Reserve Analysis Report

Sample Commercial Association

Denver, Colorado

Version 1

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Sample Commercial Association

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Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

♦ ♦ ♦ ♦ INTRODUCTION TO RESERVE BUDGETING ♦ ♦ ♦ ♦

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

♦ ♦ ♦ ♦ UNDERSTANDING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget
Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded
Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the

reserve analysis was prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections
Indicate the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

Inventory
Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

♦ ♦ ♦ ♦ RESERVE FUNDING GOALS / OBJECTIVES ♦ ♦ ♦ ♦

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding
Describes the goal/objective to have reserves on hand equivalent to the value of the deterioration of the each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. The component calculation method or cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes the goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. The cash flow calculation method is typically used to develop a baseline funding plan.

Threshold Funding
Describes the goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. The cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding
Describes the pursuit of an objective as described or required by local laws or codes. The component calculation method or cash flow calculation method is typically used to develop a statutory funding plan.

♦ ♦ ♦ ♦ RESERVE FUNDING CALCULATION METHODS ♦ ♦ ♦ ♦

There are two funding methods which can be used to develop a reserve funding plan based on a reserve funding goal/ objective: Component Calculation Method and Cash Flow Calculation Method. These calculation methods are described as follows:

Component Calculation Method
This calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line"

method and is widely believed to be the most conservative reserve funding method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

Step 1: Calculation of fully funded balance for each component

The fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \text{ X Current Cost}$$

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserves are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using an annual contribution increase parameter that is greater than the inflation parameter will reduce the burden to the current membership at the expense of the future membership. Using an annual contribution increase parameter that is less than the inflation parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The component calculation method is typically used for well-funded associations (greater that 65% funded) with a goal/ objective of full funding.

Cash Flow Calculation Method

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not necessarily concerned with the ideal level of reserves through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline Funding) or some other defined goal/objective (full funding, threshold funding or statutory funding).

Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The cash flow calculation method is typically used for under-funded associations (less than 65% funded) with a goal/ objective of full funding, threshold funding, baseline funding or statutory funding.

Preface

♦ ♦ ♦ ♦ READING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

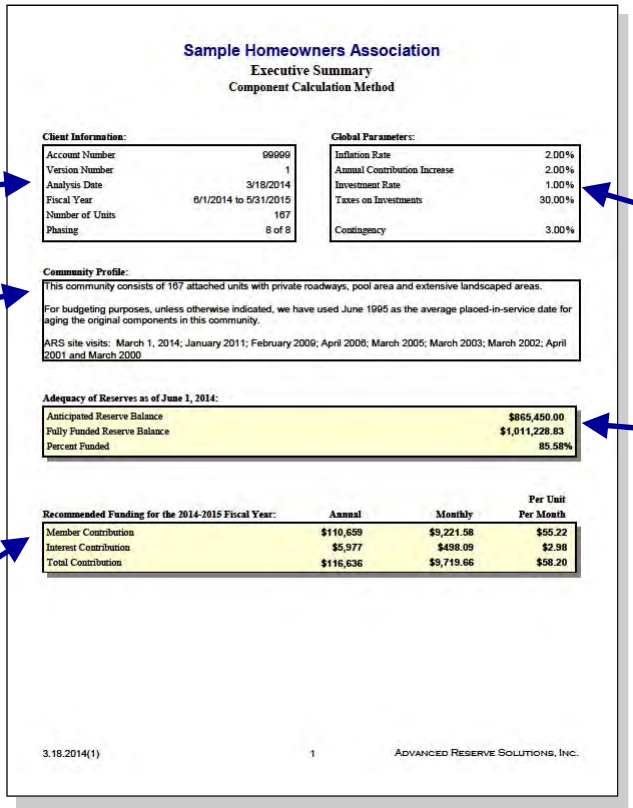
In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides various client information including fiscal year for which the reserve analysis was prepared, number of units, phasing, etc.

Global Parameters
Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.



Sample Homeowners Association
Executive Summary
Component Calculation Method

Client Information:

Account Number	99999
Version Number	1
Analysis Date	3/18/2014
Fiscal Year	6/1/2014 to 5/31/2015
Number of Units	167
Phasing	8 of 8

Global Parameters:

Inflation Rate	2.00%
Annual Contribution Increase	2.00%
Investment Rate	1.00%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile:

This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.

