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**Level 1 Limited Reserve Analysis**  
**Report Period – 01/01/17 – 12/31/17**



**Client Reference Number - \$\$\$\$**  
**Property Type – Commercial**

**FINAL**  
**Version**

**Fiscal Year End –** December 31  
**Number of units-** 53  
**Date of Property Observation -** February 21, 2017

**Project Manager -** G. Michael Kelsen, RS, PRA  
**Main Contact Person -** ..... DfcdYfhmA UbU[ Yf

**Report was prepared on -** Monday, September 11, 2017

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## Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 20% - 45% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information typically in the **Asset Inventory Section** of the Reserve Analysis. It should be noted there is *not* an **Asset Inventory Section** in this report due to the product requested by the client. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a conclusion of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 2 (pages 1 – 12) of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

## General Information and Answers to Frequently Asked Questions –

### Why is it important to perform a Reserve Study?

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

### Now that we have “it”, what do we do with “it”?

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting from owners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

### How often do we update or review “it”?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has no objections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

### Is it the law to have a Reserve Study conducted?

State Legislation requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. While this may mean a Reserve Analysis is not required, how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$100,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of the project is going to exceed \$125,000. So while \$100,000 sounds like a lot of money, in reality it won't even cover the cost of the component, let alone all the other amenities the association is responsible to maintain.

## What makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

## The GREY area of “maintenance” items that are often seen in a Reserve Study –

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

## The Property Observation –

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to evaluating the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

## The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

**0% - 30% Funded** – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

**31% - 69% Funded** – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

**70% - 99% Funded** – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

**100% Funded** – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

## Summary of Own It Storage -

Assoc. ID # - 9606-17

Reported Starting Balance as of January 1, 2017 -	\$0
Ideal Reserve Balance as of January 1, 2017 -	\$187,470
Percent Funded as of January 1, 2017 -	0%
Recommended Reserve Allocation (per month) -	\$4,550
Minimum Reserve Allocation (per month) -	\$4,200
Recommended Special Assessment -	\$0

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on February 21, 2017. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative (Community Manager). To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 53 large storage units where the common area components were constructed in three separate phases over the past 9 years (A and B in 2007, C in 2015, and D in 2016). Common area assets the association is responsible to maintain include private drives, a retaining wall, building exterior surfaces, an entrance area with landscaping, an irrigation system, security entrance and an office. Please refer to the *Projected Reserve Expenditure* table of the financial analysis section of the report for a detailed list of components that will need to be addressed in the near future.

The following are some general notes regarding components:

- **There are a few components (for example, stone wall repairs, groundcover, concrete etc.) that are considered partial replacement and should not be misconstrued as complete replacement of that particular item.**
- **If a N/A appears in the Useful Life column, then Reserve funding requirements are not required for a number of reasons, such as, not an association responsibility, the cost is too small for funding designation, indefinite life expectancy etc.**

In reviewing the associations financial documents, it appears there has not been a Reserve fund established, in addition to no Reserve contribution budgeted. As a result, we suggest establishing a Reserve contribution of \$4,550 per month starting immediately, followed by nominal annual increases of 3.50% thereafter to help offset the effects of inflation. This will increase the strength of the Reserve fund to a fully funded position and continue to maintain this position throughout the 30-year report period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$4,200 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are likely at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference (approximately 8% in this case) is between the two scenarios and how it would not make financial sense to contribute less money to the Reserve fund to only stay above a certain threshold.



# Funding Summary For Unit 1000

## Beginning Assumptions

Financial Information Source	Research With Client
# of units	53
Fiscal Year End	December 31, 2017
Monthly Dues from 2017 budget	\$4,413.33
Monthly Reserve Allocation from 2017 Budget	\$0.00
Projected Starting Reserve Balance (as of 1/1/2017)	\$0
Reserve Balance: Average Per Unit	\$0
Ideal Starting Reserve Balance (as of 1/1/2017)	\$187,470
Ideal Reserve Balance: Average Per Unit	\$3,537

## Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	3.75%
Current Average Interest Rate	1.00%

## Current Reserve Status

Current Balance as a % of Ideal Balance	0%
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## Recommendations for 2017 Fiscal Year

