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Update “No-Site-Visit” Reserve Study



American Towers Assoc. Residential Salt Lake City, UT

Report #: 515-10R
For Period Beginning: May 1, 2014
Expires: April 30, 2015

Date Prepared: August 15, 2014



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. #: 515-10R**
 Residential
Location: Salt Lake City, UT
of Units: 357
Report Period: May 1, 2014 through April 30, 2015

Results as-of 5/1/2014:

Projected Starting Reserve Balance:	\$568,699
Fully Funded Reserve Balance:	\$2,625,651
Average Reserve Deficit (Surplus) Per Unit:	\$5,762
Percent Funded:	21.7%
Recommended 2014 monthly Reserve Contribution:	\$24,800
Recommended 2014 Special Assessment for Reserves:	\$1,428,000
Most Recent Reserve Contribution Rate:	\$16,335

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.....1.00%
Annual Inflation Rate3.00%

- This is an "Update No-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2010/11 Fiscal Year. No site inspection was performed as part of this Reserve Study. Your last site inspection was performed for that 2010/11 Report. This Reserve Study was prepared by a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is below the 30% level at 21.7% Funded, this represents a weak position, where special assessments and deferred maintenance are (unfortunately) common. Such Reserve cash flow problems are rare among associations over 70% Funded. Your multi-year Funding Plan is designed to provide for the short and long-term needs of the association, gradually strengthening your Reserves to the 100% level, or "Fully Funded".
- Based on this starting point, your anticipated expenses, and your historical Reserve contribution rate, our recommendation is for a one-time special assessment and an increase to your Reserve contribution rate.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
308	Trash Compactor - Replace	3	1	\$5,000	\$5,150
401	Entry - Refurb	15	0	\$6,500	\$10,127
403	Mailboxes - Replace	25	20	\$18,900	\$34,136
404	Patio Furniture - Replace (part)	3	0	\$2,000	\$2,185
404	Roof Top Pre-Cast Furn. - Replace	15	5	\$27,000	\$31,300
404	Roof Top Trellis - Replace	15	5	\$16,000	\$18,548
601	Carpet (2nd Floor) - Replace	6	0	\$17,500	\$20,896
601	Carpet (Hallways) - Replace	8	0	\$155,000	\$196,349
601	Carpet (Parking Lobbies) - Replace	4	0	\$8,400	\$9,454
703	Intercom - Replace	7	2	\$22,500	\$23,870
902	Exercise Equipment - Replace (part)	2	0	\$5,000	\$5,305
903	2nd FI Community Rm - Refurb	16	0	\$65,000	\$104,306
904	2nd FI Community Rm - Minor Refurb	8	8	\$10,000	\$12,668
904	Roof Kitchen - Refurbish	16	8	\$11,000	\$13,934
909	Hall Bathroom - Refurbish	16	0	\$40,000	\$64,188
909	Locker Rooms - Refurbish	16	0	\$27,500	\$44,129
910	2nd FI Amenities - Refurb	16	0	\$130,000	\$208,612
920	Lobbies - Refurbish	16	0	\$150,000	\$240,706
1110	Hall & 2nd FI Walls - Refurbish	24	0	\$1,200,000	\$2,439,353
1110	Hall & 2nd FI Walls - Minor refurb	8	8	\$50,000	\$63,339
1202	Pool - Resurface	10	6	\$9,500	\$11,343
1205	Acrylic Spa - Replace	5	0	\$7,000	\$8,115
1502	Spa - Resurface	7	6	\$3,500	\$4,179
1507	Spa/Pool Equipment - Replace	3	2	\$3,000	\$3,183
1603	Racquetball Court - Resurface	8	6	\$8,000	\$9,552
1801	Elevator - Modernize	25	10	\$1,000,000	\$1,343,916
1802	North Elevator Cab - Refurbish	15	12	\$24,000	\$34,218
1802	South Elevator Cab - Refurbish	15	12	\$24,000	\$34,218
1901	AP Parking - Plaza Repair	15	8	\$150,000	\$190,016
1902	AP Parking - Capital Assessment	1	0	\$42,500	\$43,775
1950	Contingency	1	0	\$25,000	\$25,750
31	Total Funded Components				


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.



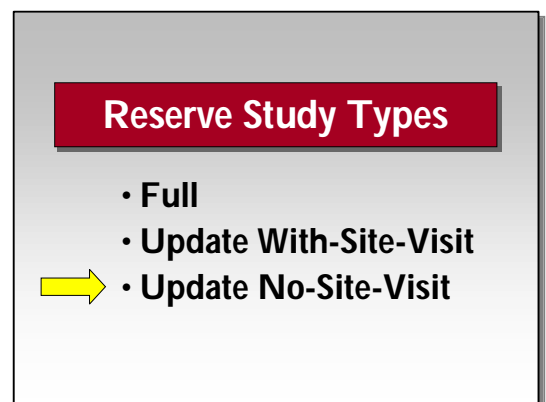
Reserve Study

- Component List
- Reserve Fund Strength
- Recommended Contribs

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 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...

