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## Update “No-Site-Visit” Reserve Study



### Harvest Ridge Townhomes Colorado Springs, CO

**Report #: 11273-2**  
**For Period Beginning: January 1, 2014**  
**Expires: December 31, 2014**

**Date Prepared: December 2, 2013**

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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:** Harvest Ridge Townhomes **Assoc. #: 11273-2**  
**Location:** Colorado Springs, CO  
**# of Units:** 80  
**Report Period:** January 1, 2014 through December 31, 2014

**Results as-of 1/1/2014:**

<b>Projected Starting Reserve Balance:</b> .....	<b>\$133,384</b>
<b>Fully Funded Reserve Balance:</b> .....	<b>\$366,499</b>
<b>Average Reserve Deficit (Surplus) Per Unit:</b> .....	<b>\$2,914</b>
<b>Percent Funded:</b> .....	<b>36.4%</b>
<b>Recommended 2014 monthly Reserve Contribution:</b> .....	<b>\$3,600</b>
<b>Recommended 2014 Special Assessment for Reserves:</b> .....	<b>\$0</b>
<b>Most Recent Reserve Contribution Rate:</b> .....	<b>\$2,674</b>

**Economic Assumptions:**

**Net Annual “After Tax” Interest Earnings Accruing to Reserves..... 0.50%**  
**Annual Inflation Rate ..... 3.00%**

- This is an “Update No-Site-Visit” Reserve Study, based on a prior Report prepared by Association Reserves for your 2013 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is above 30% Funded, at 36.4% 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 Flatwork - Replace (part)	5	2	\$6,000	\$6,365
111	Composite Decking - Replace	25	14	\$164,800	\$249,275
201	Asphalt - Resurface	20	11	\$130,350	\$180,435
<b>202</b>	<b>Asphalt - Crack Fill</b>	<b>1</b>	<b>0</b>	<b>\$1,750</b>	<b>\$1,803</b>
202	Asphalt - Seal/Repair	5	4	\$14,000	\$15,757
205	Conc. Curbs/Swales - Replace (part)	5	3	\$7,000	\$7,649
324	Exterior Lights - Replace	25	15	\$27,000	\$42,065
403	Mailboxes - Replace	25	15	\$9,000	\$14,022
505	Wood Fence - Replace	15	8	\$13,000	\$16,468
509	Metal Handrail - Replace	30	20	\$17,600	\$31,788
830	Rock Veneer - Repair	10	4	\$3,500	\$3,939
1005	Trees - Replace (partial)	10	4	\$15,000	\$16,883
<b>1025</b>	<b>Drainage - Maintain</b>	<b>N/A</b>	<b>0</b>	<b>\$19,000</b>	<b>\$0</b>
<b>1107</b>	<b>Metal Rail - Repaint</b>	<b>5</b>	<b>0</b>	<b>\$2,900</b>	<b>\$3,362</b>
<b>1115</b>	<b>Stucco - Repaint (part)</b>	<b>4</b>	<b>0</b>	<b>\$18,900</b>	<b>\$21,272</b>
1116	Exterior Surfaces - Repaint	5	2	\$20,000	\$21,218
1303	Asphalt Shingle Roof - Replace	25	17	\$343,500	\$567,753
1310	Gutters/Downspouts - Add	N/A	2	\$11,050	\$11,723
1310	Gutters/Downspouts - Replace	25	17	\$58,650	\$96,940
1402	Monument Signs - Refurbish	15	8	\$3,000	\$3,800
1403	Street Signs - Replace (part)	10	7	\$1,250	\$1,537
<b>21</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 No-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 adjusted life and cost factors based on time since the last Reserve Study and interviews with association representatives.

### Reserve Study

- Component List
- Reserve Fund Strength
- Recommended Contribs

### Reserve Study Types

- Full
- Update With-Site-Visit
- • Update No-Site-Visit

### *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 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.

#### **Reserve Components**

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

### *How are Useful Life and Remaining Useful Life established?*

- 1) Reported Condition (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...