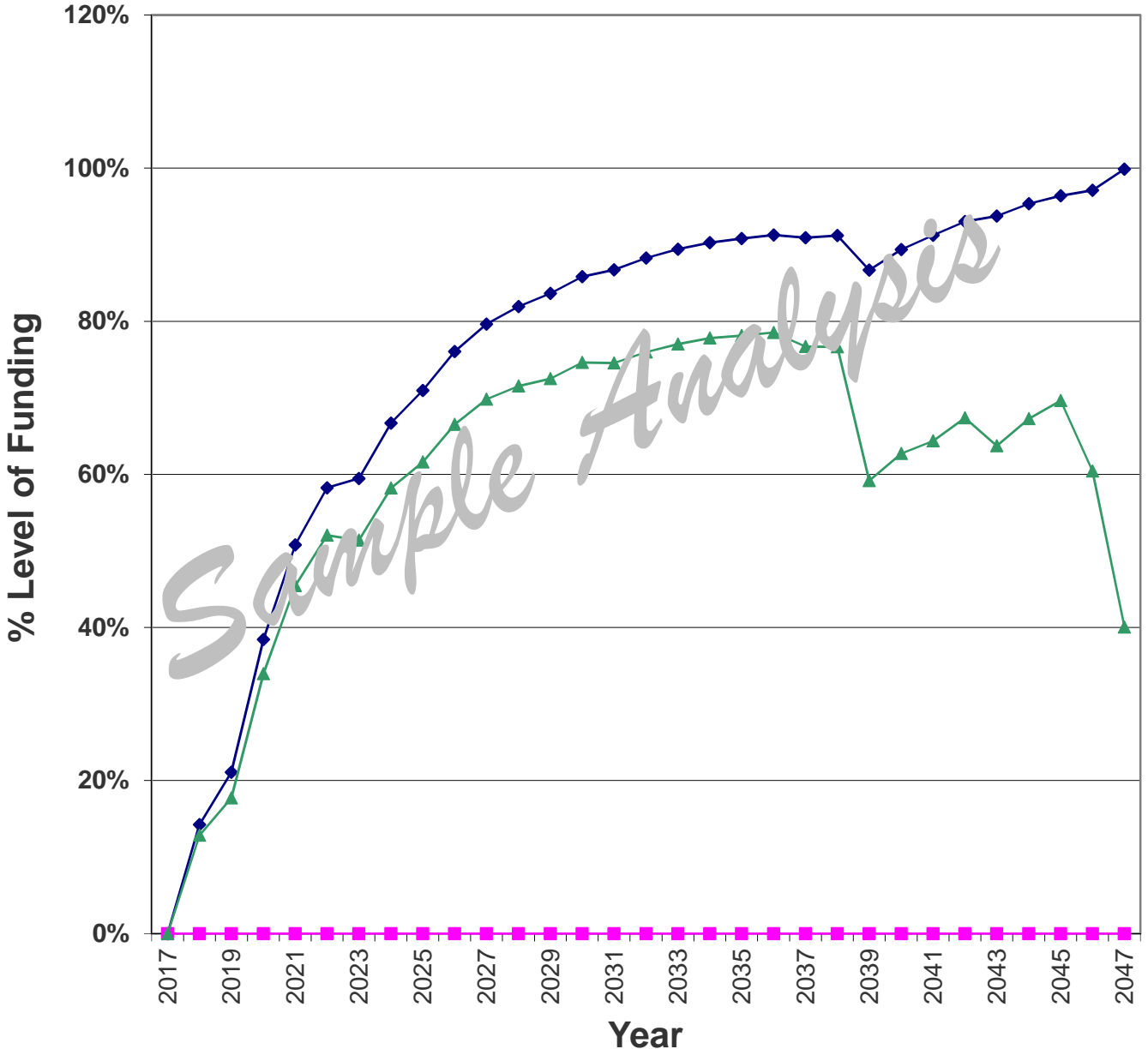
Monthly Reserve Allocation	\$4,550
Per Unit	\$85.85
Minimum Monthly Reserve Allocation	\$4,200
Per Unit	\$79.25
Primary Annual Increases	3.50%
# of Years	30
Special Assessment	\$0
Per Unit	\$0

## Changes From Prior Year (2016 to 2017)

Increase/Decrease to Reserve Allocation	\$4,550
as Percentage	0%
Average Per Unit	\$85.85