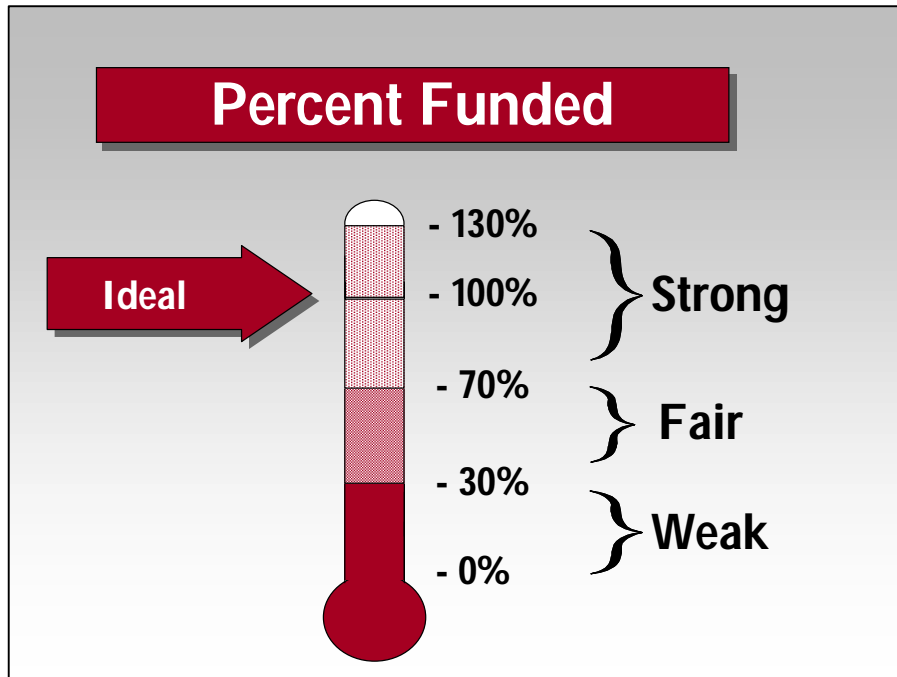
- 1) Client Cost History
- 2) Comparison to Association Reserves database or work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

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 significant expenses in the initial year, made up primarily of interior renovation expenses.

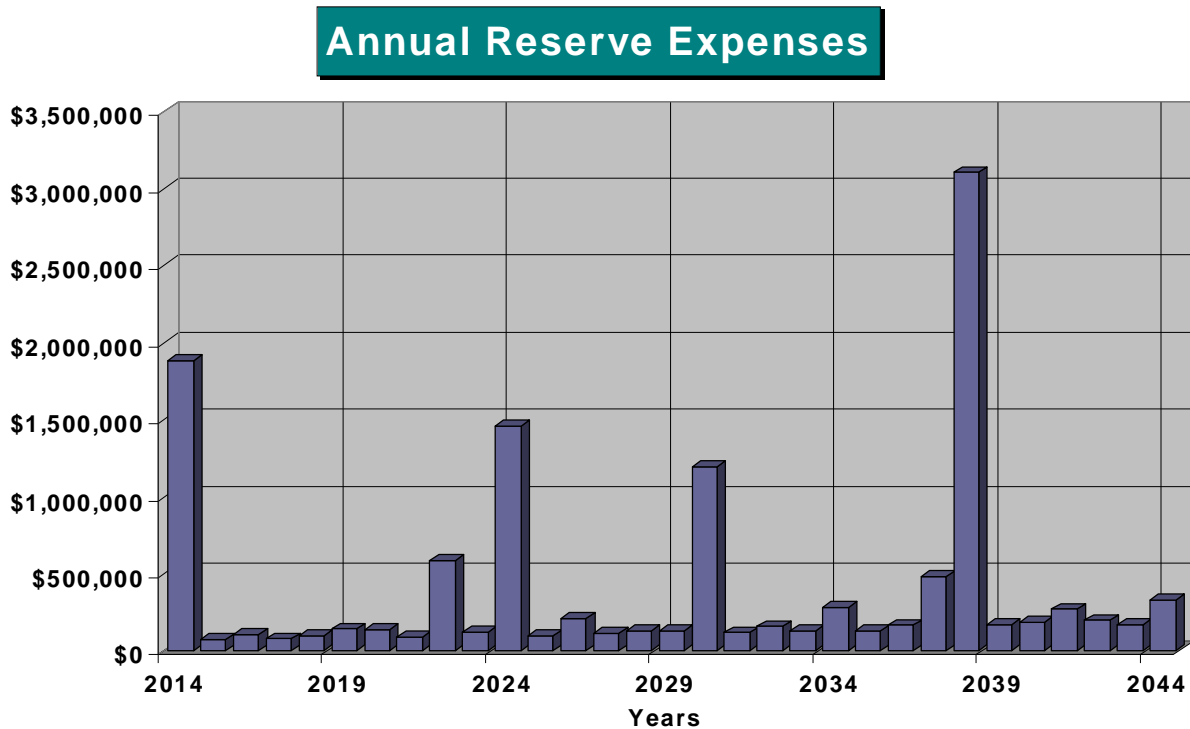


Figure 1

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, reported to be \$568,699 as-of the start of your Fiscal Year on May 1, 2014. As of May 1, 2014, your Fully Funded Balance is computed to be \$2,625,651 (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 22% Funded. As indicated earlier in the Executive Summary, this represents a weak status.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$24,800/month this Fiscal Year in addition to a one-time special assessment. This represents the first year of a 30-year Funding Plan. This same information is shown numerically in both Table 4 and Table 5.

