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Update “With-Site-Visit” Reserve Study



American Towers Assoc. Residential Salt Lake City, Utah

Report #: 515-9R
For Period Beginning: May 1, 2010
Ending: April 30, 2011
Date Revised: March 16, 2010
Date Prepared: January 19, 2010

Hello, and welcome to your Reserve Study!

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

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

In this Report, you will find...

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

More Questions?

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

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3- Minute Executive Summary

Association: American Towers Assoc. **Assoc. #: 515-9R**
 Residential
Location: Salt Lake City, Utah
of Units: 357
Report Period: May 1, 2010 through April 30, 2011

Results

Projected Starting Reserve Balance:	\$300,000
Fully Funded Reserve Balance:	\$844,136
Average Reserve Deficit (Surplus) Per Unit:	\$1,524
Percent Funded:	35.5%
Recommended 2010 monthly Reserve Contribution:	\$17,370
Recommended Special Assessment this year:	\$0

Most Recent Reserve Contribution Rate:.....\$12,440

Economic Assumptions:

Net Annual “After Tax” Interest Earnings Accruing to Reserves..... 2.00%
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 2006 Fiscal Year. The information in this Reserve Study is based on our site inspection on December 11, 2009.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is above 30%, at 35.5% Funded, this represents a mid-range position. In perspective, associations in the 70% funded and above are less likely to experience large increase to dues and special assessments. 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 with a nominal annual increase to counter act inflation.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Cost	Future Cost
308	Trash Compactor - Replace	3	1	\$2,000	\$2,060
401	Awnings - Replace	15	5	\$5,000	\$5,796
403	Mailboxes - Replace	25	24	\$15,100	\$30,695
404	Patio Furniture - Replace (part)	3	0	\$1,500	\$1,639
404	Roof Top Pre-Cast Furn. - Replace	15	9	\$25,000	\$32,619
404	Roof Top Trellis - Replace	15	9	\$12,000	\$15,657
601	Carpet (2nd Floor) - Replace	7	7	\$14,000	\$17,218
601	Carpet (Hallways) - Replace	10	2	\$220,000	\$233,398
601	Carpet (Parking Lobbies) - Replace	4	2	\$7,200	\$7,638
604	Hardwood Floor - Resurface	10	3	\$5,100	\$5,573
703	Intercom - Replace	7	6	\$20,000	\$23,881
902	Exercise Equipment - Replace (part)	2	0	\$4,000	\$4,244
903	Furniture - Replace	10	0	\$35,000	\$47,037
904	Kitchen - Refurbish	10	3	\$18,000	\$19,669
904	Roof Kitchen - Refurbish	20	10	\$10,000	\$13,439
909	Hall Bathroom - Refurbish	15	4	\$32,000	\$36,016
909	Locker Rooms - Refurbish	15	3	\$15,000	\$16,391
910	Room 1 - Refurbish	15	3	\$30,000	\$32,782
910	Room 2 - Refurbish	15	3	\$40,000	\$43,709
920	North Lobby - Refurbish	15	1	\$80,000	\$82,400
920	South Lobby - Refurbish	15	15	\$50,000	\$77,898
1110	2nd Fl Walls - Refurbish	10	10	\$15,000	\$20,159
1110	Hallway Walls - Paint	10	2	\$130,000	\$137,917
1202	Pool - Resurface	10	0	\$8,000	\$10,751
1205	Acrylic Spa - Replace	5	4	\$6,000	\$6,753
1502	Spa - Resurface	7	7	\$3,000	\$3,690
1507	Spa/Pool Equipment - Replace	3	2	\$2,500	\$2,652
1603	Racquetball Court - Resurface	7	1	\$12,800	\$13,184
1801	Elevator - Modernize	25	19	\$800,000	\$1,402,805
1802	North Elevator Cab - Refurbish	15	1	\$18,000	\$18,540
1802	South Elevator Cab - Refurbish	15	15	\$18,000	\$28,043
1901	AP Parking - Plaza Repair	15	12	\$100,000	\$142,576
1902	AP Parking - Capital Assessment	1	0	\$40,000	\$41,200
1950	Contingency	1	0	\$20,000	\$20,600

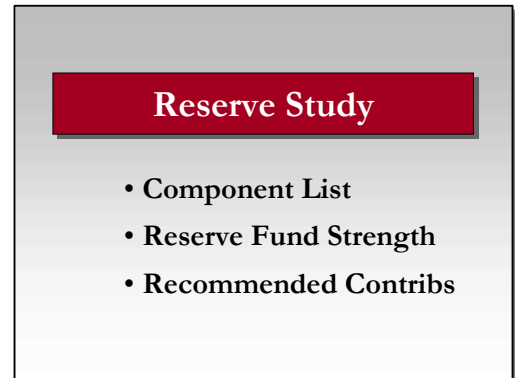
34 Total Funded Components

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

Introduction

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

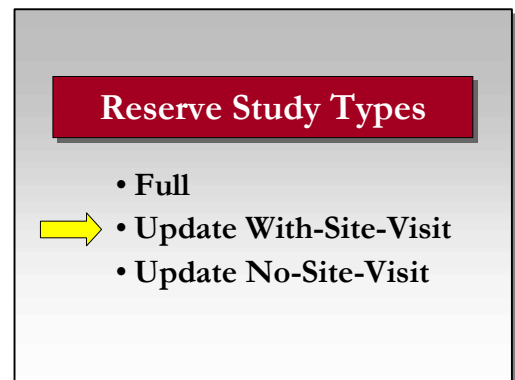
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance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



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

Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "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...