# Percent Funded

- Recommended
- Monthly Reserve Allocation from 2017 Budget
- Minimum





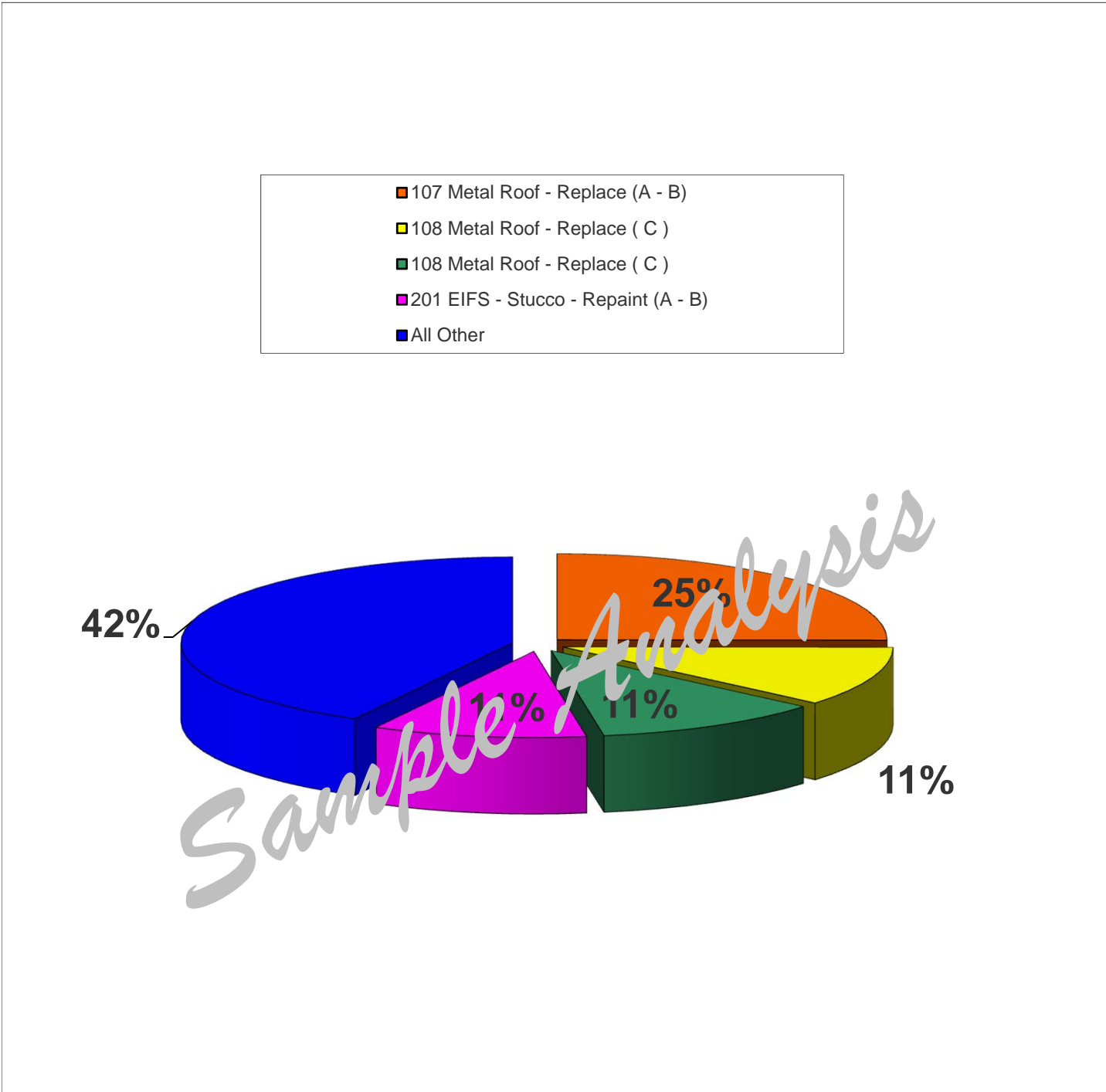
# Component Inventory for Uq iæ ^ A&ã

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	107	Metal Roof - Replace (A - B)	30	21	\$267,000	\$293,700
	108	Metal Roof - Replace ( C )	30	28	\$119,250	\$131,175
	108	Metal Roof - Replace (D)	30	29	\$119,250	\$131,175
	119	Gutters/Downspouts - Replace (A - B)	30	21	\$2,030	\$2,240
	120	Gutters/Downspouts - Replace ( C )	30	28	\$2,540	\$2,800
	120	Gutters/Downspouts - Replace (D)	30	29	\$2,540	\$2,800
Painted Surfaces	201	EIFS - Stucco - Repaint (A - B)	6	1	\$21,720	\$24,820
	202	EIFS - Stucco - Repaint ( C )	6	4	\$5,260	\$6,010
	203	EIFS - Stucco - Repaint (D)	6	5	\$14,400	\$16,450
	207	Metal Fencing - Repaint	5	0	\$2,450	\$2,725
	216	Interior Surfaces - Repaint	10	9	\$1,100	\$1,265
Siding Materials	307	EIFS - Stucco - Repair (A - B)	12	1	\$13,975	\$17,075
	308	EIFS - Stucco - Repair (D)	12	11	\$9,270	\$11,330
	308	EIFS - Stucco - Repair ( C )	12	10	\$3,375	\$4,125
	309	CMU Block - Major Repairs (A-D)	N/A		\$0	\$0
Drive Materials	401	Asphalt - Major Overlay (A-B)	20	5	\$30,040	\$35,400
	401	Asphalt - Major Overlay (C-D)	20	19	\$28,240	\$33,990
	402	Asphalt - Surface Application (C-D)	5	4	\$3,100	\$3,710
	402	Asphalt - Surface Application (A-B)	5	0	\$3,220	\$3,860
	407	Curb/Gutters/Drain Pan - Partial Replace	5	0	\$3,050	\$3,300
Property Access	501	Unit Doors - Replace (A-D)	N/A		\$0	\$0
	502	Garage Doors - Replace (A-D)	N/A		\$0	\$0
	503	Utility Doors/Office Access - Replace	25	21	\$7,150	\$8,250
	506	Unit Windows - Replace (A-D)	N/A		\$0	\$0
Mechanical Equip.	703	Water Heater - Replace	15	14	\$2,000	\$3,000
Security	901	Fire Protection System - Replace (A, B)	20	11	\$3,500	\$4,000
	901	Fire Protection System - Replace (C, D)	20	18	\$7,000	\$8,000
	905	Keypads - Replace	15	6	\$2,250	\$2,750
	905	Mobile Gate Operators - Replace	15	6	\$2,250	\$2,750
Fencing/Walls	1002	Metal Fencing - Replace	30	20	\$12,250	\$14,000
	1010	Trash Enclosures - Major Repairs	N/A		\$0	\$0
	1015	Stone Wall - Major Repairs	N/A		\$0	\$0
Interiors	1413	Restroom - Remodel	20	19	\$4,200	\$5,000
	1416	Office - Remodel	20	19	\$6,500	\$7,250
Light Fixtures	1602	Exterior Wall Mount - Replace (A-D)	15	12	\$3,600	\$4,000
Irrig. System	1701	Irrigation System - Rebuild	5	4	\$1,650	\$1,900
	1703	Irrigation Controller - Replace	15	13	\$2,500	\$3,000
Landscaping	1801	Groundcover - Replenish	6	4	\$2,500	\$3,000
	1804	Tree - Replacement/Major Maintenance	N/A		\$0	\$0