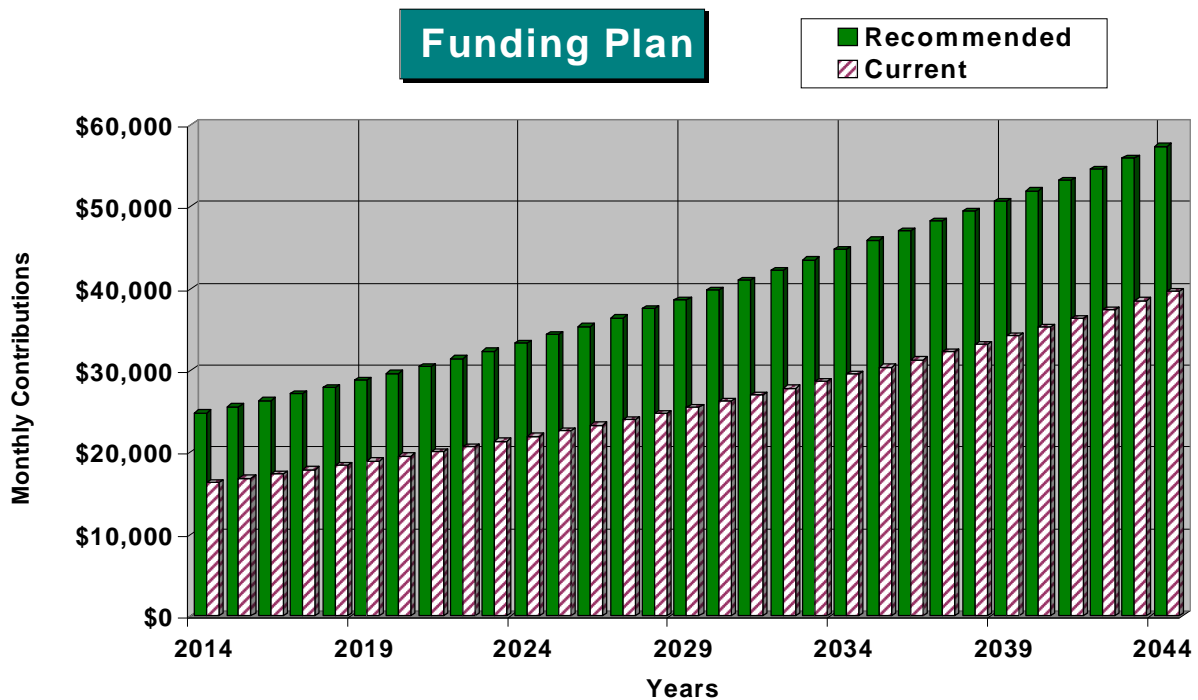


Figure 2

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.

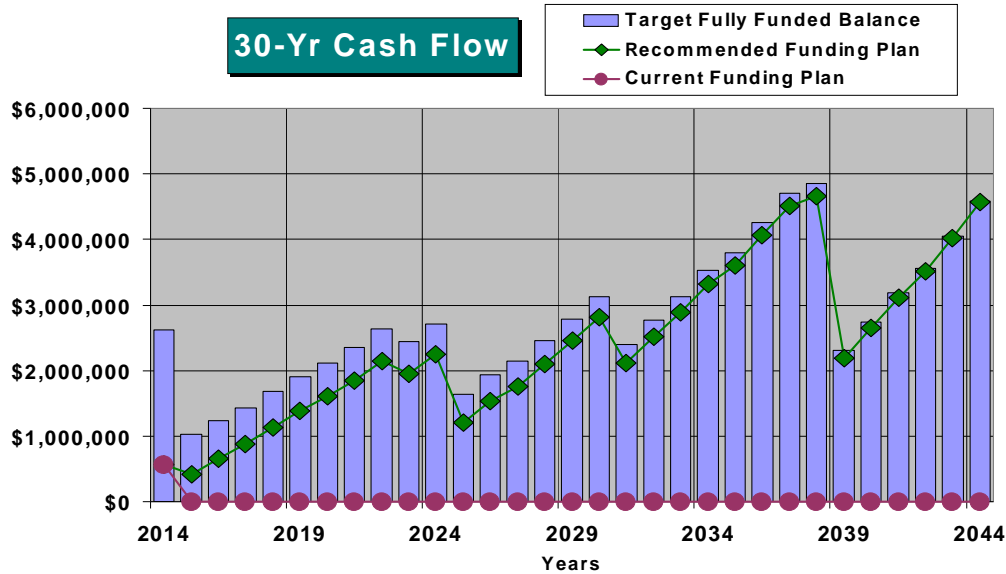


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level with our recommended special assessment and contribution rate, while it is quickly depleted at your current rate.