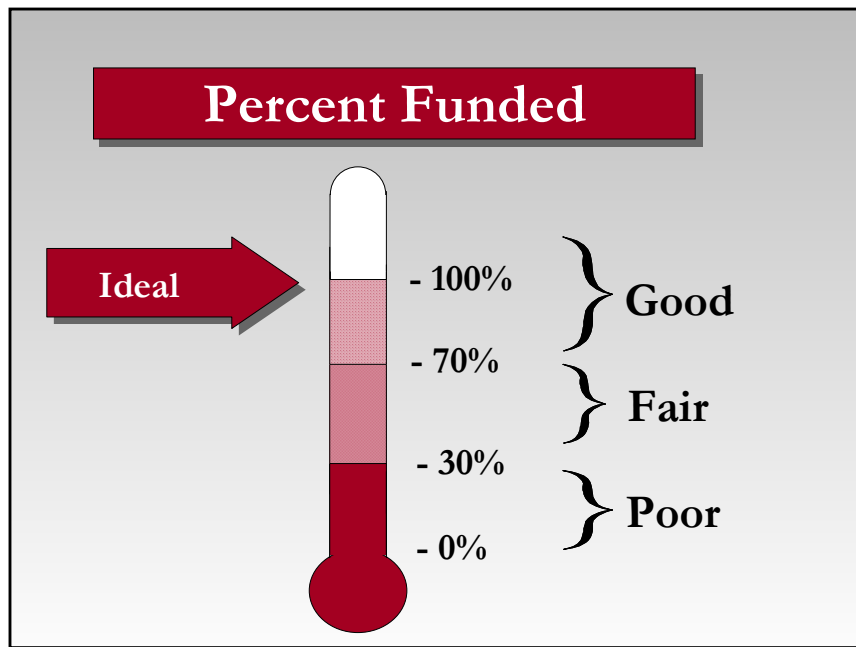
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

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 Board members to recommend to their association.

Funding Principles

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

What is our Recommended Funding Goal?

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

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

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

Funding Goals

- Full Funding
- Threshold Funding
- Baseline Funding

Site Inspection Notes

During our site visit on December 11, 2009, we started the meeting with Joe Toronto - Manger, and then started the site inspection beginning with the Interior buildings. We also met with Billy Cruz – Maintenance Supervisor. We visually inspected all the buildings, and were able to see all areas. We re-measured hallway carpet.

During our site inspection we were informed that touch-up painting is being handled from the Operational maintenance budget, not Reserves.

During our inspection, the second floor hallway and south lobby were being refurbished. The property is in overall good condition and appears to be well maintained.

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 large expense in approximately 2029, made up primarily of elevator modernization expenses.

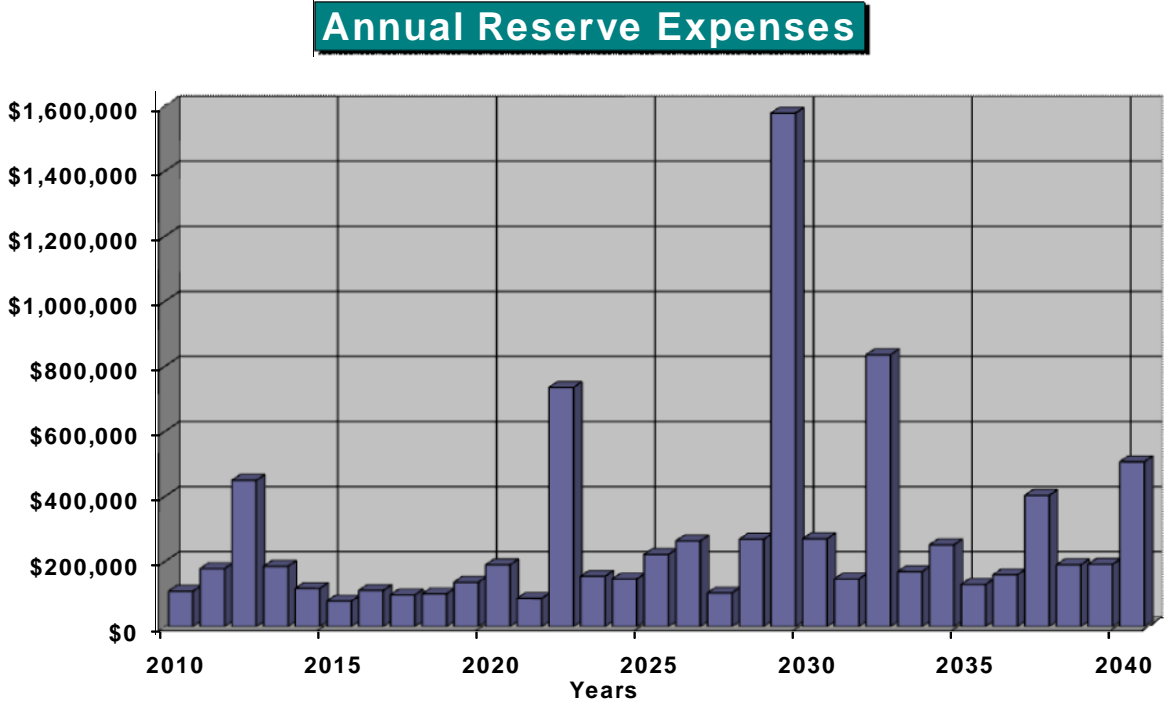


Figure 1

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 \$300,000 as-of the start of your Fiscal Year on May 1, 2010. This is based on your actual balance on 9/09 of \$523,742.07 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of May 1, 2010, your Fully Funded Balance is computed to be \$844,136 (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 mid-range status.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$17,370/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.

