining Walls - Repair	\$0	\$14,442	\$0	\$0	\$0
811 Siding/Trim 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 4 - Replace 25%	\$0	\$259,240	\$0	\$0	\$0
830 Brick Veneer - Repoint/Repair	\$0	\$0	\$0	\$3,405	\$0
1003 Irrigation System - Repair (part)	\$0	\$0	\$0	\$11,917	\$0
1005 Landscaping - Replace (part)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$3,973	\$0	\$0	\$0	\$0
1107 Unit Fence - Repaint (20%)	\$2,415	\$2,487	\$2,562	\$2,639	\$2,718
1112 Siding - Repaint	\$18,851	\$19,417	\$19,999	\$20,599	\$21,217
1116 Wood Deck - Re-seal	\$5,609	\$5,777	\$5,950	\$6,129	\$6,313
1304 Tile Roof - Repair	\$10,906	\$11,233	\$11,570	\$11,917	\$12,275
1310 Gutters/Downspouts - Replace (part)	\$0	\$0	\$8,264	\$0	\$0
1402 Signage - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$58,891</b>	<b>\$312,597</b>	<b>\$55,784</b>	<b>\$95,336</b>	<b>\$42,523</b>
<b>Ending Reserve Balance:</b>	<b>\$288,071</b>	<b>\$102,773</b>	<b>\$177,803</b>	<b>\$217,470</b>	<b>\$314,313</b>

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

**17120-1**

Fiscal Year	2032	2033	2034	2035	2036
Starting Reserve Balance	\$314,313	\$393,601	\$475,930	\$572,838	\$656,491
Annual Reserve Contribution	\$142,177	\$145,732	\$149,375	\$153,109	\$156,937
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,769	\$2,173	\$2,621	\$3,073	\$3,504
<b>Total Income</b>	<b>\$458,259</b>	<b>\$541,505</b>	<b>\$627,926</b>	<b>\$729,020</b>	<b>\$816,931</b>
<b># Component</b>					
103 Concrete Patio - Repair (part)	\$0	\$0	\$8,622	\$0	\$0
103 Concrete Walkway - Repair (part)	\$0	\$0	\$0	\$10,855	\$0
109 Wood Deck Phase 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
205 Concrete Driveway - Repair (part)	\$0	\$20,463	\$0	\$0	\$22,361
501 Block Wall - Repair	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace (part)	\$8,128	\$0	\$0	\$0	\$0
503 Unit Fence - Replace (part)	\$0	\$0	\$0	\$0	\$0
512 Retaining Walls - Repair	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
830 Brick Veneer - Repoint/Repair	\$0	\$0	\$0	\$0	\$0
1003 Irrigation System - Repair (part)	\$0	\$0	\$0	\$13,815	\$0
1005 Landscaping - Replace (part)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$4,606	\$0	\$0	\$0	\$0
1107 Unit Fence - Repaint (20%)	\$2,799	\$2,883	\$2,970	\$3,059	\$3,151
1112 Siding - Repaint	\$21,854	\$22,510	\$23,185	\$23,880	\$24,597
1116 Wood Deck - Re-seal	\$6,502	\$6,697	\$6,898	\$7,105	\$7,318
1304 Tile Roof - Repair	\$12,643	\$13,022	\$13,413	\$13,815	\$14,230
1310 Gutters/Downspouts - Replace (part)	\$0	\$0	\$0	\$0	\$0
1402 Signage - Refurbish	\$8,128	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$64,659</b>	<b>\$65,575</b>	<b>\$55,088</b>	<b>\$72,529</b>	<b>\$71,656</b>
<b>Ending Reserve Balance:</b>	<b>\$393,601</b>	<b>\$475,930</b>	<b>\$572,838</b>	<b>\$656,491</b>	<b>\$745,275</b>

**Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)****17120-1**

Fiscal Year	2037	2038	2039	2040	2041
Starting Reserve Balance	\$745,275	\$854,020	\$951,708	\$1,026,253	\$1,101,845
Annual Reserve Contribution	\$160,860	\$164,882	\$169,004	\$173,229	\$177,560
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,997	\$4,513	\$4,944	\$5,319	\$5,824
<b>Total Income</b>	<b>\$910,133</b>	<b>\$1,023,415</b>	<b>\$1,125,656</b>	<b>\$1,204,801</b>	<b>\$1,285,228</b>
<b># Component</b>					
103 Concrete Patio - Repair (part)	\$0	\$0	\$9,996	\$0	\$0
103 Concrete Walkway - Repair (part)	\$0	\$0	\$0	\$12,584	\$0
109 Wood Deck Phase 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
109 Wood Deck Phase 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
205 Concrete Driveway - Repair (part)	\$0	\$0	\$24,434	\$0	\$0
501 Block Wall - Repair	\$0	\$0	\$0	\$4,004	\$0
503 Metal Fence - Replace (part)	\$0	\$0	\$0	\$0	\$0
503 Unit Fence - Replace (part)	\$0	\$0	\$0	\$10,296	\$0
512 Retaining Walls - Repair	\$0	\$19,409	\$0	\$0	\$0
811 Siding/Trim 1 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 2 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 3 - Replace 25%	\$0	\$0	\$0	\$0	\$0
811 Siding/Trim 4 - Replace 25%	\$0	\$0	\$0	\$0	\$0
830 Brick Veneer - Repoint/Repair	\$0	\$0	\$0	\$4,576	\$0
1003 Irrigation System - Repair (part)	\$0	\$0	\$0	\$16,015	\$0
1005 Landscaping - Replace (part)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$5,339	\$0	\$0	\$0	\$0
1107 Unit Fence - Repaint (20%)	\$3,245	\$3,343	\$3,443	\$3,546	\$3,653
1112 Siding - Repaint	\$25,335	\$26,095	\$26,878	\$27,684	\$28,514
1116 Wood Deck - Re-seal	\$7,538	\$7,764	\$7,997	\$8,237	\$8,484
1304 Tile Roof - Repair	\$14,656	\$15,096	\$15,549	\$16,015	\$16,496
1310 Gutters/Downspouts - Replace (part)	\$0	\$0	\$11,106	\$0	\$0
1402 Signage - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$56,113</b>	<b>\$71,707</b>	<b>\$99,403</b>	<b>\$102,957</b>	<b>\$57,147</b>
<b>Ending Reserve Balance:</b>	<b>\$854,020</b>	<b>\$951,708</b>	<b>\$1,026,253</b>	<b>\$1,101,845</b>	<b>\$1,228,081</b>



## 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

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area)
<b>GSY</b>	Gross Square Yards (area)
<b>HP</b>	Horsepower
<b>LF</b>	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