Significant Components For Uq 1æ ^ Aæ&æ

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance:	
					(Curr Cost/UL) As \$	As %
107	Metal Roof - Replace (A - B)	30	21	\$280,350	\$9,345	25.0685%
108	Metal Roof - Replace ( C )	30	28	\$125,213	\$4,174	11.1963%
108	Metal Roof - Replace (D)	30	29	\$125,213	\$4,174	11.1963%
119	Gutters/Downspouts - Replace (A - B)	30	21	\$2,135	\$71	0.1909%
120	Gutters/Downspouts - Replace ( C )	30	28	\$2,670	\$89	0.2387%
120	Gutters/Downspouts - Replace (D)	30	29	\$2,670	\$89	0.2387%
201	EIFS - Stucco - Repaint (A - B)	6	1	\$23,270	\$3,878	10.4039%
202	EIFS - Stucco - Repaint ( C )	6	4	\$5,635	\$939	2.5194%
203	EIFS - Stucco - Repaint (D)	6	5	\$15,425	\$2,571	6.8964%
207	Metal Fencing - Repaint	5	0	\$2,588	\$518	1.3882%
216	Interior Surfaces - Repaint	10	9	\$1,183	\$118	0.3172%
307	EIFS - Stucco - Repair (A - B)	12	1	\$15,525	\$1,294	3.4706%
308	EIFS - Stucco - Repair ( C )	12	10	\$3,750	\$313	0.8383%
308	EIFS - Stucco - Repair (D)	12	11	\$10,300	\$858	2.3025%
401	Asphalt - Major Overlay (A-B)	20	5	\$32,720	\$1,636	4.3887%
401	Asphalt - Major Overlay (C-D)	20	19	\$31,115	\$1,556	4.1734%
402	Asphalt - Surface Application (A-B)	5	0	\$3,540	\$708	1.8993%
402	Asphalt - Surface Application (C-D)	5	4	\$3,405	\$681	1.8268%
407	Curb/Gutters/Drain Pan - Partial Replace (A	5	0	\$3,175	\$635	1.7034%
503	Utility Doors/Office Access - Replace	25	21	\$7,700	\$708	0.8262%
703	Water Heater - Replace	15	14	\$1,500	\$67	0.4471%
901	Fire Protection System - Replace (A, B)	20	11	\$3,750	\$188	0.5030%
901	Fire Protection System - Replace (C, D)	20	18	\$1,500	\$375	1.0060%
905	Keypad - Replace	15	6	\$2,500	\$167	0.4471%
906	Vehicle Gate Operators - Replace	15	5	\$2,500	\$167	0.4471%
1002	Metal Fencing - Replace	30	20	\$13,125	\$438	1.1736%
1413	Restroom - Remodel	20	19	\$4,600	\$230	0.6170%
1416	Office - Remodel	20	19	\$6,875	\$344	0.9221%
1602	Exterior Wall Mount - Replace (A-D)	15	12	\$3,800	\$253	0.6796%
1701	Irrigation System - Rebuild	5	4	\$1,775	\$355	0.9523%
1703	Irrigation Controller - Replace	15	13	\$2,750	\$183	0.4918%
1801	Groundcover - Replace	6	4	\$2,750	\$458	1.2295%

Significant Components Graph For *Uq l æ ^ Á 2 3 4*

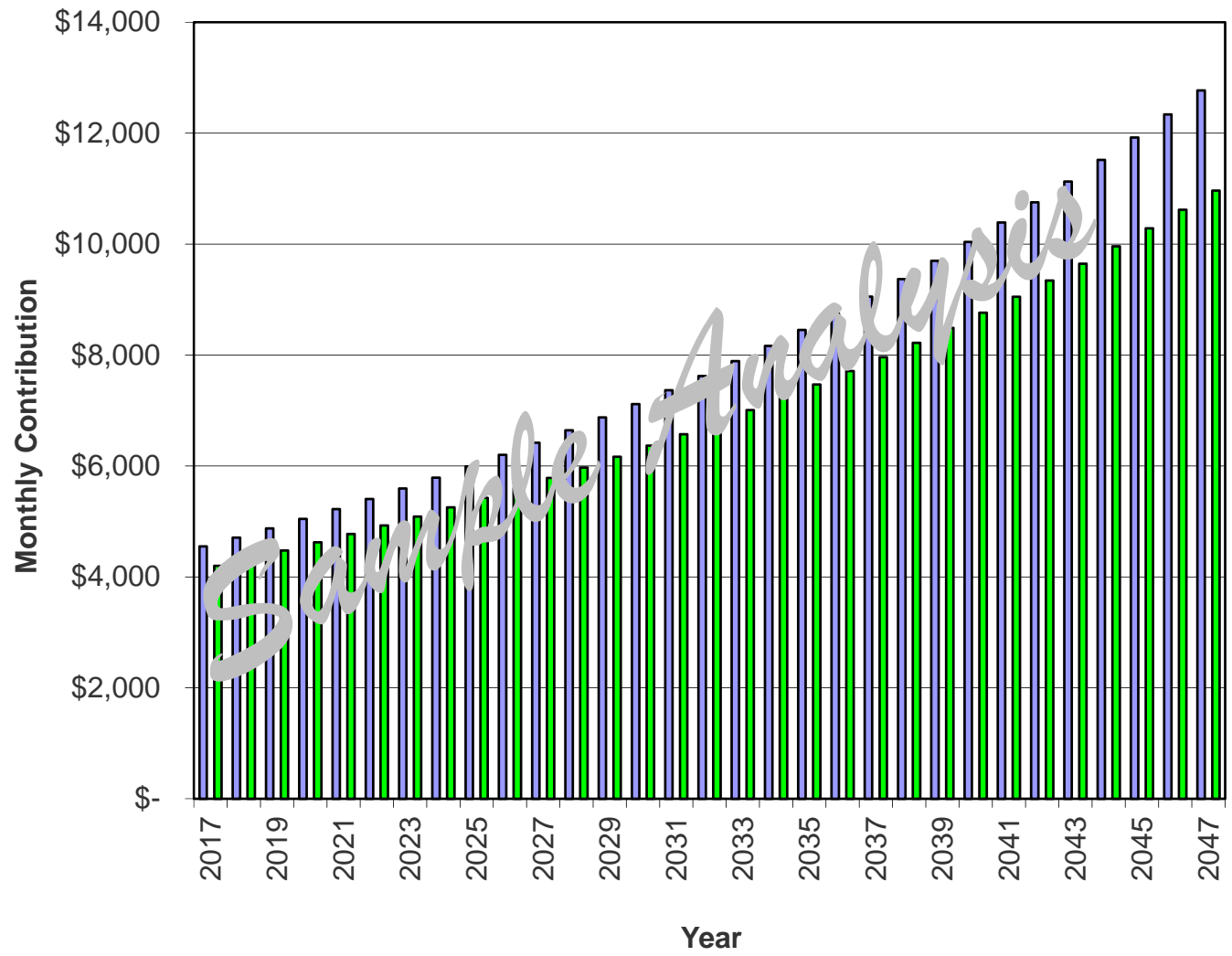
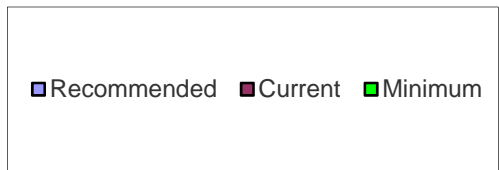


Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
107	Metal Roof - Replace (A - B)	30	21	\$280,350	\$9,345	25%
108	Metal Roof - Replace ( C )	30	28	\$125,213	\$4,174	11%
108	Metal Roof - Replace ( C )	30	28	\$125,213	\$4,174	11%
201	EIFS - Stucco - Repaint (A - B)	6	1	\$23,270	\$3,878	10%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$15,707	42%

# Yearly Summary For <sup>2017</sup> ~~2017~~ <sup>2018</sup> ~~2018~~ <sup>2019</sup> ~~2019~~ <sup>2020</sup> ~~2020~~ <sup>2021</sup> ~~2021~~ <sup>2022</sup> ~~2022~~ <sup>2023</sup> ~~2023~~ <sup>2024</sup> ~~2024~~ <sup>2025</sup> ~~2025~~ <sup>2026</sup> ~~2026~~ <sup>2027</sup> ~~2027~~ <sup>2028</sup> ~~2028~~ <sup>2029</sup> ~~2029~~ <sup>2030</sup> ~~2030~~ <sup>2031</sup> ~~2031~~ <sup>2032</sup> ~~2032~~ <sup>2033</sup> ~~2033~~ <sup>2034</sup> ~~2034~~ <sup>2035</sup> ~~2035~~ <sup>2036</sup> ~~2036~~ <sup>2037</sup> ~~2037~~ <sup>2038</sup> ~~2038~~ <sup>2039</sup> ~~2039~~ <sup>2040</sup> ~~2040~~ <sup>2041</sup> ~~2041~~ <sup>2042</sup> ~~2042~~ <sup>2043</sup> ~~2043~~ <sup>2044</sup> ~~2044~~ <sup>2045</sup> ~~2045~~ <sup>2046</sup> ~~2046~~

Fiscal Year	Fully Funded Start Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2017	\$187,470	\$0	0%	\$40,950	\$0	\$228	\$9,303
2018	\$223,524	\$31,875	14%	\$56,511	\$0	\$402	\$40,250
2019	\$230,274	\$48,538	21%	\$58,489	\$0	\$781	\$0
2020	\$280,540	\$107,808	38%	\$60,536	\$0	\$1,387	\$0
2021	\$334,252	\$169,732	51%	\$62,655	\$0	\$1,941	\$15,717
2022	\$375,291	\$218,610	58%	\$64,848	\$0	\$2,175	\$69,058
2023	\$364,210	\$216,575	59%	\$67,117	\$0	\$2,482	\$6,236
2024	\$419,633	\$279,938	67%	\$69,466	\$0	\$3,010	\$30,110
2025	\$454,175	\$322,304	71%	\$71,898	\$0	\$3,599	\$0
2026	\$523,127	\$397,801	76%	\$74,414	\$0	\$4,326	\$8,862
2027	\$587,419	\$467,679	80%	\$77,019	\$0	\$4,930	\$30,978
2028	\$633,195	\$518,649	82%	\$79,714	\$0	\$5,389	\$44,190
2029	\$669,077	\$559,562	84%	\$82,504	\$0	\$6,006	\$5,911
2030	\$748,193	\$642,162	86%	\$85,392	\$0	\$6,543	\$67,045
2031	\$769,106	\$667,053	87%	\$88,381	\$0	\$7,081	\$12,859
2032	\$849,362	\$749,655	88%	\$91,474	\$0	\$7,909	\$16,159
2033	\$931,631	\$832,879	89%	\$94,676	\$0	\$8,767	\$15,112
2034	\$1,020,591	\$921,210	90%	\$97,989	\$0	\$9,602	\$28,842
2035	\$1,101,256	\$999,959	91%	\$101,419	\$0	\$10,811	\$14,549
2036	\$1,202,486	\$1,097,311	91%	\$104,969	\$0	\$11,021	\$145,361
2037	\$1,174,610	\$1,067,739	91%	\$108,612	\$0	\$11,037	\$46,832
2038	\$1,250,830	\$1,140,587	91%	\$112,415	\$0	\$8,811	\$639,506
2039	\$718,038	\$622,337	87%	\$115,211	\$0	\$6,700	\$27,276
2040	\$803,598	\$718,141	89%	\$120,414	\$0	\$7,518	\$59,990
2041	\$861,684	\$786,123	91%	\$124,670	\$0	\$8,461	\$12,533
2042	\$974,568	\$906,720	93%	\$129,033	\$0	\$8,738	\$202,865
2043	\$897,724	\$841,626	94%	\$133,549	\$0	\$9,126	\$0
2044	\$1,032,112	\$984,100	95%	\$138,224	\$0	\$10,531	\$10,267
2045	\$1,167,004	\$1,127,758	96%	\$143,061	\$0	\$10,041	\$389,705
2046	\$917,439	\$866,185	94%	\$148,069	\$0	\$7,423	\$442,572