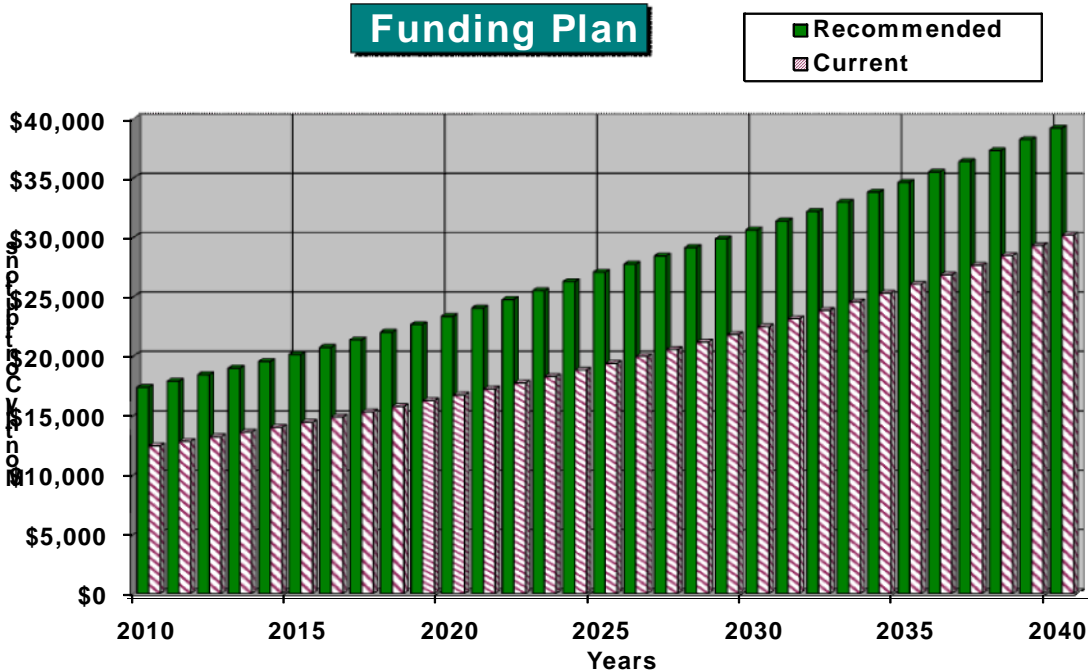


Figure 2

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.