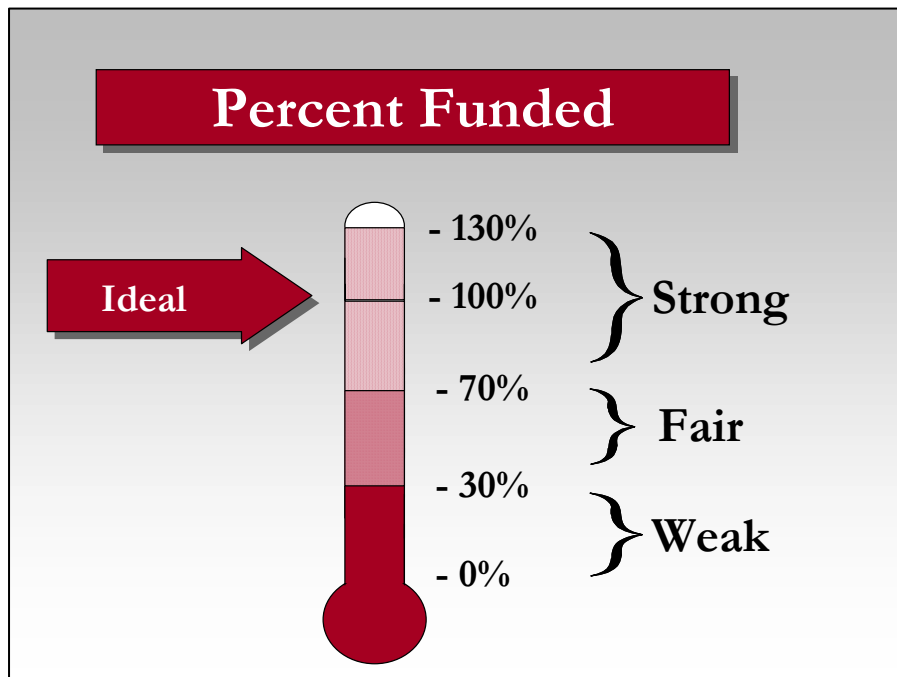
- 1) Client Cost History
- 2) Comparison to Association Reserves database or work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

*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 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

### 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 spike in approximately 2031, made up primarily of roof replacement expenses.

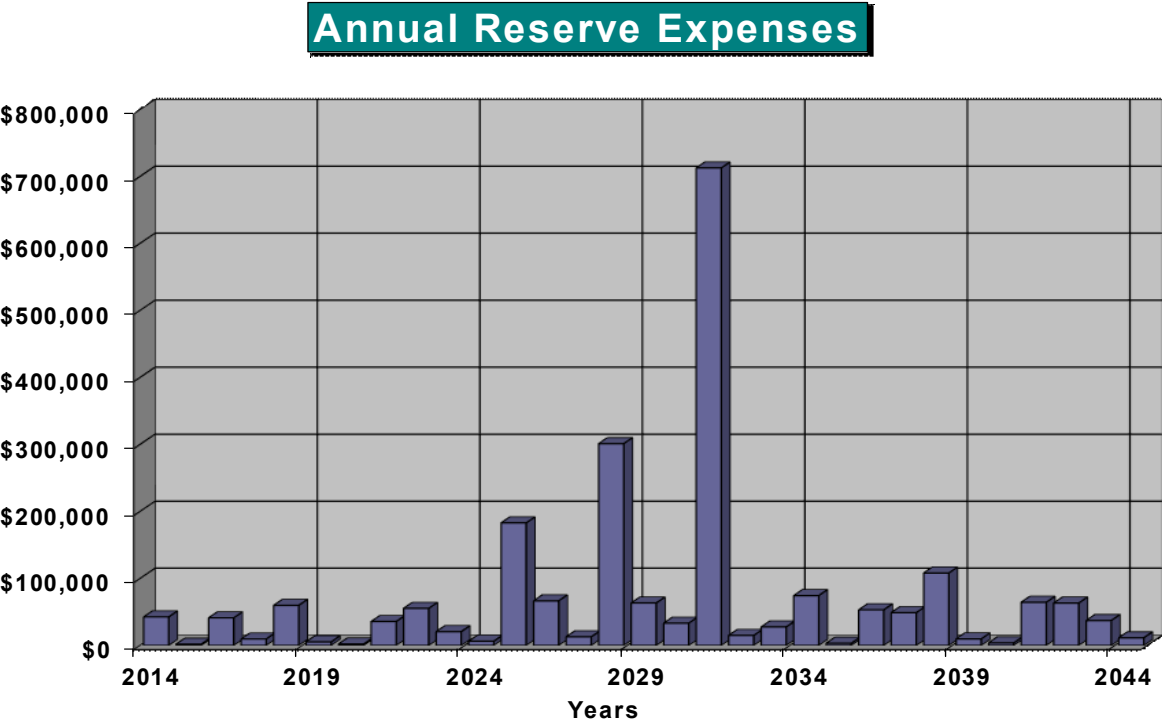


Figure 1

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 \$133,384 as-of the start of your Fiscal Year on January 1, 2014. This is based on your actual balance on 06/30/13 of \$125,884 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of January 1, 2014, your Fully Funded Balance is computed to be \$366,499 (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 36% 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 \$3,600/month this Fiscal Year. This represents the first year of a 30-year Funding Plan. This same information is shown numerically in both Table 4 and Table 5.