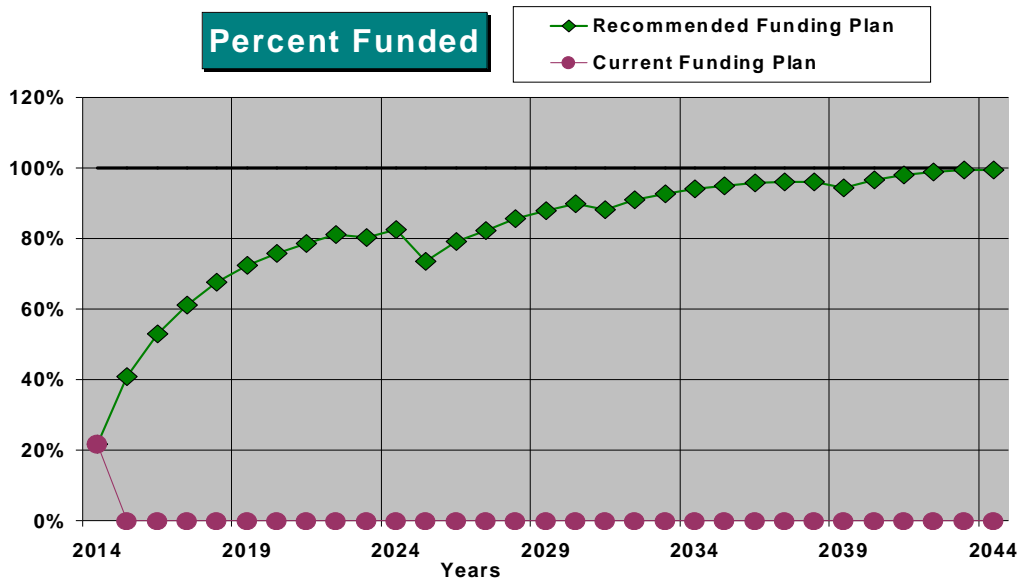


Figure 4

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**515-10R**

#	Component	Quantity	Useful	Rem.	Best	Current
			Life	Useful Life	Cost	Worst Cost
308	Trash Compactor - Replace	(2) Compactors	3	1	\$2,000	\$8,000
401	Entry - Refurb	(2) Entry areas	15	0	\$5,000	\$8,000
403	Mailboxes - Replace	(378) Total Boxes	25	20	\$15,100	\$22,700
404	Patio Furniture - Replace (part)	Apprx (60) total pieces	3	0	\$1,500	\$2,500
404	Roof Top Pre-Cast Furn. - Replace	Miscellaneous Pieces	15	5	\$25,000	\$29,000
404	Roof Top Trellis - Replace	(2) Arbors	15	5	\$14,000	\$18,000
601	Carpet (2nd Floor) - Replace	Approx 350 GSY	6	0	\$15,000	\$20,000
601	Carpet (Hallways) - Replace	Approx 5,500 GSY	8	0	\$130,000	\$180,000
601	Carpet (Parking Lobbies) - Replace	Approx 160 GSY	4	0	\$7,200	\$9,600
703	Intercom - Replace	(10) Entraguard	7	2	\$20,000	\$25,000
902	Exercise Equipment - Replace (part)	Various Pieces	2	0	\$4,000	\$6,000
903	2nd FI Community Rm - Refurb	Extensive area	16	0	\$50,000	\$80,000
904	2nd FI Community Rm - Minor Refurb	Extensive area	8	8	\$7,500	\$12,500
904	Roof Kitchen - Refurbish	(2) Kitchen Areas	16	8	\$10,000	\$12,000
909	Hall Bathroom - Refurbish	(4) Pairs- Mens/Womens	16	0	\$32,000	\$48,000
909	Locker Rooms - Refurbish	Men & Women	16	0	\$20,000	\$35,000
910	2nd FI Amenities - Refurb	Billiards, Library, etc	16	0	\$110,000	\$150,000
920	Lobbies - Refurbish	Lobby Entrance/Area	16	0	\$125,000	\$175,000
1110	Hall & 2nd FI Walls - Refurbish	Numerous GSF	24	0	\$1,100,000	\$1,300,000
1110	Hall & 2nd FI Walls - Minor refurb	Numerous GSF	8	8	\$40,000	\$60,000
1202	Pool - Resurface	(1) 20 X 38 Pool	10	6	\$8,000	\$11,000
1205	Acrylic Spa - Replace	(2) 10X6 Hot Tub	5	0	\$6,000	\$8,000
1502	Spa - Resurface	(1) 8X8ft Octagonal	7	6	\$3,000	\$4,000
1507	Spa/Pool Equipment - Replace	(4) Heaters, (4) Filters	3	2	\$2,500	\$3,500
1603	Racquetball Court - Resurface	(2) Standard 40'x 20'	8	6	\$6,000	\$10,000
1801	Elevator - Modernize	(6) Cable Lifts	25	10	\$900,000	\$1,100,000
1802	North Elevator Cab - Refurbish	(3) Standard Cabs	15	12	\$18,000	\$30,000
1802	South Elevator Cab - Refurbish	(3) Standard Cabs	15	12	\$18,000	\$30,000
1901	AP Parking - Plaza Repair	Extensive plaza	15	8	\$100,000	\$200,000
1902	AP Parking - Capital Assessment	One Parking Garage Area	1	0	\$40,000	\$45,000
1950	Contingency	Contingency	1	0	\$20,000	\$30,000
31	Total Funded Components					