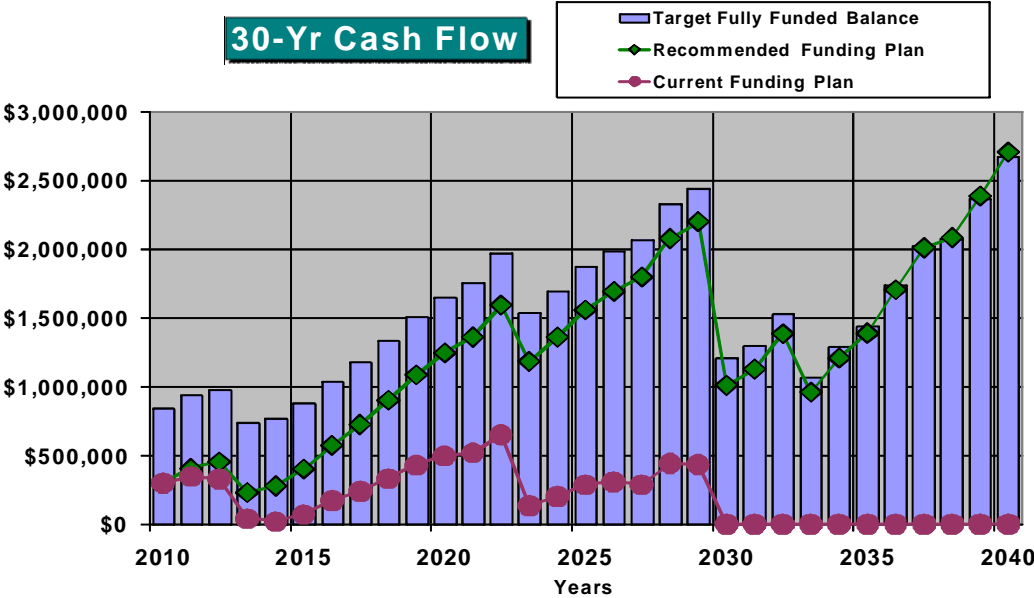


Figure 3

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

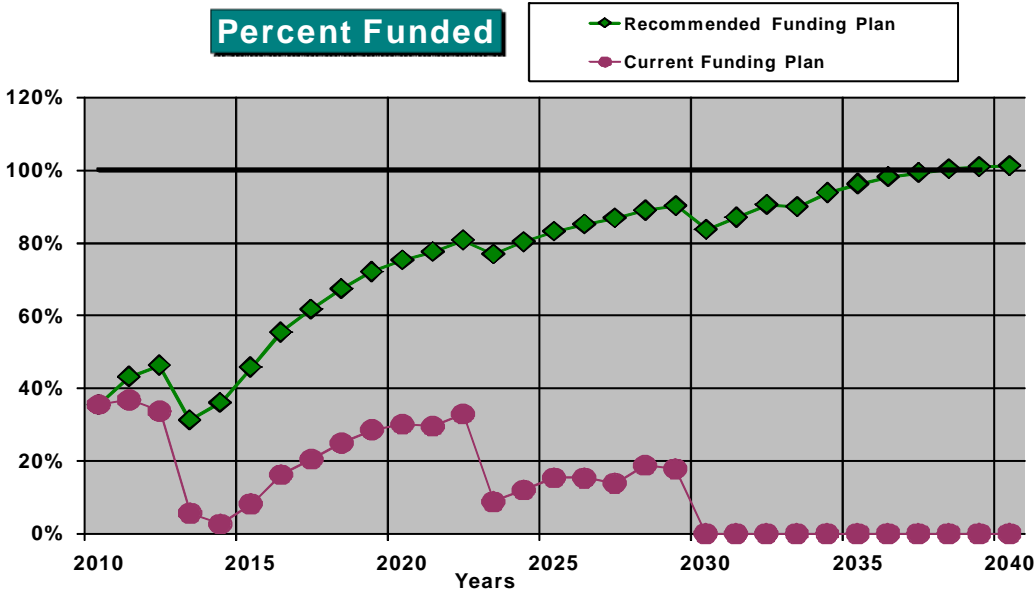


Figure 4

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**515-9R**

#	Component	Quantity	Useful Life	Rem.	Current Cost
				Useful Life	
308	Trash Compactor - Replace	(2) Compactors	3	1	\$2,000
401	Awnings - Replace	(2) Entry Awnings	15	5	\$5,000
403	Mailboxes - Replace	(378) Total Boxes	25	24	\$15,100
404	Patio Furniture - Replace (part)	Apprx (60) total pieces	3	0	\$1,500
404	Roof Top Pre-Cast Furn. - Replace	Miscellaneous Pieces	15	9	\$25,000
404	Roof Top Trellis - Replace	(2) Arbors	15	9	\$12,000
601	Carpet (2nd Floor) - Replace	Approx 350 GSY	7	7	\$14,000
601	Carpet (Hallways) - Replace	Approx 5,500 GSY	10	2	\$220,000
601	Carpet (Parking Lobbies) - Replace	Approx 160 GSY	4	2	\$7,200
604	Hardwood Floor - Resurface	Approx 850 GSF	10	3	\$5,100
703	Intercom - Replace	(10) Entraguard	7	6	\$20,000
902	Exercise Equipment - Replace (part)	Various Pieces	2	0	\$4,000
903	Furniture - Replace	Numerous Pieces	10	0	\$35,000
904	Kitchen - Refurbish	(1) Kitchen area	10	3	\$18,000
904	Roof Kitchen - Refurbish	(2) Kitchen Areas	20	10	\$10,000
909	Hall Bathroom - Refurbish	(4) Pairs- Mens/Womens	15	4	\$32,000
909	Locker Rooms - Refurbish	Men & Women	15	3	\$15,000
910	Room 1 - Refurbish	Billiards/Library	15	3	\$30,000
910	Room 2 - Refurbish	Numerous GSF	15	3	\$40,000
920	North Lobby - Refurbish	Lobby Entrance/Area	15	1	\$80,000
920	South Lobby - Refurbish	Lobby Entrance/Area	15	15	\$50,000
1110	2nd Fl Walls - Refurbish	Numerous GSF	10	10	\$15,000
1110	Hallway Walls - Paint	Extensive Wall Surfaces	10	2	\$130,000
1202	Pool - Resurface	(1) 20 X 38 Pool	10	0	\$8,000
1205	Acrylic Spa - Replace	(2) 10X6 Hot Tub	5	4	\$6,000
1502	Spa - Resurface	(1) 8X8ft Octagonal	7	7	\$3,000
1507	Spa/Pool Equipment - Replace	(4) Heaters, (4) Filters	3	2	\$2,500
1603	Racquetball Court - Resurface	(2) Standard 40'x 20'	7	1	\$12,800
1801	Elevator - Modernize	(6) Cable Lifts	25	19	\$800,000
1802	North Elevator Cab - Refurbish	(3) Standard Cabs	15	1	\$18,000
1802	South Elevator Cab - Refurbish	(3) Standard Cabs	15	15	\$18,000
1901	AP Parking - Plaza Repair	Extensive plaza	15	12	\$100,000
1902	AP Parking - Capital Assessment	One Parking Garage Area	1	0	\$40,000
1950	Contingency	Contingency	1	0	\$20,000
34	Total Funded Components				