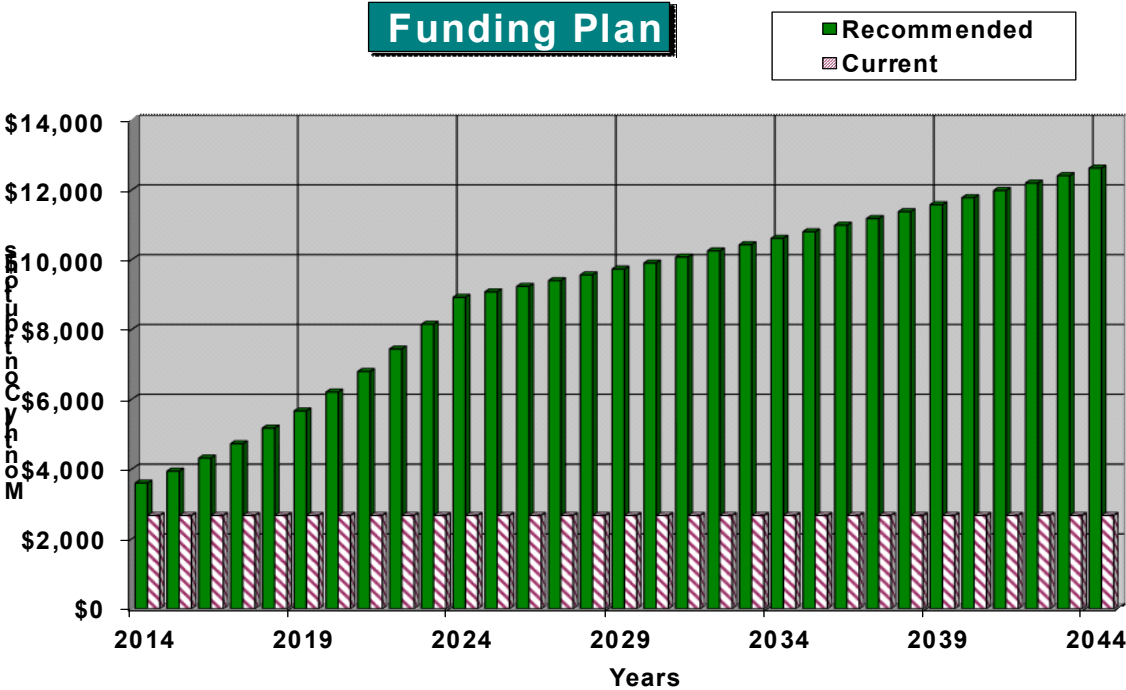


Figure 2

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.