ARS site visits: March 1, 2014; January 2011; February 2009; April 2006; March 2005; March 2003; March 2002; April 2001 and March 2000

Adequacy of Reserves as of June 1, 2014:

Anticipated Reserve Balance	$865,450.00
Fully Funded Reserve Balance	$1,011,228.83
Percent Funded	85.58%

Recommended Funding for the 2014-2015 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	$110,659	$9,221.58	$55.22
Interest Contribution	$5,977	$498.09	$2.98
Total Contribution	$116,636	$9,719.66	$58.20

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Community Profile
Provides brief description of the community, as well as other "global" type comments.

Budget
Provides recommended funding for the fiscal year for which the reserve analysis was prepared. Indicates the reserve funding from the membership, anticipated interest contribution and the total contribution

Adequacy of Reserves
Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, fully funded reserve balance and the percent funded.

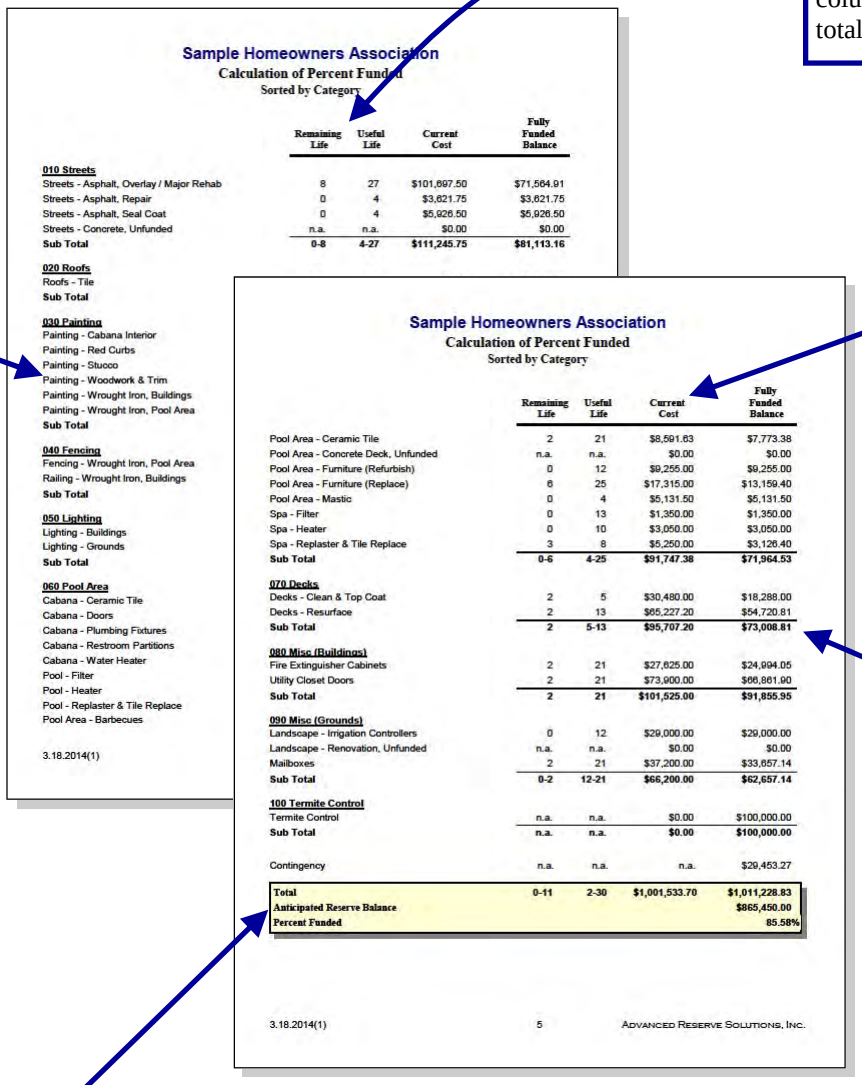
Preface

Calculation of percent funded

Summary displays all reserve components, shown here in "category" order. Provides the remaining life, useful life, current cost and the fully funded balance at the beginning of the fiscal year for which the reserve analysis was prepared.

Lifespans
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Reserve Components
All components are displayed (shown here in "category" order).



Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	$101,697.50	$71,564.91
Streets - Asphalt, Repair	0	4	$3,621.75	$3,621.75
Streets - Asphalt, Seal Coat	0	4	$5,926.50	$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	$0.00	$0.00
Sub Total	**0-8**	**4-27**	**$111,245.75**	**$81,113.16**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				

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Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool Area - Ceramic Tile	2	21	$8,591.63	$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	$0.00	$0.00
Pool Area - Furniture (Refurbish)	0	12	$9,255.00	$9,255.00
Pool Area - Furniture (Replace)	6	25	$17,315.00	$13,159.40
Pool Area - Mastic	0	4	$5,131.50	$5,131.50
Spa - Filter	0	13	$1,350.00	$1,350.00
Spa - Heater	0	10	$3,050.00	$3,050.00
Spa - Replaster & Tile Replace	3	8	$5,250.00	$3,126.40
Sub Total	**0-6**	**4-25**	**$91,747.38**	**$71,964.53**
070 Decks				
Decks - Clean & Top Coat	2	5	$30,480.00	$18,288.00
Decks - Resurface	2	13	$65,227.20	$54,720.81
Sub Total	**2**	**5-13**	**$95,707.20**	**$73,008.81**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	2	21	$27,825.00	$24,994.05
Utility Closet Doors	2	21	$73,900.00	$66,861.90
Sub Total	**2**	**21**	**$101,525.00**	**$91,855.95**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	0	12	$29,000.00	$29,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	$0.00	$0.00
Mailboxes	2	21	$37,200.00	$33,657.14
Sub Total	**0-2**	**12-21**	**$66,200.00**	**$62,657.14**
100 Termite Control				
Termite Control	n.a.	n.a.	$0.00	$100,000.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$100,000.00**
Contingency	n.a.	n.a.	n.a.	$29,453.27
Total	**0-11**	**2-30**	**$1,001,533.70**	**$1,011,228.83**
Anticipated Reserve Balance				**$865,450.00**
Percent Funded				**85.58%**

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Current Cost
Displays the current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance
Displays the fully funded balance for each component. This column is conveniently sub totaled.

The total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives and useful lives.

Preface

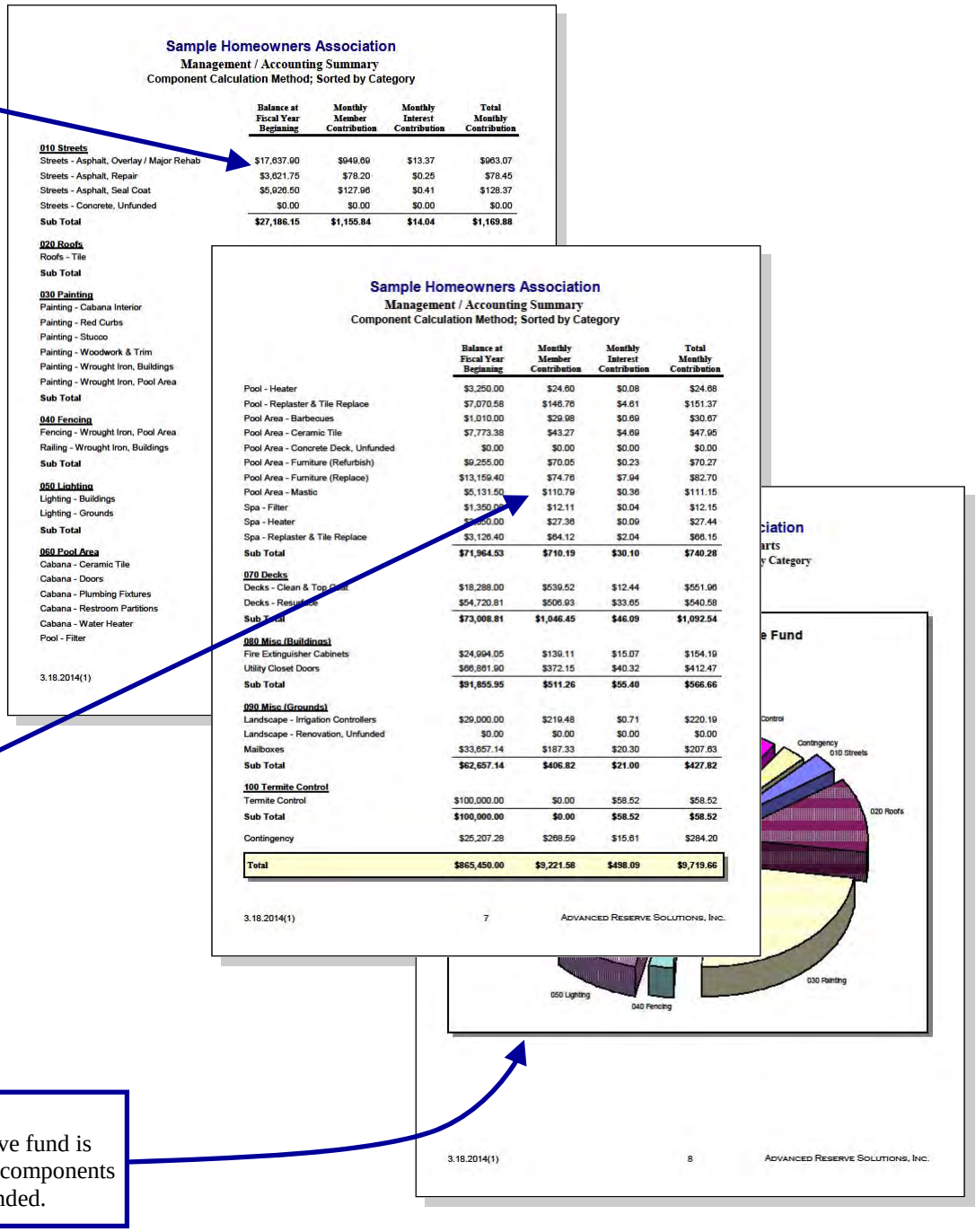
Management / Accounting Summary and Charts