# Reserve Contributions



Component Funding Information For Uq 1a ^ A Dec 15

ID	Component Name	Ave	Ideal	Current	Monthly	
		Current		Fund		
		Cost	Balance	Balance		
107	Metal Roof - Replace (A - B)	\$280,350	\$84,105	\$0	\$1,140.62	
108	Metal Roof - Replace ( C )	\$125,213	\$8,348	\$0	\$509.43	
108	Metal Roof - Replace (D)	\$125,213	\$4,174	\$0	\$509.43	
119	Gutters/Downspouts - Replace (A - B)	\$2,135	\$641	\$0	\$8.69	
120	Gutters/Downspouts - Replace ( C )	\$2,670	\$178	\$0	\$10.86	
120	Gutters/Downspouts - Replace (D)	\$2,670	\$89	\$0	\$10.86	
201	EIFS - Stucco - Repaint (A - B)	\$23,270	\$19,392	\$0	\$473.38	
202	EIFS - Stucco - Repaint ( C )	\$5,635	\$1,878	\$0	\$114.63	
203	EIFS - Stucco - Repaint (D)	\$15,425	\$2,571	\$0	\$313.79	
207	Metal Fencing - Repaint	\$2,588	\$2,588	\$0	\$63.16	
216	Interior Surfaces - Repaint	\$1,183	\$118	\$0	\$14.43	
307	EIFS - Stucco - Repair (A - B)	\$15,525	\$14,231	\$0	\$157.91	
308	EIFS - Stucco - Repair ( C )	\$3,750	\$625	\$0	\$38.14	
308	EIFS - Stucco - Repair (D)	\$10,300	\$858	\$0	\$104.77	
401	Asphalt - Major Overlay (A-B)	\$32,720	\$24,540	\$0	\$199.68	
401	Asphalt - Major Overlay (C-D)	\$31,115	\$1,556	\$0	\$189.89	
402	Asphalt - Surface Application (A-B)	\$3,540	\$3,540	\$0	\$86.42	
402	Asphalt - Surface Application (C-D)	\$3,405	\$681	\$0	\$83.2	
407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$3,175	\$3,175	\$0	\$77.51	
503	Utility Doors/Office Access - Replace	\$7,700	\$1,232	\$0	\$37.59	
703	Water Heater - Replace	\$2,500	\$167	\$0	\$20.34	
901	Fire Protection System - Replace (A, B)	\$3,750	\$1,685	\$0	\$22.89	
901	Fire Protection System - Replace (C, D)	\$7,500	\$50	\$0	\$45.77	
905	Keypad - Replace	\$2,500	\$1,500	\$0	\$20.34	
906	Vehicle Gate Operators - Replace	\$2,500	\$1,500	\$0	\$20.34	
1002	Metal Fencing - Replace	\$13,125	\$4,375	\$0	\$53.40	
1413	Restroom - Remodel	\$4,600	\$230	\$0	\$28.07	
1416	Office - Remodel	\$6,875	\$344	\$0	\$41.96	
1602	Exterior Wall Mount - Replace (A-D)	\$3,800	\$760	\$0	\$30.92	
1701	Irrigation System - Rebuild	\$1,775	\$355	\$0	\$43.33	
1703	Irrigation Controller - Replace	\$2,750	\$367	\$0	\$22.38	
1801	Groundcover - Replenish	\$2,750	\$917	\$0	\$55.94	

## Yearly Cash Flow For Uq Iæ ^ A 2021

Year	2017	2018	2019	2020	2021
<b>Starting Balance</b>	\$0	\$31,875	\$48,538	\$107,808	\$169,732
Reserve Income	\$40,950	\$56,511	\$58,489	\$60,536	\$62,655
Interest Earnings	\$228	\$402	\$781	\$1,387	\$1,941
Special Assessments	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$41,178	\$88,788	\$107,808	\$169,732	\$234,327
<b>Reserve Expenditures</b>	\$9,303	\$40,250	\$0	\$0	\$15,717
<b>Ending Balance</b>	\$31,875	\$48,538	\$107,808	\$169,732	\$218,610

Year	2022	2023	2024	2025	2026
<b>Starting Balance</b>	\$218,610	\$216,575	\$279,938	\$322,304	\$397,801
Reserve Income	\$64,848	\$67,117	\$69,466	\$71,898	\$74,414
Interest Earnings	\$2,175	\$2,482	\$3,010	\$3,599	\$4,326
Special Assessments	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$285,633	\$286,174	\$352,414	\$397,801	\$476,541
<b>Reserve Expenditures</b>	\$69,058	\$6,236	\$30,110	\$0	\$8,862
<b>Ending Balance</b>	\$216,575	\$279,938	\$322,304	\$397,801	\$467,679

Year	2027	2028	2029	2030	2031
<b>Starting Balance</b>	\$467,679	\$518,649	\$559,562	\$642,162	\$667,053
Reserve Income	\$77,019	\$79,714	\$82,504	\$85,392	\$88,381
Interest Earnings	\$4,930	\$5,389	\$6,006	\$6,543	\$7,081
Special Assessments	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$549,627	\$603,752	\$648,072	\$734,097	\$762,514
<b>Reserve Expenditures</b>	\$30,978	\$44,190	\$55,511	\$67,045	\$12,859
<b>Ending Balance</b>	\$518,649	\$559,562	\$642,162	\$667,053	\$749,655