Table 3: Contribution and Fund Breakdown**515-9R**

#	Component	Useful Life	Rem. Useful Life	Current Cost	Fully	Current	Reserve
					Funded	Fund	
					Balance	Balance	
308	Trash Compactor - Replace	3	1	\$2,000	\$1,333	\$1,333.33	\$68.04
401	Awnings - Replace	15	5	\$5,000	\$3,333	\$0.00	\$34.02
403	Mailboxes - Replace	25	24	\$15,100	\$604	\$0.00	\$61.64
404	Patio Furniture - Replace (part)	3	0	\$1,500	\$1,500	\$1,500.00	\$51.03
404	Roof Top Pre-Cast Furn. - Replace	15	9	\$25,000	\$10,000	\$0.00	\$170.09
404	Roof Top Trellis - Replace	15	9	\$12,000	\$4,800	\$0.00	\$81.65
601	Carpet (2nd Floor) - Replace	7	7	\$14,000	\$0	\$0.00	\$0.00
601	Carpet (Hallways) - Replace	10	2	\$220,000	\$176,000	\$83,295.24	\$2,245.24
601	Carpet (Parking Lobbies) - Replace	4	2	\$7,200	\$3,600	\$3,600.00	\$183.70
604	Hardwood Floor - Resurface	10	3	\$5,100	\$3,570	\$0.00	\$52.05
703	Intercom - Replace	7	6	\$20,000	\$2,857	\$0.00	\$291.59
902	Exercise Equipment - Replace (part)	2	0	\$4,000	\$4,000	\$4,000.00	\$204.11
903	Furniture - Replace	10	0	\$35,000	\$35,000	\$35,000.00	\$357.20
904	Kitchen - Refurbish	10	3	\$18,000	\$12,600	\$0.00	\$183.70
904	Roof Kitchen - Refurbish	20	10	\$10,000	\$5,000	\$0.00	\$51.03
909	Hall Bathroom - Refurbish	15	4	\$32,000	\$23,467	\$0.00	\$217.72
909	Locker Rooms - Refurbish	15	3	\$15,000	\$12,000	\$0.00	\$102.06
910	Room 1 - Refurbish	15	3	\$30,000	\$24,000	\$0.00	\$204.11
910	Room 2 - Refurbish	15	3	\$40,000	\$32,000	\$0.00	\$272.15
920	North Lobby - Refurbish	15	1	\$80,000	\$74,667	\$74,666.67	\$544.30
920	South Lobby - Refurbish	15	15	\$50,000	\$0	\$0.00	\$0.00
1110	2nd Fl Walls - Refurbish	10	10	\$15,000	\$0	\$0.00	\$0.00
1110	Hallway Walls - Paint	10	2	\$130,000	\$104,000	\$0.00	\$1,326.74
1202	Pool - Resurface	10	0	\$8,000	\$8,000	\$8,000.00	\$81.65
1205	Acrylic Spa - Replace	5	4	\$6,000	\$1,200	\$0.00	\$122.47
1502	Spa - Resurface	7	7	\$3,000	\$0	\$0.00	\$0.00
1507	Spa/Pool Equipment - Replace	3	2	\$2,500	\$833	\$833.33	\$85.05
1603	Racquetball Court - Resurface	7	1	\$12,800	\$10,971	\$10,971.43	\$186.62
1801	Elevator - Modernize	25	19	\$800,000	\$192,000	\$0.00	\$3,265.81
1802	North Elevator Cab - Refurbish	15	1	\$18,000	\$16,800	\$16,800.00	\$122.47
1802	South Elevator Cab - Refurbish	15	15	\$18,000	\$0	\$0.00	\$0.00
1901	AP Parking - Plaza Repair	15	12	\$100,000	\$20,000	\$0.00	\$680.38
1902	AP Parking - Capital Assessment	1	0	\$40,000	\$40,000	\$40,000.00	\$4,082.26
1950	Contingency	1	0	\$20,000	\$20,000	\$20,000.00	\$2,041.13
34	Total Funded Components				\$844,136	\$300,000	\$17,370

Table 4: 30-Year Reserve Plan Summary

515-9R

Fiscal Year Beginning: 05/01/10

Interest: 2.0%

Inflation: 3.0%

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2010	\$300,000	\$844,136	35.5%	Fair	\$208,440	\$0	\$7,064	\$108,500
2011	\$407,004	\$941,726	43.2%	Fair	\$214,693	\$0	\$8,586	\$177,984
2012	\$452,299	\$976,197	46.3%	Fair	\$221,134	\$0	\$6,825	\$449,503
2013	\$230,754	\$737,723	31.3%	Fair	\$227,768	\$0	\$5,086	\$185,326
2014	\$278,281	\$770,053	36.1%	Fair	\$234,601	\$0	\$6,803	\$117,053
2015	\$402,633	\$879,708	45.8%	Fair	\$241,639	\$0	\$9,776	\$78,251
2016	\$575,797	\$1,038,832	55.4%	Fair	\$248,888	\$0	\$13,017	\$110,689
2017	\$727,013	\$1,175,719	61.8%	Fair	\$256,355	\$0	\$16,281	\$97,160
2018	\$902,489	\$1,337,239	67.5%	Fair	\$264,046	\$0	\$19,867	\$100,455
2019	\$1,085,947	\$1,507,001	72.1%	Strong	\$271,967	\$0	\$23,288	\$136,349
2020	\$1,244,853	\$1,651,878	75.4%	Strong	\$280,126	\$0	\$26,039	\$189,761
2021	\$1,361,256	\$1,753,290	77.6%	Strong	\$288,530	\$0	\$29,515	\$86,515
2022	\$1,592,786	\$1,971,507	80.8%	Strong	\$297,186	\$0	\$27,731	\$734,980
2023	\$1,182,723	\$1,535,994	77.0%	Strong	\$306,101	\$0	\$25,404	\$154,343
2024	\$1,359,885	\$1,693,342	80.3%	Strong	\$315,284	\$0	\$29,154	\$146,267
2025	\$1,558,056	\$1,871,836	83.2%	Strong	\$324,743	\$0	\$32,488	\$221,699
2026	\$1,693,589	\$1,986,341	85.3%	Strong	\$332,861	\$0	\$34,887	\$263,172
2027	\$1,798,165	\$2,070,164	86.9%	Strong	\$341,183	\$0	\$38,696	\$103,303
2028	\$2,074,741	\$2,330,027	89.0%	Strong	\$349,712	\$0	\$42,697	\$268,474
2029	\$2,198,677	\$2,436,684	90.2%	Strong	\$358,455	\$0	\$32,069	\$1,578,155
2030	\$1,011,046	\$1,206,967	83.8%	Strong	\$367,417	\$0	\$21,390	\$270,014
2031	\$1,129,839	\$1,297,425	87.1%	Strong	\$376,602	\$0	\$25,132	\$146,033
2032	\$1,385,540	\$1,528,268	90.7%	Strong	\$386,017	\$0	\$23,431	\$835,421
2033	\$959,567	\$1,066,236	90.0%	Strong	\$395,667	\$0	\$21,656	\$168,939
2034	\$1,207,952	\$1,287,399	93.8%	Strong	\$405,559	\$0	\$25,939	\$251,253
2035	\$1,388,197	\$1,441,307	96.3%	Strong	\$415,698	\$0	\$30,905	\$129,814
2036	\$1,704,985	\$1,736,138	98.2%	Strong	\$426,091	\$0	\$37,110	\$158,941
2037	\$2,009,245	\$2,021,372	99.4%	Strong	\$436,743	\$0	\$40,894	\$403,164
2038	\$2,083,719	\$2,075,519	100.4%	Strong	\$447,661	\$0	\$44,660	\$189,898
2039	\$2,386,142	\$2,363,218	101.0%	Strong	\$458,853	\$0	\$50,860	\$191,589