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Balance at FYB
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.



Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	$17,637.90	$949.69	$13.37	$963.07
Streets - Asphalt, Repair	$3,621.75	$78.20	$0.25	$78.45
Streets - Asphalt, Seal Coat	$5,926.50	$127.96	$0.41	$128.37
Streets - Concrete, Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	**$27,186.15**	**$1,155.84**	**$14.04**	**$1,169.88**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				

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Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	$3,250.00	$24.60	$0.08	$24.68
Pool - Replaster & Tile Replace	$7,070.58	$146.76	$4.61	$151.37
Pool Area - Barbecues	$1,010.00	$29.98	$0.69	$30.67
Pool Area - Ceramic Tile	$7,773.38	$43.27	$4.69	$47.95
Pool Area - Concrete Deck, Unfunded	$0.00	$0.00	$0.00	$0.00
Pool Area - Furniture (Refurbish)	$9,255.00	$70.05	$0.23	$70.27
Pool Area - Furniture (Replace)	$13,159.40	$74.76	$7.94	$82.70
Pool Area - Mastic	$5,131.50	$110.79	$0.36	$111.15
Spa - Filter	$1,350.00	$12.11	$0.04	$12.15
Spa - Heater	$3,050.00	$27.36	$0.09	$27.44
Spa - Replaster & Tile Replace	$3,126.40	$64.12	$2.04	$66.15
Sub Total	**$71,964.53**	**$710.19**	**$30.10**	**$740.28**
070 Decks				
Decks - Clean & Top Coat	$18,288.00	$539.52	$12.44	$551.96
Decks - Resurface	$54,720.81	$506.93	$33.65	$540.58
Sub Total	**$73,008.81**	**$1,046.45**	**$46.09**	**$1,092.54**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	$24,994.05	$139.11	$15.07	$154.19
Utility Closet Doors	$66,861.90	$372.15	$40.32	$412.47
Sub Total	**$91,855.95**	**$511.26**	**$55.40**	**$566.66**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	$29,000.00	$219.48	$0.71	$220.19
Landscape - Renovation, Unfunded	$0.00	$0.00	$0.00	$0.00
Mailboxes	$33,657.14	$187.33	$20.30	$207.63
Sub Total	**$62,657.14**	**$406.82**	**$21.00**	**$427.82**
100 Termite Control				
Termite Control	$100,000.00	$0.00	$58.52	$58.52
Sub Total	**$100,000.00**	**$0.00**	**$58.52**	**$58.52**
Contingency	$25,207.28	$268.59	$15.61	$284.20
Total	**$865,450.00**	**$9,221.58**	**$498.09**	**$9,719.66**