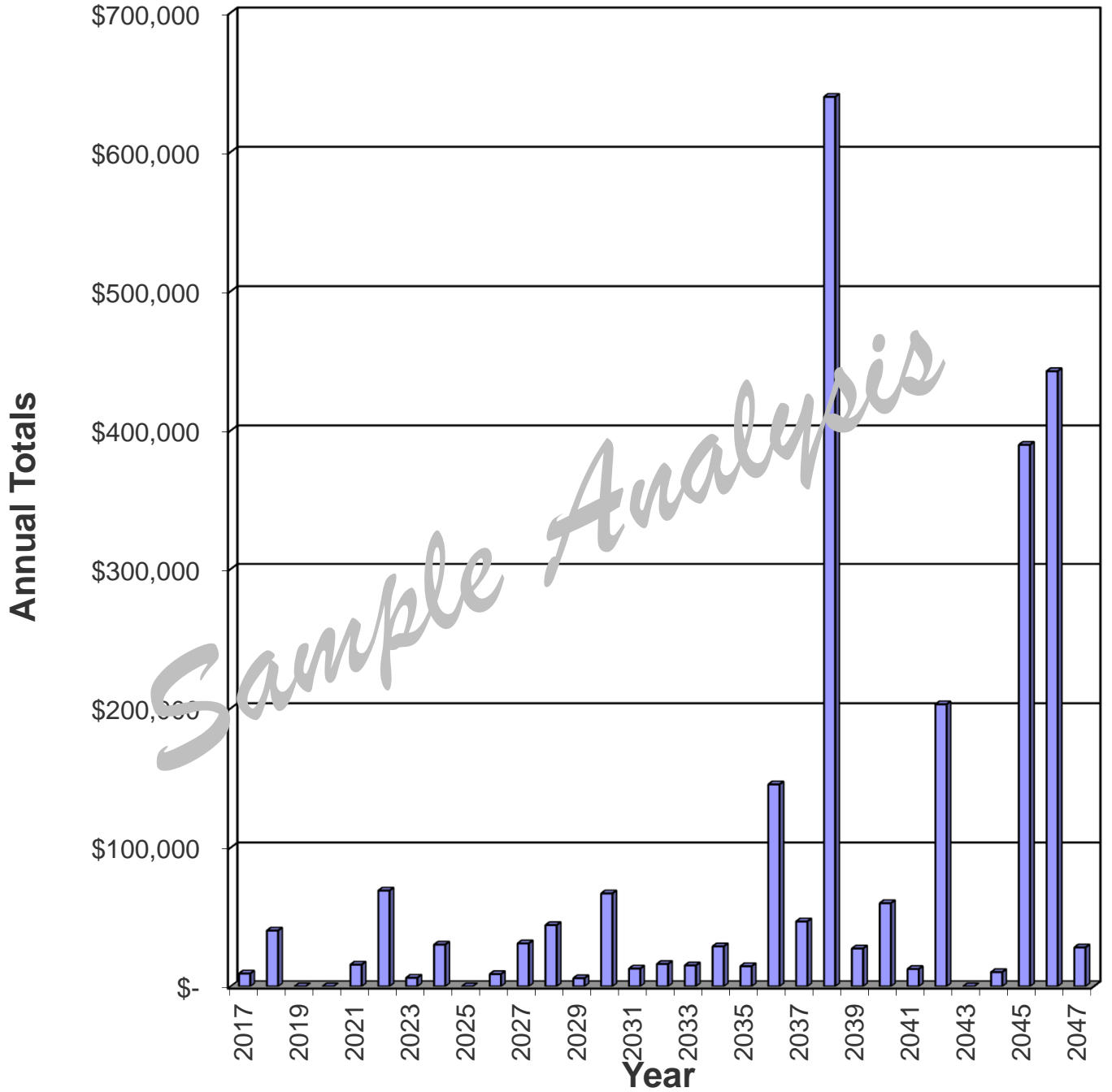
Year	2032	2033	2034	2035	2036
<b>Starting Balance</b>	\$749,655	\$832,879	\$921,210	\$999,959	\$1,097,311
Reserve Income	\$91,474	\$94,676	\$97,989	\$101,419	\$104,969
Interest Earnings	\$1,911	\$8,767	\$9,602	\$10,482	\$10,821
Special Assessments	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$849,039	\$936,322	\$1,028,801	\$1,111,860	\$1,213,100
<b>Reserve Expenditures</b>	\$16,159	\$15,112	\$28,842	\$14,549	\$145,361
<b>Ending Balance</b>	\$832,879	\$921,210	\$999,959	\$1,097,311	\$1,067,739

Year	2037	2038	2039	2040	2041
<b>Starting Balance</b>	\$1,067,739	\$1,140,587	\$622,337	\$718,141	\$786,123
Reserve Income	\$108,642	\$112,445	\$116,381	\$120,454	\$124,670
Interest Earnings	\$11,037	\$8,811	\$6,700	\$7,518	\$8,461
Special Assessments	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,187,419	\$1,261,843	\$745,417	\$846,113	\$919,253
<b>Reserve Expenditures</b>	\$46,832	\$639,506	\$27,276	\$59,990	\$12,533
<b>Ending Balance</b>	\$1,140,587	\$622,337	\$718,141	\$786,123	\$906,720

Year	2042	2043	2044	2045	2046
<b>Starting Balance</b>	\$906,720	\$841,626	\$984,301	\$1,122,788	\$886,185
Reserve Income	\$129,033	\$133,549	\$138,224	\$143,061	\$148,069
Interest Earnings	\$8,738	\$9,126	\$10,531	\$10,041	\$7,423
Special Assessments	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,044,491	\$984,301	\$1,133,056	\$1,275,890	\$1,041,677
<b>Reserve Expenditures</b>	\$202,865	\$0	\$10,267	\$389,705	\$442,572
<b>Ending Balance</b>	\$841,626	\$984,301	\$1,122,788	\$886,185	\$599,104