Table 3: Contribution and Fund Breakdown**515-10R**

#	Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
308	Trash Compactor - Replace	3	1	\$5,000	\$3,333	\$0.00	\$173.30
401	Entry - Refurb	15	0	\$6,500	\$6,500	\$6,500.00	\$45.06
403	Mailboxes - Replace	25	20	\$18,900	\$3,780	\$0.00	\$78.61
404	Patio Furniture - Replace (part)	3	0	\$2,000	\$2,000	\$2,000.00	\$69.32
404	Roof Top Pre-Cast Furn. - Replace	15	5	\$27,000	\$18,000	\$0.00	\$187.16
404	Roof Top Trellis - Replace	15	5	\$16,000	\$10,667	\$0.00	\$110.91
601	Carpet (2nd Floor) - Replace	6	0	\$17,500	\$17,500	\$17,500.00	\$303.27
601	Carpet (Hallways) - Replace	8	0	\$155,000	\$155,000	\$155,000.00	\$2,014.56
601	Carpet (Parking Lobbies) - Replace	4	0	\$8,400	\$8,400	\$8,400.00	\$218.35
703	Intercom - Replace	7	2	\$22,500	\$16,071	\$0.00	\$334.21
902	Exercise Equipment - Replace (part)	2	0	\$5,000	\$5,000	\$5,000.00	\$259.94
903	2nd FI Community Rm - Refurb	16	0	\$65,000	\$65,000	\$65,000.00	\$422.41
904	2nd FI Community Rm - Minor Refurb	8	8	\$10,000	\$0	\$0.00	\$0.00
904	Roof Kitchen - Refurbish	16	8	\$11,000	\$5,500	\$0.00	\$71.48
909	Hall Bathroom - Refurbish	16	0	\$40,000	\$40,000	\$40,000.00	\$259.94
909	Locker Rooms - Refurbish	16	0	\$27,500	\$27,500	\$27,500.00	\$178.71
910	2nd FI Amenities - Refurb	16	0	\$130,000	\$130,000	\$130,000.00	\$844.81
920	Lobbies - Refurbish	16	0	\$150,000	\$150,000	\$37,299.00	\$974.79
1110	Hall & 2nd FI Walls - Refurbish	24	0	\$1,200,000	\$1,200,000	\$0.00	\$5,198.86
1110	Hall & 2nd FI Walls - Minor refurb	8	8	\$50,000	\$0	\$0.00	\$0.00
1202	Pool - Resurface	10	6	\$9,500	\$3,800	\$0.00	\$98.78
1205	Acrylic Spa - Replace	5	0	\$7,000	\$7,000	\$7,000.00	\$145.57
1502	Spa - Resurface	7	6	\$3,500	\$500	\$0.00	\$51.99
1507	Spa/Pool Equipment - Replace	3	2	\$3,000	\$1,000	\$0.00	\$103.98
1603	Racquetball Court - Resurface	8	6	\$8,000	\$2,000	\$0.00	\$103.98
1801	Elevator - Modernize	25	10	\$1,000,000	\$600,000	\$0.00	\$4,159.08
1802	North Elevator Cab - Refurbish	15	12	\$24,000	\$4,800	\$0.00	\$166.36
1802	South Elevator Cab - Refurbish	15	12	\$24,000	\$4,800	\$0.00	\$166.36
1901	AP Parking - Plaza Repair	15	8	\$150,000	\$70,000	\$0.00	\$1,039.77
1902	AP Parking - Capital Assessment	1	0	\$42,500	\$42,500	\$42,500.00	\$4,419.03
1950	Contingency	1	0	\$25,000	\$25,000	\$25,000.00	\$2,599.43
31	Total Funded Components				\$2,625,651	\$568,699	\$24,800

Table 4: 30-Year Reserve Plan Summary

515-10R

Fiscal Year Beginning: 05/01/14

Interest:	1.0%	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
2014	\$568,699	\$2,625,651	21.7%	Weak	\$297,600	\$1,428,000	\$4,931	\$1,881,400
2015	\$417,830	\$1,019,973	41.0%	Fair	\$306,528	\$0	\$5,362	\$74,675
2016	\$655,045	\$1,234,654	53.1%	Fair	\$315,724	\$0	\$7,644	\$103,968
2017	\$874,444	\$1,433,432	61.0%	Fair	\$325,196	\$0	\$10,037	\$75,945
2018	\$1,133,732	\$1,675,103	67.7%	Fair	\$334,951	\$0	\$12,586	\$96,681
2019	\$1,384,589	\$1,910,972	72.5%	Strong	\$345,000	\$0	\$14,941	\$139,693
2020	\$1,604,837	\$2,118,172	75.8%	Strong	\$355,350	\$0	\$17,229	\$134,928
2021	\$1,842,488	\$2,345,308	78.6%	Strong	\$366,010	\$0	\$19,900	\$89,166
2022	\$2,139,233	\$2,635,469	81.2%	Strong	\$376,991	\$0	\$20,458	\$582,588
2023	\$1,954,094	\$2,435,461	80.2%	Strong	\$388,300	\$0	\$20,978	\$120,039
2024	\$2,243,334	\$2,715,506	82.6%	Strong	\$399,950	\$0	\$17,225	\$1,457,477
2025	\$1,203,030	\$1,636,311	73.5%	Strong	\$411,948	\$0	\$13,665	\$97,588
2026	\$1,531,055	\$1,935,641	79.1%	Strong	\$424,306	\$0	\$16,449	\$211,583
2027	\$1,760,227	\$2,137,060	82.4%	Strong	\$437,036	\$0	\$19,318	\$111,609
2028	\$2,104,972	\$2,458,333	85.6%	Strong	\$450,147	\$0	\$22,773	\$126,301
2029	\$2,451,591	\$2,785,275	88.0%	Strong	\$463,651	\$0	\$26,308	\$129,311
2030	\$2,812,239	\$3,130,423	89.8%	Strong	\$477,561	\$0	\$24,642	\$1,196,148
2031	\$2,118,293	\$2,398,927	88.3%	Strong	\$491,887	\$0	\$23,166	\$116,526
2032	\$2,516,821	\$2,769,695	90.9%	Strong	\$506,644	\$0	\$27,042	\$156,624
2033	\$2,893,883	\$3,122,851	92.7%	Strong	\$521,843	\$0	\$31,054	\$127,129
2034	\$3,319,652	\$3,529,922	94.0%	Strong	\$537,499	\$0	\$34,631	\$282,295
2035	\$3,609,486	\$3,802,714	94.9%	Strong	\$550,936	\$0	\$38,379	\$129,290
2036	\$4,069,511	\$4,255,015	95.6%	Strong	\$564,710	\$0	\$42,896	\$163,827
2037	\$4,513,289	\$4,699,453	96.0%	Strong	\$578,827	\$0	\$45,839	\$479,582
2038	\$4,658,374	\$4,846,564	96.1%	Strong	\$593,298	\$0	\$34,192	\$3,102,857
2039	\$2,183,007	\$2,311,117	94.5%	Strong	\$608,130	\$0	\$24,149	\$166,455
2040	\$2,648,831	\$2,739,553	96.7%	Strong	\$623,334	\$0	\$28,820	\$183,310
2041	\$3,117,675	\$3,179,398	98.1%	Strong	\$638,917	\$0	\$33,179	\$268,776
2042	\$3,520,995	\$3,560,803	98.9%	Strong	\$654,890	\$0	\$37,674	\$196,533
2043	\$4,017,026	\$4,044,947	99.3%	Strong	\$671,262	\$0	\$42,892	\$166,138