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)**515-9R**

Fiscal Year	2010	2011	2012	2013	2014
Starting Reserve Balance	\$300,000	\$407,004	\$452,299	\$230,754	\$278,281
Annual Reserve Contribution	\$208,440	\$214,693	\$221,134	\$227,768	\$234,601
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$7,064	\$8,586	\$6,825	\$5,086	\$6,803
Total Income	\$515,504	\$630,283	\$680,257	\$463,608	\$519,686
# Component					
308 Trash Compactor - Replace	\$0	\$2,060	\$0	\$0	\$2,251
401 Awnings - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$1,500	\$0	\$0	\$1,639	\$0
404 Roof Top Pre-Cast Furn. - Replace	\$0	\$0	\$0	\$0	\$0
404 Roof Top Trellis - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (2nd Floor) - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$233,398	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$0	\$7,638	\$0	\$0
604 Hardwood Floor - Resurface	\$0	\$0	\$0	\$5,573	\$0
703 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
902 Exercise Equipment - Replace (part)	\$4,000	\$0	\$4,244	\$0	\$4,502
903 Furniture - Replace	\$35,000	\$0	\$0	\$0	\$0
904 Kitchen - Refurbish	\$0	\$0	\$0	\$19,669	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$36,016
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$16,391	\$0
910 Room 1 - Refurbish	\$0	\$0	\$0	\$32,782	\$0
910 Room 2 - Refurbish	\$0	\$0	\$0	\$43,709	\$0
920 North Lobby - Refurbish	\$0	\$82,400	\$0	\$0	\$0
920 South Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 2nd Fl Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hallway Walls - Paint	\$0	\$0	\$137,917	\$0	\$0
1202 Pool - Resurface	\$8,000	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$6,753
1502 Spa - Resurface	\$0	\$0	\$0	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$0	\$0	\$2,652	\$0	\$0
1603 Racquetball Court - Resurface	\$0	\$13,184	\$0	\$0	\$0
1801 Elevator - Modernize	\$0	\$0	\$0	\$0	\$0
1802 North Elevator Cab - Refurbish	\$0	\$18,540	\$0	\$0	\$0
1802 South Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
1950 Contingency	\$20,000	\$20,600	\$21,218	\$21,855	\$22,510
Total Expenses	\$108,500	\$177,984	\$449,503	\$185,326	\$117,053
Ending Reserve Balance:	\$407,004	\$452,299	\$230,754	\$278,281	\$402,633

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)**515-9R**

Fiscal Year	2015	2016	2017	2018	2019
Starting Reserve Balance	\$402,633	\$575,797	\$727,013	\$902,489	\$1,085,947
Annual Reserve Contribution	\$241,639	\$248,888	\$256,355	\$264,046	\$271,967
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$9,776	\$13,017	\$16,281	\$19,867	\$23,288
Total Income	\$654,048	\$837,702	\$999,649	\$1,186,402	\$1,381,202
# Component					
308 Trash Compactor - Replace	\$0	\$0	\$2,460	\$0	\$0
401 Awnings - Replace	\$5,796	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$0	\$1,791	\$0	\$0	\$1,957
404 Roof Top Pre-Cast Furn. - Replace	\$0	\$0	\$0	\$0	\$32,619
404 Roof Top Trellis - Replace	\$0	\$0	\$0	\$0	\$15,657
601 Carpet (2nd Floor) - Replace	\$0	\$0	\$17,218	\$0	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$8,597	\$0	\$0	\$0
604 Hardwood Floor - Resurface	\$0	\$0	\$0	\$0	\$0
703 Intercom - Replace	\$0	\$23,881	\$0	\$0	\$0
902 Exercise Equipment - Replace (part)	\$0	\$4,776	\$0	\$5,067	\$0
903 Furniture - Replace	\$0	\$0	\$0	\$0	\$0
904 Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 1 - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 2 - Refurbish	\$0	\$0	\$0	\$0	\$0
920 North Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
920 South Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 2nd Fl Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hallway Walls - Paint	\$0	\$0	\$0	\$0	\$0
1202 Pool - Resurface	\$0	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$7,829
1502 Spa - Resurface	\$0	\$0	\$3,690	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$2,898	\$0	\$0	\$3,167	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$16,215	\$0
1801 Elevator - Modernize	\$0	\$0	\$0	\$0	\$0
1802 North Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1802 South Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$46,371	\$47,762	\$49,195	\$50,671	\$52,191
1950 Contingency	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095
Total Expenses	\$78,251	\$110,689	\$97,160	\$100,455	\$136,349
Ending Reserve Balance:	\$575,797	\$727,013	\$902,489	\$1,085,947	\$1,244,853