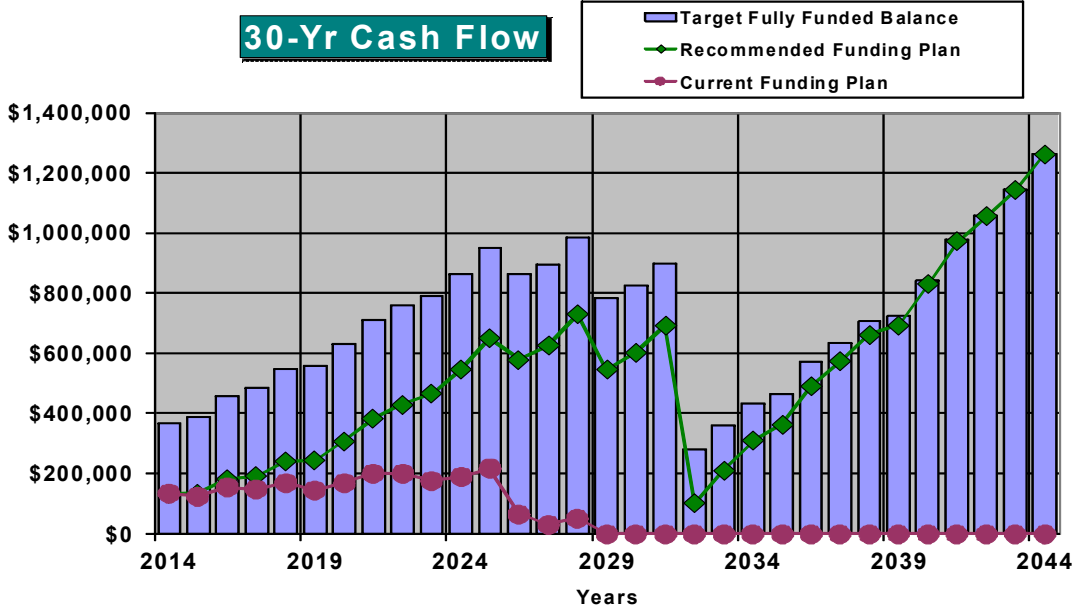


Figure 3

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

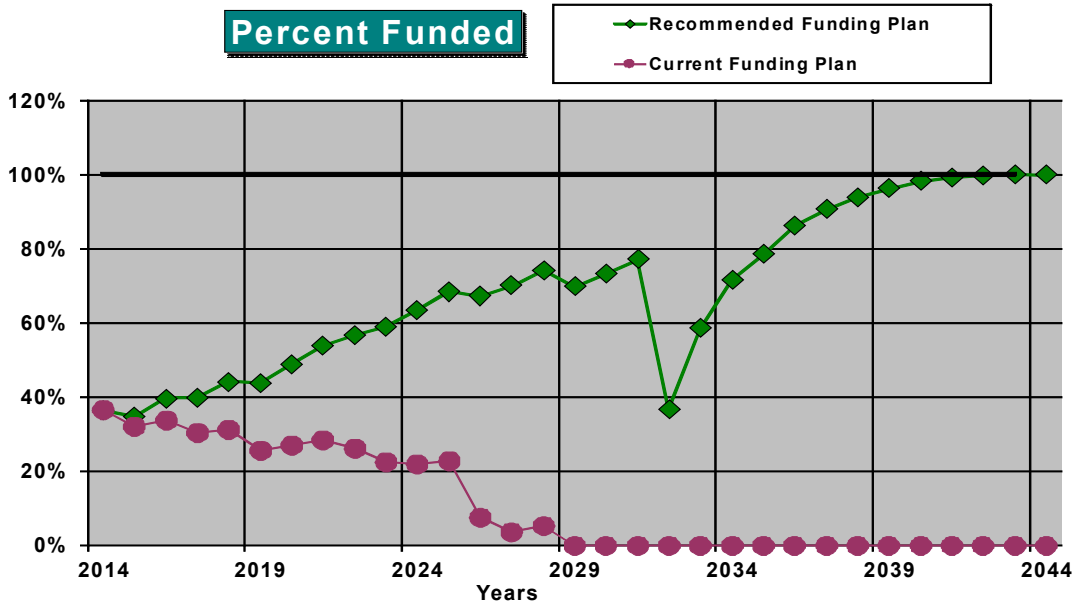


Figure 4

## 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****11273-2**

#	Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
103	Concrete Flatwork - Replace (part)	Numerous GSF	5	2	\$5,000	\$7,000
111	Composite Decking - Replace	Approx 10,300 GSF	25	14	\$144,200	\$185,400
201	Asphalt - Resurface	Approx 80,200 GSF	20	11	\$120,300	\$140,400
202	Asphalt - Crack Fill	Approx 80,200 GSF	1	0	\$1,500	\$2,000
202	Asphalt - Seal/Repair	Approx 80,200 GSF	5	4	\$12,000	\$16,000
205	Conc. Curbs/Swales - Replace (part)	Numerous GSF	5	3	\$6,000	\$8,000
324	Exterior Lights - Replace	Approx (240) Lights	25	15	\$24,000	\$30,000
403	Mailboxes - Replace	(5) Cluster Boxes	25	15	\$8,500	\$9,500
505	Wood Fence - Replace	Approx 400 LF	15	8	\$12,000	\$14,000
509	Metal Handrail - Replace	Approx 320 LF	30	20	\$16,000	\$19,200
830	Rock Veneer - Repair	Numerous GSF	10	4	\$3,000	\$4,000
1005	Trees - Replace (partial)	Numerous Trees	10	4	\$12,000	\$18,000
1025	Drainage - Maintain	Miscellaneous Work	N/A	0	\$18,000	\$20,000
1107	Metal Rail - Repaint	Approx 320 LF	5	0	\$2,600	\$3,200
1115	Stucco - Repaint (part)	Approx 55,500 GSF	4	0	\$16,700	\$21,100
1116	Exterior Surfaces - Repaint	(80) Units	5	2	\$16,000	\$24,000
1303	Asphalt Shingle Roof - Replace	Approx 124,900 GSF	25	17	\$331,000	\$356,000
1310	Gutters/Downspouts - Add	Approx 1,300 LF	N/A	2	\$9,100	\$13,000
1310	Gutters/Downspouts - Replace	Approx 6,900 LF	25	17	\$48,300	\$69,000
1402	Monument Signs - Refurbish	(2) Entrance Signs	15	8	\$2,500	\$3,500
1403	Street Signs - Replace (part)	(12) Street Signs	10	7	\$1,000	\$1,500
21	Total Funded Components					