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

515-10R

Fiscal Year	2014	2015	2016	2017	2018
Starting Reserve Balance	\$568,699	\$417,830	\$655,045	\$874,444	\$1,133,732
Annual Reserve Contribution	\$297,600	\$306,528	\$315,724	\$325,196	\$334,951
Planned Special Assessments	\$1,428,000	\$0	\$0	\$0	\$0
Interest Earnings	\$4,931	\$5,362	\$7,644	\$10,037	\$12,586
Total Income	\$2,299,230	\$729,720	\$978,413	\$1,209,677	\$1,481,270
# Component					
308 Trash Compactor - Replace	\$0	\$5,150	\$0	\$0	\$5,628
401 Entry - Refurb	\$6,500	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$2,000	\$0	\$0	\$2,185	\$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	\$17,500	\$0	\$0	\$0	\$0
601 Carpet (Hallways) - Replace	\$155,000	\$0	\$0	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$8,400	\$0	\$0	\$0	\$9,454
703 Intercom - Replace	\$0	\$0	\$23,870	\$0	\$0
902 Exercise Equipment - Replace (part)	\$5,000	\$0	\$5,305	\$0	\$5,628
903 2nd FI Community Rm - Refurb	\$65,000	\$0	\$0	\$0	\$0
904 2nd FI Community Rm - Minor Refurb	\$0	\$0	\$0	\$0	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$40,000	\$0	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$27,500	\$0	\$0	\$0	\$0
910 2nd FI Amenities - Refurb	\$130,000	\$0	\$0	\$0	\$0
920 Lobbies - Refurbish	\$150,000	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Refurbish	\$1,200,000	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Minor refurb	\$0	\$0	\$0	\$0	\$0
1202 Pool - Resurface	\$0	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$7,000	\$0	\$0	\$0	\$0
1502 Spa - Resurface	\$0	\$0	\$0	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$0	\$0	\$3,183	\$0	\$0
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	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$42,500	\$43,775	\$45,088	\$46,441	\$47,834
1950 Contingency	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
Total Expenses	\$1,881,400	\$74,675	\$103,968	\$75,945	\$96,681
Ending Reserve Balance:	\$417,830	\$655,045	\$874,444	\$1,133,732	\$1,384,589

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

515-10R

Fiscal Year	2019	2020	2021	2022	2023
Starting Reserve Balance	\$1,384,589	\$1,604,837	\$1,842,488	\$2,139,233	\$1,954,094
Annual Reserve Contribution	\$345,000	\$355,350	\$366,010	\$376,991	\$388,300
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$14,941	\$17,229	\$19,900	\$20,458	\$20,978
Total Income	\$1,744,529	\$1,977,416	\$2,228,399	\$2,536,682	\$2,363,373
# Component					
308 Trash Compactor - Replace	\$0	\$0	\$6,149	\$0	\$0
401 Entry - Refurb	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$0	\$2,388	\$0	\$0	\$2,610
404 Roof Top Pre-Cast Furn. - Replace	\$31,300	\$0	\$0	\$0	\$0
404 Roof Top Trellis - Replace	\$18,548	\$0	\$0	\$0	\$0
601 Carpet (2nd Floor) - Replace	\$0	\$20,896	\$0	\$0	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$0	\$196,349	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$0	\$0	\$10,641	\$0
703 Intercom - Replace	\$0	\$0	\$0	\$0	\$29,357
902 Exercise Equipment - Replace (part)	\$0	\$5,970	\$0	\$6,334	\$0
903 2nd FI Community Rm - Refurb	\$0	\$0	\$0	\$0	\$0
904 2nd FI Community Rm - Minor Refurb	\$0	\$0	\$0	\$12,668	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$13,934	\$0
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$0	\$0
910 2nd FI Amenities - Refurb	\$0	\$0	\$0	\$0	\$0
920 Lobbies - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Minor refurb	\$0	\$0	\$0	\$63,339	\$0
1202 Pool - Resurface	\$0	\$11,343	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$8,115	\$0	\$0	\$0	\$0
1502 Spa - Resurface	\$0	\$4,179	\$0	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$3,478	\$0	\$0	\$3,800	\$0
1603 Racquetball Court - Resurface	\$0	\$9,552	\$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	\$0	\$190,016	\$0
1902 AP Parking - Capital Assessment	\$49,269	\$50,747	\$52,270	\$53,838	\$55,453
1950 Contingency	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619
Total Expenses	\$139,693	\$134,928	\$89,166	\$582,588	\$120,039
Ending Reserve Balance:	\$1,604,837	\$1,842,488	\$2,139,233	\$1,954,094	\$2,243,334