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

515-9R

Fiscal Year	2020	2021	2022	2023	2024
Starting Reserve Balance	\$1,244,853	\$1,361,256	\$1,592,786	\$1,182,723	\$1,359,885
Annual Reserve Contribution	\$280,126	\$288,530	\$297,186	\$306,101	\$315,284
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$26,039	\$29,515	\$27,731	\$25,404	\$29,154
Total Income	\$1,551,017	\$1,679,301	\$1,917,703	\$1,514,228	\$1,704,324
# Component					
308 Trash Compactor - Replace	\$2,688	\$0	\$0	\$2,937	\$0
401 Awnings - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$0	\$0	\$2,139	\$0	\$0
404 Roof Top Pre-Cast Furn. - Replace	\$0	\$0	\$0	\$0	\$0
404 Roof Top Trellis - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (2nd Floor) - Replace	\$0	\$0	\$0	\$0	\$21,176
601 Carpet (Hallways) - Replace	\$0	\$0	\$313,667	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$9,676	\$0	\$0	\$0	\$10,891
604 Hardwood Floor - Resurface	\$0	\$0	\$0	\$7,490	\$0
703 Intercom - Replace	\$0	\$0	\$0	\$29,371	\$0
902 Exercise Equipment - Replace (part)	\$5,376	\$0	\$5,703	\$0	\$6,050
903 Furniture - Replace	\$47,037	\$0	\$0	\$0	\$0
904 Kitchen - Refurbish	\$0	\$0	\$0	\$26,434	\$0
904 Roof Kitchen - Refurbish	\$13,439	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 1 - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 2 - Refurbish	\$0	\$0	\$0	\$0	\$0
920 North Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
920 South Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 2nd Fl Walls - Refurbish	\$20,159	\$0	\$0	\$0	\$0
1110 Hallway Walls - Paint	\$0	\$0	\$185,349	\$0	\$0
1202 Pool - Resurface	\$10,751	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$9,076
1502 Spa - Resurface	\$0	\$0	\$0	\$0	\$4,538
1507 Spa/Pool Equipment - Replace	\$0	\$3,461	\$0	\$0	\$3,781
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$0
1801 Elevator - Modernize	\$0	\$0	\$0	\$0	\$0
1802 North Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1802 South Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$142,576	\$0	\$0
1902 AP Parking - Capital Assessment	\$53,757	\$55,369	\$57,030	\$58,741	\$60,504
1950 Contingency	\$26,878	\$27,685	\$28,515	\$29,371	\$30,252
Total Expenses	\$189,761	\$86,515	\$734,980	\$154,343	\$146,267
Ending Reserve Balance:	\$1,361,256	\$1,592,786	\$1,182,723	\$1,359,885	\$1,558,056

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

515-9R

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$1,558,056	\$1,693,589	\$1,798,165	\$2,074,741	\$2,198,677
Annual Reserve Contribution	\$324,743	\$332,861	\$341,183	\$349,712	\$358,455
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$32,488	\$34,887	\$38,696	\$42,697	\$32,069
Total Income	\$1,915,287	\$2,061,337	\$2,178,044	\$2,467,150	\$2,589,201
# Component					
308 Trash Compactor - Replace	\$0	\$3,209	\$0	\$0	\$3,507
401 Awnings - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$2,337	\$0	\$0	\$2,554	\$0
404 Roof Top Pre-Cast Furn. - Replace	\$0	\$0	\$0	\$0	\$0
404 Roof Top Trellis - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (2nd Floor) - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$0	\$0	\$12,258	\$0
604 Hardwood Floor - Resurface	\$0	\$0	\$0	\$0	\$0
703 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
902 Exercise Equipment - Replace (part)	\$0	\$6,419	\$0	\$6,810	\$0
903 Furniture - Replace	\$0	\$0	\$0	\$0	\$0
904 Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$56,112
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$25,536	\$0
910 Room 1 - Refurbish	\$0	\$0	\$0	\$51,073	\$0
910 Room 2 - Refurbish	\$0	\$0	\$0	\$68,097	\$0
920 North Lobby - Refurbish	\$0	\$128,377	\$0	\$0	\$0
920 South Lobby - Refurbish	\$77,898	\$0	\$0	\$0	\$0
1110 2nd Fl Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hallway Walls - Paint	\$0	\$0	\$0	\$0	\$0
1202 Pool - Resurface	\$0	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$10,521
1502 Spa - Resurface	\$0	\$0	\$0	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$0	\$0	\$4,132	\$0	\$0
1603 Racquetball Court - Resurface	\$19,942	\$0	\$0	\$0	\$0
1801 Elevator - Modernize	\$0	\$0	\$0	\$0	\$1,402,805
1802 North Elevator Cab - Refurbish	\$0	\$28,885	\$0	\$0	\$0
1802 South Elevator Cab - Refurbish	\$28,043	\$0	\$0	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$62,319	\$64,188	\$66,114	\$68,097	\$70,140
1950 Contingency	\$31,159	\$32,094	\$33,057	\$34,049	\$35,070
Total Expenses	\$221,699	\$263,172	\$103,303	\$268,474	\$1,578,155
Ending Reserve Balance:	\$1,693,589	\$1,798,165	\$2,074,741	\$2,198,677	\$1,011,046