**Table 3: Contribution and Fund Breakdown****11273-2**

#	Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
103	Concrete Flatwork - Replace (part)	5	2	\$6,000	\$3,600	\$3,600.00	\$85.18
111	Composite Decking - Replace	25	14	\$164,800	\$72,512	\$0.00	\$467.90
201	Asphalt - Resurface	20	11	\$130,350	\$58,658	\$47,009.00	\$462.61
202	Asphalt - Crack Fill	1	0	\$1,750	\$1,750	\$1,750.00	\$124.21
202	Asphalt - Seal/Repair	5	4	\$14,000	\$2,800	\$2,800.00	\$198.74
205	Conc. Curbs/Swales - Replace (part)	5	3	\$7,000	\$2,800	\$2,800.00	\$99.37
324	Exterior Lights - Replace	25	15	\$27,000	\$10,800	\$0.00	\$76.66
403	Mailboxes - Replace	25	15	\$9,000	\$3,600	\$0.00	\$25.55
505	Wood Fence - Replace	15	8	\$13,000	\$6,067	\$6,066.67	\$61.52
509	Metal Handrail - Replace	30	20	\$17,600	\$5,867	\$0.00	\$41.64
830	Rock Veneer - Repair	10	4	\$3,500	\$2,100	\$2,100.00	\$24.84
1005	Trees - Replace (partial)	10	4	\$15,000	\$9,000	\$9,000.00	\$106.47
1025	Drainage - Maintain	N/A	0	\$19,000	\$19,000	\$19,000.00	\$0.00
1107	Metal Rail - Repaint	5	0	\$2,900	\$2,900	\$2,900.00	\$41.17
1115	Stucco - Repaint (part)	4	0	\$18,900	\$18,900	\$18,900.00	\$335.38
1116	Exterior Surfaces - Repaint	5	2	\$20,000	\$12,000	\$12,000.00	\$283.92
1303	Asphalt Shingle Roof - Replace	25	17	\$343,500	\$109,920	\$0.00	\$975.26
1310	Gutters/Downspouts - Add	N/A	2	\$11,050	\$3,683	\$3,683.33	\$0.00
1310	Gutters/Downspouts - Replace	25	17	\$58,650	\$18,768	\$0.00	\$166.52
1402	Monument Signs - Refurbish	15	8	\$3,000	\$1,400	\$1,400.00	\$14.20
1403	Street Signs - Replace (part)	10	7	\$1,250	\$375	\$375.00	\$8.87
21	Total Funded Components				\$366,499	\$133,384	\$3,600