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

515-10R

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$2,243,334	\$1,203,030	\$1,531,055	\$1,760,227	\$2,104,972
Annual Reserve Contribution	\$399,950	\$411,948	\$424,306	\$437,036	\$450,147
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$17,225	\$13,665	\$16,449	\$19,318	\$22,773
Total Income	\$2,660,508	\$1,628,643	\$1,971,810	\$2,216,581	\$2,577,892
# Component					
308 Trash Compactor - Replace	\$6,720	\$0	\$0	\$7,343	\$0
401 Entry - Refurb	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$0	\$0	\$2,852	\$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	\$24,951	\$0	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$0	\$11,976	\$0	\$0
703 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
902 Exercise Equipment - Replace (part)	\$6,720	\$0	\$7,129	\$0	\$7,563
903 2nd FI Community Rm - Refurb	\$0	\$0	\$0	\$0	\$0
904 2nd FI Community Rm - Minor Refurb	\$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 2nd FI Amenities - Refurb	\$0	\$0	\$0	\$0	\$0
920 Lobbies - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Minor refurb	\$0	\$0	\$0	\$0	\$0
1202 Pool - Resurface	\$0	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$9,407	\$0	\$0	\$0	\$0
1502 Spa - Resurface	\$0	\$0	\$0	\$5,140	\$0
1507 Spa/Pool Equipment - Replace	\$0	\$4,153	\$0	\$0	\$4,538
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$12,101
1801 Elevator - Modernize	\$1,343,916	\$0	\$0	\$0	\$0
1802 North Elevator Cab - Refurbish	\$0	\$0	\$34,218	\$0	\$0
1802 South Elevator Cab - Refurbish	\$0	\$0	\$34,218	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$57,116	\$58,830	\$60,595	\$62,413	\$64,285
1950 Contingency	\$33,598	\$34,606	\$35,644	\$36,713	\$37,815
Total Expenses	\$1,457,477	\$97,588	\$211,583	\$111,609	\$126,301
Ending Reserve Balance:	\$1,203,030	\$1,531,055	\$1,760,227	\$2,104,972	\$2,451,591

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)**515-10R**

Fiscal Year	2029	2030	2031	2032	2033
Starting Reserve Balance	\$2,451,591	\$2,812,239	\$2,118,293	\$2,516,821	\$2,893,883
Annual Reserve Contribution	\$463,651	\$477,561	\$491,887	\$506,644	\$521,843
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$26,308	\$24,642	\$23,166	\$27,042	\$31,054
Total Income	\$2,941,550	\$3,314,442	\$2,633,347	\$3,050,507	\$3,446,781
# Component					
308 Trash Compactor - Replace	\$0	\$8,024	\$0	\$0	\$8,768
401 Entry - Refurb	\$10,127	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$3,116	\$0	\$0	\$3,405	\$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	\$29,793	\$0
601 Carpet (Hallways) - Replace	\$0	\$248,729	\$0	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$13,480	\$0	\$0	\$0
703 Intercom - Replace	\$0	\$36,106	\$0	\$0	\$0
902 Exercise Equipment - Replace (part)	\$0	\$8,024	\$0	\$8,512	\$0
903 2nd FI Community Rm - Refurb	\$0	\$104,306	\$0	\$0	\$0
904 2nd FI Community Rm - Minor Refurb	\$0	\$16,047	\$0	\$0	\$0
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Hall Bathroom - Refurbish	\$0	\$64,188	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$0	\$44,129	\$0	\$0	\$0
910 2nd FI Amenities - Refurb	\$0	\$208,612	\$0	\$0	\$0
920 Lobbies - Refurbish	\$0	\$240,706	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Minor refurb	\$0	\$80,235	\$0	\$0	\$0
1202 Pool - Resurface	\$0	\$15,245	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$10,906	\$0	\$0	\$0	\$0
1502 Spa - Resurface	\$0	\$0	\$0	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$0	\$0	\$4,959	\$0	\$0
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	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$66,214	\$68,200	\$70,246	\$72,353	\$74,524
1950 Contingency	\$38,949	\$40,118	\$41,321	\$42,561	\$43,838
Total Expenses	\$129,311	\$1,196,148	\$116,526	\$156,624	\$127,129
Ending Reserve Balance:	\$2,812,239	\$2,118,293	\$2,516,821	\$2,893,883	\$3,319,652