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

515-9R

Fiscal Year	2030	2031	2032	2033	2034
Starting Reserve Balance	\$1,011,046	\$1,129,839	\$1,385,540	\$959,567	\$1,207,952
Annual Reserve Contribution	\$367,417	\$376,602	\$386,017	\$395,667	\$405,559
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$21,390	\$25,132	\$23,431	\$21,656	\$25,939
Total Income	\$1,399,853	\$1,531,573	\$1,794,988	\$1,376,891	\$1,639,450
# Component					
308 Trash Compactor - Replace	\$0	\$0	\$3,832	\$0	\$0
401 Awnings - Replace	\$9,031	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$30,695
404 Patio Furniture - Replace (part)	\$0	\$2,790	\$0	\$0	\$3,049
404 Roof Top Pre-Cast Furn. - Replace	\$0	\$0	\$0	\$0	\$50,820
404 Roof Top Trellis - Replace	\$0	\$0	\$0	\$0	\$24,394
601 Carpet (2nd Floor) - Replace	\$0	\$26,044	\$0	\$0	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$421,543	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$0	\$13,796	\$0	\$0
604 Hardwood Floor - Resurface	\$0	\$0	\$0	\$10,065	\$0
703 Intercom - Replace	\$36,122	\$0	\$0	\$0	\$0
902 Exercise Equipment - Replace (part)	\$7,224	\$0	\$7,664	\$0	\$8,131
903 Furniture - Replace	\$63,214	\$0	\$0	\$0	\$0
904 Kitchen - Refurbish	\$0	\$0	\$0	\$35,525	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 1 - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 2 - Refurbish	\$0	\$0	\$0	\$0	\$0
920 North Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
920 South Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 2nd Fl Walls - Refurbish	\$27,092	\$0	\$0	\$0	\$0
1110 Hallway Walls - Paint	\$0	\$0	\$249,093	\$0	\$0
1202 Pool - Resurface	\$14,449	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$12,197
1502 Spa - Resurface	\$0	\$5,581	\$0	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$4,515	\$0	\$0	\$4,934	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$24,526	\$0	\$0
1801 Elevator - Modernize	\$0	\$0	\$0	\$0	\$0
1802 North Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1802 South Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$72,244	\$74,412	\$76,644	\$78,943	\$81,312
1950 Contingency	\$36,122	\$37,206	\$38,322	\$39,472	\$40,656
Total Expenses	\$270,014	\$146,033	\$835,421	\$168,939	\$251,253
Ending Reserve Balance:	\$1,129,839	\$1,385,540	\$959,567	\$1,207,952	\$1,388,197

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

515-9R

Fiscal Year	2035	2036	2037	2038	2039
Starting Reserve Balance	\$1,388,197	\$1,704,985	\$2,009,245	\$2,083,719	\$2,386,142
Annual Reserve Contribution	\$415,698	\$426,091	\$436,743	\$447,661	\$458,853
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$30,905	\$37,110	\$40,894	\$44,660	\$50,860
Total Income	\$1,834,800	\$2,168,186	\$2,486,883	\$2,576,040	\$2,895,855
# Component					
308 Trash Compactor - Replace	\$4,188	\$0	\$0	\$4,576	\$0
401 Awnings - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$0	\$0	\$3,332	\$0	\$0
404 Roof Top Pre-Cast Furn. - Replace	\$0	\$0	\$0	\$0	\$0
404 Roof Top Trellis - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (2nd Floor) - Replace	\$0	\$0	\$0	\$32,031	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$15,527	\$0	\$0	\$0
604 Hardwood Floor - Resurface	\$0	\$0	\$0	\$0	\$0
703 Intercom - Replace	\$0	\$0	\$44,426	\$0	\$0
902 Exercise Equipment - Replace (part)	\$0	\$8,626	\$0	\$9,152	\$0
903 Furniture - Replace	\$0	\$0	\$0	\$0	\$0
904 Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 1 - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Room 2 - Refurbish	\$0	\$0	\$0	\$0	\$0
920 North Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
920 South Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 2nd Fl Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hallway Walls - Paint	\$0	\$0	\$0	\$0	\$0
1202 Pool - Resurface	\$0	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$14,139
1502 Spa - Resurface	\$0	\$0	\$0	\$6,864	\$0
1507 Spa/Pool Equipment - Replace	\$0	\$5,391	\$0	\$0	\$5,891
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$30,164
1801 Elevator - Modernize	\$0	\$0	\$0	\$0	\$0
1802 North Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1802 South Elevator Cab - Refurbish	\$0	\$0	\$0	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$222,129	\$0	\$0
1902 AP Parking - Capital Assessment	\$83,751	\$86,264	\$88,852	\$91,517	\$94,263
1950 Contingency	\$41,876	\$43,132	\$44,426	\$45,759	\$47,131
Total Expenses	\$129,814	\$158,941	\$403,164	\$189,898	\$191,589
Ending Reserve Balance:	\$1,704,985	\$2,009,245	\$2,083,719	\$2,386,142	\$2,704,266

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 - Colorado, and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Robert M. Nordlund, P.E., R.S., company president, is a California licensed Professional Engineer (Mechanical, #22322), and credentialed Reserve Specialist (#5). All work done by Association Reserves is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

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

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

Terms and Definitions

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

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

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

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

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

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

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

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

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

Photographic Inventory Appendix