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

**11273-2**

**Fiscal Year Beginning: 01/01/14**

**Interest:**

**0.5%**

**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
2014	\$133,384	\$366,499	36.4%	Fair	\$43,200	\$0	\$670	\$42,550
2015	\$134,704	\$387,805	34.7%	Fair	\$47,304	\$0	\$789	\$1,803
2016	\$180,995	\$457,252	39.6%	Fair	\$51,798	\$0	\$934	\$41,163
2017	\$192,563	\$483,993	39.8%	Fair	\$56,719	\$0	\$1,083	\$9,561
2018	\$240,804	\$545,749	44.1%	Fair	\$62,107	\$0	\$1,213	\$59,821
2019	\$244,302	\$559,303	43.7%	Fair	\$68,007	\$0	\$1,381	\$5,391
2020	\$308,300	\$631,091	48.9%	Fair	\$74,468	\$0	\$1,726	\$2,090
2021	\$382,405	\$710,249	53.8%	Fair	\$81,542	\$0	\$2,031	\$35,666
2022	\$430,312	\$759,070	56.7%	Fair	\$89,289	\$0	\$2,242	\$55,295
2023	\$466,548	\$791,065	59.0%	Fair	\$97,771	\$0	\$2,532	\$20,550
2024	\$546,301	\$861,792	63.4%	Fair	\$107,059	\$0	\$2,990	\$6,249
2025	\$650,101	\$951,416	68.3%	Fair	\$108,933	\$0	\$3,073	\$182,857
2026	\$579,250	\$863,928	67.0%	Fair	\$110,839	\$0	\$3,014	\$66,512
2027	\$626,591	\$895,821	69.9%	Fair	\$112,779	\$0	\$3,391	\$12,850
2028	\$729,911	\$986,177	74.0%	Strong	\$114,753	\$0	\$3,191	\$301,081
2029	\$546,774	\$784,668	69.7%	Fair	\$116,761	\$0	\$2,874	\$63,331
2030	\$603,077	\$824,365	73.2%	Strong	\$118,804	\$0	\$3,237	\$33,137
2031	\$691,981	\$898,795	77.0%	Strong	\$120,883	\$0	\$1,985	\$712,625
2032	\$102,224	\$278,101	36.8%	Fair	\$122,999	\$0	\$783	\$14,896
2033	\$211,109	\$360,036	58.6%	Fair	\$125,151	\$0	\$1,302	\$27,618
2034	\$309,945	\$433,995	71.4%	Strong	\$127,341	\$0	\$1,686	\$74,321
2035	\$364,651	\$464,816	78.5%	Strong	\$129,570	\$0	\$2,144	\$3,256
2036	\$493,109	\$572,590	86.1%	Strong	\$131,837	\$0	\$2,668	\$53,172
2037	\$574,443	\$635,098	90.4%	Strong	\$134,144	\$0	\$3,093	\$48,846
2038	\$662,834	\$706,940	93.8%	Strong	\$136,492	\$0	\$3,393	\$108,043
2039	\$694,675	\$723,058	96.1%	Strong	\$138,880	\$0	\$3,805	\$9,736
2040	\$827,625	\$844,102	98.0%	Strong	\$141,311	\$0	\$4,492	\$3,774
2041	\$969,654	\$978,199	99.1%	Strong	\$143,784	\$0	\$5,058	\$64,417
2042	\$1,054,079	\$1,057,236	99.7%	Strong	\$146,300	\$0	\$5,491	\$63,261
2043	\$1,142,608	\$1,143,316	99.9%	Strong	\$148,860	\$0	\$6,006	\$37,116



**Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)****11273-2**

Fiscal Year	2014	2015	2016	2017	2018
Starting Reserve Balance	\$133,384	\$134,704	\$180,995	\$192,563	\$240,804
Annual Reserve Contribution	\$43,200	\$47,304	\$51,798	\$56,719	\$62,107
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$670	\$789	\$934	\$1,083	\$1,213
<b>Total Income</b>	<b>\$177,254</b>	<b>\$182,797</b>	<b>\$233,726</b>	<b>\$250,365</b>	<b>\$304,123</b>
<b># Component</b>					
103 Concrete Flatwork - Replace (part)	\$0	\$0	\$6,365	\$0	\$0
111 Composite Decking - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$1,750	\$1,803	\$1,857	\$1,912	\$1,970
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$15,757
205 Conc. Curbs/Swales - Replace (part)	\$0	\$0	\$0	\$7,649	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
509 Metal Handrail - Replace	\$0	\$0	\$0	\$0	\$0
830 Rock Veneer - Repair	\$0	\$0	\$0	\$0	\$3,939
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$16,883
1025 Drainage - Maintain	\$19,000	\$0	\$0	\$0	\$0
1107 Metal Rail - Repaint	\$2,900	\$0	\$0	\$0	\$0
1115 Stucco - Repaint (part)	\$18,900	\$0	\$0	\$0	\$21,272
1116 Exterior Surfaces - Repaint	\$0	\$0	\$21,218	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Add	\$0	\$0	\$11,723	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1402 Monument Signs - Refurbish	\$0	\$0	\$0	\$0	\$0
1403 Street Signs - Replace (part)	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$42,550</b>	<b>\$1,803</b>	<b>\$41,163</b>	<b>\$9,561</b>	<b>\$59,821</b>
<b>Ending Reserve Balance:</b>	<b>\$134,704</b>	<b>\$180,995</b>	<b>\$192,563</b>	<b>\$240,804</b>	<b>\$244,302</b>

**Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)****11273-2**

Fiscal Year	2019	2020	2021	2022	2023
Starting Reserve Balance	\$244,302	\$308,300	\$382,405	\$430,312	\$466,548
Annual Reserve Contribution	\$68,007	\$74,468	\$81,542	\$89,289	\$97,771
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,381	\$1,726	\$2,031	\$2,242	\$2,532
<b>Total Income</b>	<b>\$313,691</b>	<b>\$384,494</b>	<b>\$465,978</b>	<b>\$521,842</b>	<b>\$566,851</b>
<b># Component</b>					
103 Concrete Flatwork - Replace (part)	\$0	\$0	\$7,379	\$0	\$0
111 Composite Decking - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$2,029	\$2,090	\$2,152	\$2,217	\$2,283
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$18,267
205 Conc. Curbs/Swales - Replace (part)	\$0	\$0	\$0	\$8,867	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$16,468	\$0
509 Metal Handrail - Replace	\$0	\$0	\$0	\$0	\$0
830 Rock Veneer - Repair	\$0	\$0	\$0	\$0	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$0
1025 Drainage - Maintain	\$0	\$0	\$0	\$0	\$0
1107 Metal Rail - Repaint	\$3,362	\$0	\$0	\$0	\$0
1115 Stucco - Repaint (part)	\$0	\$0	\$0	\$23,942	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$24,597	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Add	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1402 Monument Signs - Refurbish	\$0	\$0	\$0	\$3,800	\$0
1403 Street Signs - Replace (part)	\$0	\$0	\$1,537	\$0	\$0
<b>Total Expenses</b>	<b>\$5,391</b>	<b>\$2,090</b>	<b>\$35,666</b>	<b>\$55,295</b>	<b>\$20,550</b>
<b>Ending Reserve Balance:</b>	<b>\$308,300</b>	<b>\$382,405</b>	<b>\$430,312</b>	<b>\$466,548</b>	<b>\$546,301</b>

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

**11273-2**

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$546,301	\$650,101	\$579,250	\$626,591	\$729,911
Annual Reserve Contribution	\$107,059	\$108,933	\$110,839	\$112,779	\$114,753
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,990	\$3,073	\$3,014	\$3,391	\$3,191
<b>Total Income</b>	<b>\$656,350</b>	<b>\$762,107</b>	<b>\$693,103</b>	<b>\$742,761</b>	<b>\$847,855</b>
<b># Component</b>					
103 Concrete Flatwork - Replace (part)	\$0	\$0	\$8,555	\$0	\$0
111 Composite Decking - Replace	\$0	\$0	\$0	\$0	\$249,275
201 Asphalt - Resurface	\$0	\$180,435	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$2,352	\$2,422	\$2,495	\$2,570	\$2,647
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$21,176
205 Conc. Curbs/Swales - Replace (part)	\$0	\$0	\$0	\$10,280	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
509 Metal Handrail - Replace	\$0	\$0	\$0	\$0	\$0
830 Rock Veneer - Repair	\$0	\$0	\$0	\$0	\$5,294
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$22,689
1025 Drainage - Maintain	\$0	\$0	\$0	\$0	\$0
1107 Metal Rail - Repaint	\$3,897	\$0	\$0	\$0	\$0
1115 Stucco - Repaint (part)	\$0	\$0	\$26,947	\$0	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$28,515	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Add	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1402 Monument Signs - Refurbish	\$0	\$0	\$0	\$0	\$0
1403 Street Signs - Replace (part)	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$6,249</b>	<b>\$182,857</b>	<b>\$66,512</b>	<b>\$12,850</b>	<b>\$301,081</b>
<b>Ending Reserve Balance:</b>	<b>\$650,101</b>	<b>\$579,250</b>	<b>\$626,591</b>	<b>\$729,911</b>	<b>\$546,774</b>

**Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)****11273-2**

Fiscal Year	2029	2030	2031	2032	2033
Starting Reserve Balance	\$546,774	\$603,077	\$691,981	\$102,224	\$211,109
Annual Reserve Contribution	\$116,761	\$118,804	\$120,883	\$122,999	\$125,151
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,874	\$3,237	\$1,985	\$783	\$1,302
<b>Total Income</b>	<b>\$666,408</b>	<b>\$725,118</b>	<b>\$814,849</b>	<b>\$226,006</b>	<b>\$337,563</b>
<b># Component</b>					
103 Concrete Flatwork - Replace (part)	\$0	\$0	\$9,917	\$0	\$0
111 Composite Decking - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$2,726	\$2,808	\$2,892	\$2,979	\$3,069
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$24,549
205 Conc. Curbs/Swales - Replace (part)	\$0	\$0	\$0	\$11,917	\$0
324 Exterior Lights - Replace	\$42,065	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$14,022	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
509 Metal Handrail - Replace	\$0	\$0	\$0	\$0	\$0
830 Rock Veneer - Repair	\$0	\$0	\$0	\$0	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$0
1025 Drainage - Maintain	\$0	\$0	\$0	\$0	\$0
1107 Metal Rail - Repaint	\$4,518	\$0	\$0	\$0	\$0
1115 Stucco - Repaint (part)	\$0	\$30,329	\$0	\$0	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$33,057	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$567,753	\$0	\$0
1310 Gutters/Downspouts - Add	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$96,940	\$0	\$0
1402 Monument Signs - Refurbish	\$0	\$0	\$0	\$0	\$0
1403 Street Signs - Replace (part)	\$0	\$0	\$2,066	\$0	\$0
<b>Total Expenses</b>	<b>\$63,331</b>	<b>\$33,137</b>	<b>\$712,625</b>	<b>\$14,896</b>	<b>\$27,618</b>
<b>Ending Reserve Balance:</b>	<b>\$603,077</b>	<b>\$691,981</b>	<b>\$102,224</b>	<b>\$211,109</b>	<b>\$309,945</b>