# Reserve Expenditures



Projected Reserve Expenditures For Uq'ia^A&35

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2017	207	Metal Fencing - Repaint	\$2,588	
	402	Asphalt - Surface Application (A-B)	\$3,540	
	407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$3,175	\$9,303
2018	201	EIFS - Stucco - Repaint (A - B)	\$24,143	
	307	EIFS - Stucco - Repair (A - B)	\$16,107	\$40,250
2019		No Expenditures Projected		\$0
2020		No Expenditures Projected		\$0
2021	202	EIFS - Stucco - Repaint ( C )	\$6,529	
	402	Asphalt - Surface Application (C-D)	\$3,945	
	1701	Irrigation System - Rebuild	\$2,057	
	1801	Groundcover - Replenish	\$3,186	\$15,717
2022	203	EIFS - Stucco - Repaint (D)	\$18,542	
	207	Metal Fencing - Repaint	\$3,110	
	401	Asphalt - Major Overlay (A-B)	\$39,333	
	402	Asphalt - Surface Application (A-B)	\$4,255	
	407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$3,817	\$69,058
2023	905	Keypad - Replace	\$3,118	
	906	Vehicle Gate Operators - Replace	\$3,118	\$6,236
2024	201	EIFS - Stucco - Repaint (A - B)	\$30,110	\$30,110
2025		No Expenditures Projected		\$0
2026	216	Interior Surfaces - Repaint	\$1,617	
	402	Asphalt - Surface Application (C-D)	\$7,143	
	1701	Irrigation System - Rebuild	\$2,472	\$8,862
2027	202	EIFS - Stucco - Repaint ( C )	\$8,143	
	207	Metal Fencing - Repaint	\$3,739	
	308	EIFS - Stucco - Repair ( C )	\$5,419	
	402	Asphalt - Surface Application (A-B)	\$5,115	
	407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$4,588	
	1801	Groundcover - Replenish	\$3,974	\$30,978
2028	203	EIFS - Stucco - Repaint (D)	\$23,126	
	308	EIFS - Stucco - Repair (D)	\$15,442	
	901	Fire Protection System - Replace (A, B)	\$5,622	\$44,190
2029	1702	Exterior Wall Mount - Replace (A-D)	\$5,911	\$5,911
2030	201	EIFS - Stucco - Repaint (A - B)	\$37,553	
	307	EIFS - Stucco - Repair (A - B)	\$25,054	
	1703	Irrigation Controller - Replace	\$4,438	\$67,045
2031	402	Asphalt - Surface Application (C-D)	\$5,701	
	703	Water Heater - Replace	\$4,186	
	1701	Irrigation System - Rebuild	\$2,972	\$12,859
2032	207	Metal Fencing - Repaint	\$4,495	
	402	Asphalt - Surface Application (A-B)	\$6,149	
	407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$5,515	\$16,159
2033	202	EIFS - Stucco - Repaint ( C )	\$10,156	
	1801	Groundcover - Replenish	\$4,956	\$15,112
2034	203	EIFS - Stucco - Repaint (D)	\$28,842	\$28,842
2035	901	Fire Protection System - Replace (C, D)	\$14,549	\$14,549
2036	201	EIFS - Stucco - Repaint (A - B)	\$46,835	
	216	Interior Surfaces - Repaint	\$2,380	
	401	Asphalt - Major Overlay (C-D)	\$62,624	
	402	Asphalt - Surface Application (C-D)	\$6,853	
	1413	Restroom - Remodel	\$9,258	
	1416	Office - Remodel	\$13,837	
	1701	Irrigation System - Rebuild	\$3,573	\$145,361

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2037	207	Metal Fencing - Repaint	\$5,403	
	402	Asphalt - Surface Application (A-B)	\$7,392	
	407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$6,630	
	1002	Metal Fencing - Replace	\$27,407	\$46,832
2038	107	Metal Roof - Replace (A - B)	\$607,366	
	119	Gutters/Downspouts - Replace (A - B)	\$4,625	
	503	Utility Doors/Office Access - Replace	\$16,682	
	905	Keypad - Replace	\$5,416	
	906	Vehicle Gate Operators - Replace	\$5,416	\$639,506
2039	202	EIFS - Stucco - Repaint ( C )	\$12,666	
	308	EIFS - Stucco - Repair ( C )	\$8,429	
	1801	Groundcover - Replenish	\$6,181	\$27,276
2040	203	EIFS - Stucco - Repaint (D)	\$35,971	
	308	EIFS - Stucco - Repair (D)	\$24,019	\$59,990
2041	402	Asphalt - Surface Application (C-D)	\$8,238	
	1701	Irrigation System - Rebuild	\$4,295	\$12,533
2042	201	EIFS - Stucco - Repaint (A - B)	\$58,412	
	207	Metal Fencing - Repaint	\$6,495	
	307	EIFS - Stucco - Repair (A - B)	\$38,970	
	401	Asphalt - Major Overlay (A-B)	\$82,133	
	402	Asphalt - Surface Application (A-B)	\$8,886	
	407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$7,970	\$202,865
2043		No Expenditures Projected		\$0
2044	1602	Exterior Wall Mount - Replace (A-D)	\$10,267	\$10,267
2045	108	Metal Roof - Replace ( C )	\$357,006	
	120	Gutters/Downspouts - Replace ( C )	\$7,485	
	202	EIFS - Stucco - Repaint ( C )	\$15,796	
	1703	Irrigation Controller - Replace	\$7,709	
	1801	Groundcover - Replenish	\$7,709	\$389,705
2046	108	Metal Roof - Replace (D)	\$364,169	
	120	Gutters/Downspouts - Replace (D)	\$7,765	
	303	EIFS - Stucco - Repaint (D)	\$44,862	
	216	Interior Surfaces - Repaint	\$3,439	
	102	Asphalt - Surface Application (C-D)	\$9,903	
	703	Water Heater - Replace	\$7,271	
	1701	Irrigation System - Rebuild	\$5,162	\$442,572
2047	207	Metal Fencing - Repaint	\$7,808	
	402	Asphalt - Surface Application (A-B)	\$10,682	
	407	Curb/Gutters/Drain Pan - Partial Replace (A-D)	\$9,580	\$28,070

## **Glossary of Commonly used Words and Phrases** (provided by the National Reserve Study Standards of the Community Associations Institute)

**Asset or Component** – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**Cash Flow Method** – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

**Component Inventory** – The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

**Deficit** – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

**Effective Age** – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**Financial Analysis** – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

**Component Full Funding** – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**Fully Funded Balance (Ideal Balance)** – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of the “used up” of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

**Fund Status** – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

**Funding Goals** – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the “Component Fully Funding” method.

**Funding Plan** – An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**Funding Principles** –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**Life and Valuation Estimates** – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**Percent Funded** – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

**Physical Analysis** – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**Remaining Useful Life (RUL)** – Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have “0” Remaining Useful Life.

**Replacement Cost** – The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

**Reserve Balance** – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

**Reserve Provider** – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

**Reserve Study** – A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

**Special Assessment** – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**Surplus** – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

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