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

515-10R

Fiscal Year	2034	2035	2036	2037	2038
Starting Reserve Balance	\$3,319,652	\$3,609,486	\$4,069,511	\$4,513,289	\$4,658,374
Annual Reserve Contribution	\$537,499	\$550,936	\$564,710	\$578,827	\$593,298
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$34,631	\$38,379	\$42,896	\$45,839	\$34,192
Total Income	\$3,891,781	\$4,198,801	\$4,677,116	\$5,137,955	\$5,285,864
# Component					
308 Trash Compactor - Replace	\$0	\$0	\$9,581	\$0	\$0
401 Entry - Refurb	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$34,136	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$0	\$3,721	\$0	\$0	\$4,066
404 Roof Top Pre-Cast Furn. - Replace	\$48,765	\$0	\$0	\$0	\$0
404 Roof Top Trellis - Replace	\$28,898	\$0	\$0	\$0	\$0
601 Carpet (2nd Floor) - Replace	\$0	\$0	\$0	\$0	\$35,574
601 Carpet (Hallways) - Replace	\$0	\$0	\$0	\$0	\$315,083
601 Carpet (Parking Lobbies) - Replace	\$15,171	\$0	\$0	\$0	\$17,075
703 Intercom - Replace	\$0	\$0	\$0	\$44,406	\$0
902 Exercise Equipment - Replace (part)	\$9,031	\$0	\$9,581	\$0	\$10,164
903 2nd FI Community Rm - Refurb	\$0	\$0	\$0	\$0	\$0
904 2nd FI Community Rm - Minor Refurb	\$0	\$0	\$0	\$0	\$20,328
904 Roof Kitchen - Refurbish	\$0	\$0	\$0	\$0	\$22,361
909 Hall Bathroom - Refurbish	\$0	\$0	\$0	\$0	\$0
909 Locker Rooms - Refurbish	\$0	\$0	\$0	\$0	\$0
910 2nd FI Amenities - Refurb	\$0	\$0	\$0	\$0	\$0
920 Lobbies - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Refurbish	\$0	\$0	\$0	\$0	\$2,439,353
1110 Hall & 2nd FI Walls - Minor refurb	\$0	\$0	\$0	\$0	\$101,640
1202 Pool - Resurface	\$0	\$0	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$12,643	\$0	\$0	\$0	\$0
1502 Spa - Resurface	\$6,321	\$0	\$0	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$5,418	\$0	\$0	\$5,921	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$15,329	\$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	\$296,038	\$0
1902 AP Parking - Capital Assessment	\$76,760	\$79,063	\$81,434	\$83,877	\$86,394
1950 Contingency	\$45,153	\$46,507	\$47,903	\$49,340	\$50,820
Total Expenses	\$282,295	\$129,290	\$163,827	\$479,582	\$3,102,857
Ending Reserve Balance:	\$3,609,486	\$4,069,511	\$4,513,289	\$4,658,374	\$2,183,007

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

515-10R

Fiscal Year	2039	2040	2041	2042	2043
Starting Reserve Balance	\$2,183,007	\$2,648,831	\$3,117,675	\$3,520,995	\$4,017,026
Annual Reserve Contribution	\$608,130	\$623,334	\$638,917	\$654,890	\$671,262
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$24,149	\$28,820	\$33,179	\$37,674	\$42,892
Total Income	\$2,815,287	\$3,300,985	\$3,789,771	\$4,213,559	\$4,731,181
# Component					
308 Trash Compactor - Replace	\$10,469	\$0	\$0	\$11,440	\$0
401 Entry - Refurb	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
404 Patio Furniture - Replace (part)	\$0	\$0	\$4,443	\$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	\$0
601 Carpet (Hallways) - Replace	\$0	\$0	\$0	\$0	\$0
601 Carpet (Parking Lobbies) - Replace	\$0	\$0	\$0	\$19,219	\$0
703 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
902 Exercise Equipment - Replace (part)	\$0	\$10,783	\$0	\$11,440	\$0
903 2nd FI Community Rm - Refurb	\$0	\$0	\$0	\$0	\$0
904 2nd FI Community Rm - Minor Refurb	\$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 2nd FI Amenities - Refurb	\$0	\$0	\$0	\$0	\$0
920 Lobbies - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Refurbish	\$0	\$0	\$0	\$0	\$0
1110 Hall & 2nd FI Walls - Minor refurb	\$0	\$0	\$0	\$0	\$0
1202 Pool - Resurface	\$0	\$20,488	\$0	\$0	\$0
1205 Acrylic Spa - Replace	\$14,656	\$0	\$0	\$0	\$0
1502 Spa - Resurface	\$0	\$0	\$7,775	\$0	\$0
1507 Spa/Pool Equipment - Replace	\$0	\$6,470	\$0	\$0	\$7,070
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$0
1801 Elevator - Modernize	\$0	\$0	\$0	\$0	\$0
1802 North Elevator Cab - Refurbish	\$0	\$0	\$53,311	\$0	\$0
1802 South Elevator Cab - Refurbish	\$0	\$0	\$53,311	\$0	\$0
1901 AP Parking - Plaza Repair	\$0	\$0	\$0	\$0	\$0
1902 AP Parking - Capital Assessment	\$88,986	\$91,655	\$94,405	\$97,237	\$100,154
1950 Contingency	\$52,344	\$53,915	\$55,532	\$57,198	\$58,914
Total Expenses	\$166,455	\$183,310	\$268,776	\$196,533	\$166,138
Ending Reserve Balance:	\$2,648,831	\$3,117,675	\$3,520,995	\$4,017,026	\$4,565,043

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. 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 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

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.