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

**11273-2**

Fiscal Year	2034	2035	2036	2037	2038
Starting Reserve Balance	\$309,945	\$364,651	\$493,109	\$574,443	\$662,834
Annual Reserve Contribution	\$127,341	\$129,570	\$131,837	\$134,144	\$136,492
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,686	\$2,144	\$2,668	\$3,093	\$3,393
<b>Total Income</b>	<b>\$438,973</b>	<b>\$496,365</b>	<b>\$627,615</b>	<b>\$711,680</b>	<b>\$802,718</b>
<b># Component</b>					
103 Concrete Flatwork - Replace (part)	\$0	\$0	\$11,497	\$0	\$0
111 Composite Decking - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$3,161	\$3,256	\$3,353	\$3,454	\$3,557
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$28,459
205 Conc. Curbs/Swales - Replace (part)	\$0	\$0	\$0	\$13,815	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$25,657	\$0
509 Metal Handrail - Replace	\$31,788	\$0	\$0	\$0	\$0
830 Rock Veneer - Repair	\$0	\$0	\$0	\$0	\$7,115
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$30,492
1025 Drainage - Maintain	\$0	\$0	\$0	\$0	\$0
1107 Metal Rail - Repaint	\$5,238	\$0	\$0	\$0	\$0
1115 Stucco - Repaint (part)	\$34,136	\$0	\$0	\$0	\$38,420
1116 Exterior Surfaces - Repaint	\$0	\$0	\$38,322	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Add	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1402 Monument Signs - Refurbish	\$0	\$0	\$0	\$5,921	\$0
1403 Street Signs - Replace (part)	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$74,321</b>	<b>\$3,256</b>	<b>\$53,172</b>	<b>\$48,846</b>	<b>\$108,043</b>
<b>Ending Reserve Balance:</b>	<b>\$364,651</b>	<b>\$493,109</b>	<b>\$574,443</b>	<b>\$662,834</b>	<b>\$694,675</b>

**Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)****11273-2**

Fiscal Year	2039	2040	2041	2042	2043
Starting Reserve Balance	\$694,675	\$827,625	\$969,654	\$1,054,079	\$1,142,608
Annual Reserve Contribution	\$138,880	\$141,311	\$143,784	\$146,300	\$148,860
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,805	\$4,492	\$5,058	\$5,491	\$6,006
<b>Total Income</b>	<b>\$837,361</b>	<b>\$973,428</b>	<b>\$1,118,496</b>	<b>\$1,205,869</b>	<b>\$1,297,474</b>
<b># Component</b>					
103 Concrete Flatwork - Replace (part)	\$0	\$0	\$13,328	\$0	\$0
111 Composite Decking - Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$3,664	\$3,774	\$3,887	\$4,004	\$4,124
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$32,992
205 Conc. Curbs/Swales - Replace (part)	\$0	\$0	\$0	\$16,015	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
509 Metal Handrail - Replace	\$0	\$0	\$0	\$0	\$0
830 Rock Veneer - Repair	\$0	\$0	\$0	\$0	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$0
1025 Drainage - Maintain	\$0	\$0	\$0	\$0	\$0
1107 Metal Rail - Repaint	\$6,072	\$0	\$0	\$0	\$0
1115 Stucco - Repaint (part)	\$0	\$0	\$0	\$43,242	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$44,426	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Add	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1402 Monument Signs - Refurbish	\$0	\$0	\$0	\$0	\$0
1403 Street Signs - Replace (part)	\$0	\$0	\$2,777	\$0	\$0
<b>Total Expenses</b>	<b>\$9,736</b>	<b>\$3,774</b>	<b>\$64,417</b>	<b>\$63,261</b>	<b>\$37,116</b>
<b>Ending Reserve Balance:</b>	<b>\$827,625</b>	<b>\$969,654</b>	<b>\$1,054,079</b>	<b>\$1,142,608</b>	<b>\$1,260,359</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 derived from the prior Reserve Study, 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.