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Fund

Control
Contingency
010 Streets
020 Roofs
030 Painting
040 Fencing
050 Lighting

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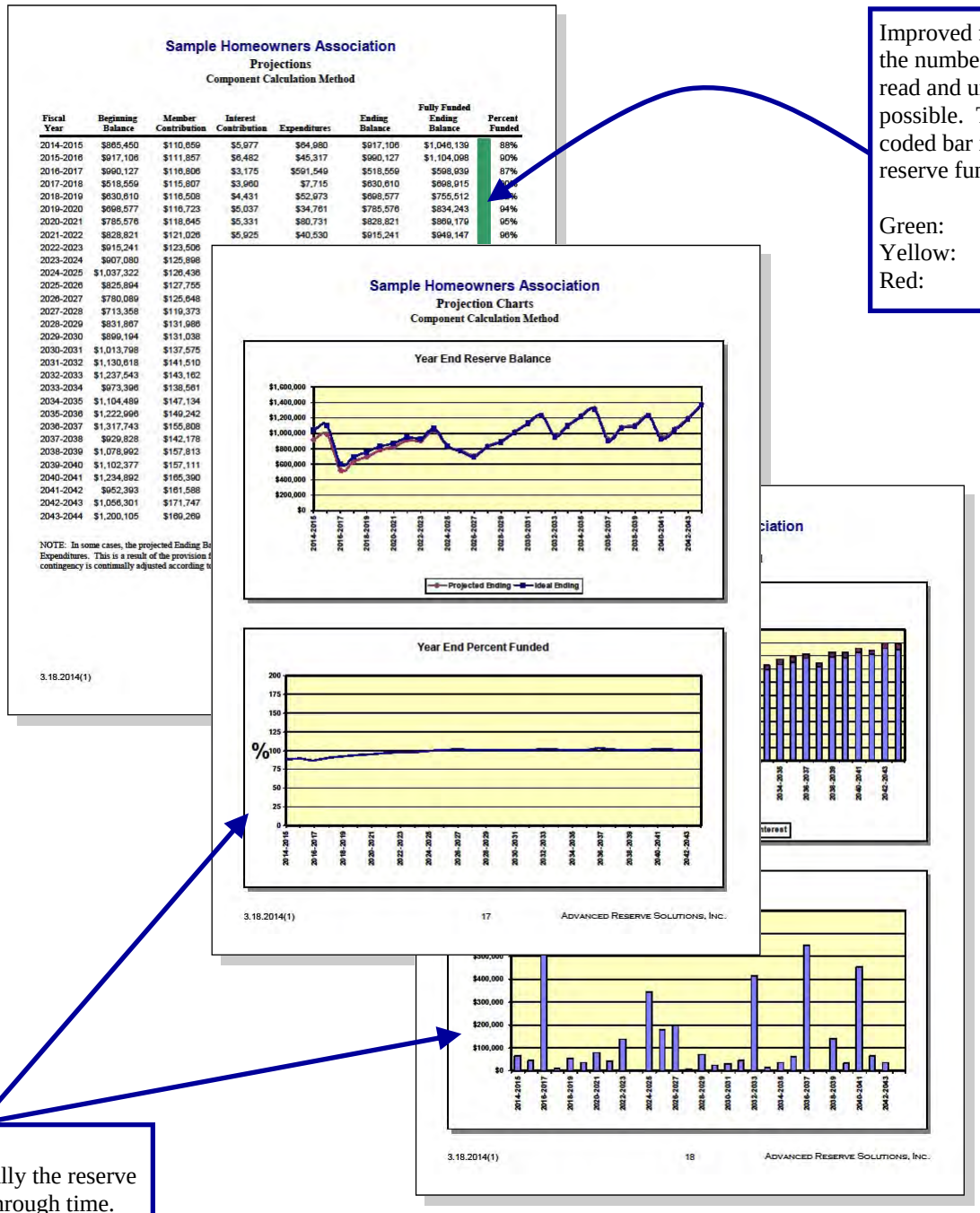
Preface

Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the fully funded ending balance and the percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



Improved format makes the numbers as easy to read and understand as possible. The color-coded bar indicates the reserve fund status:

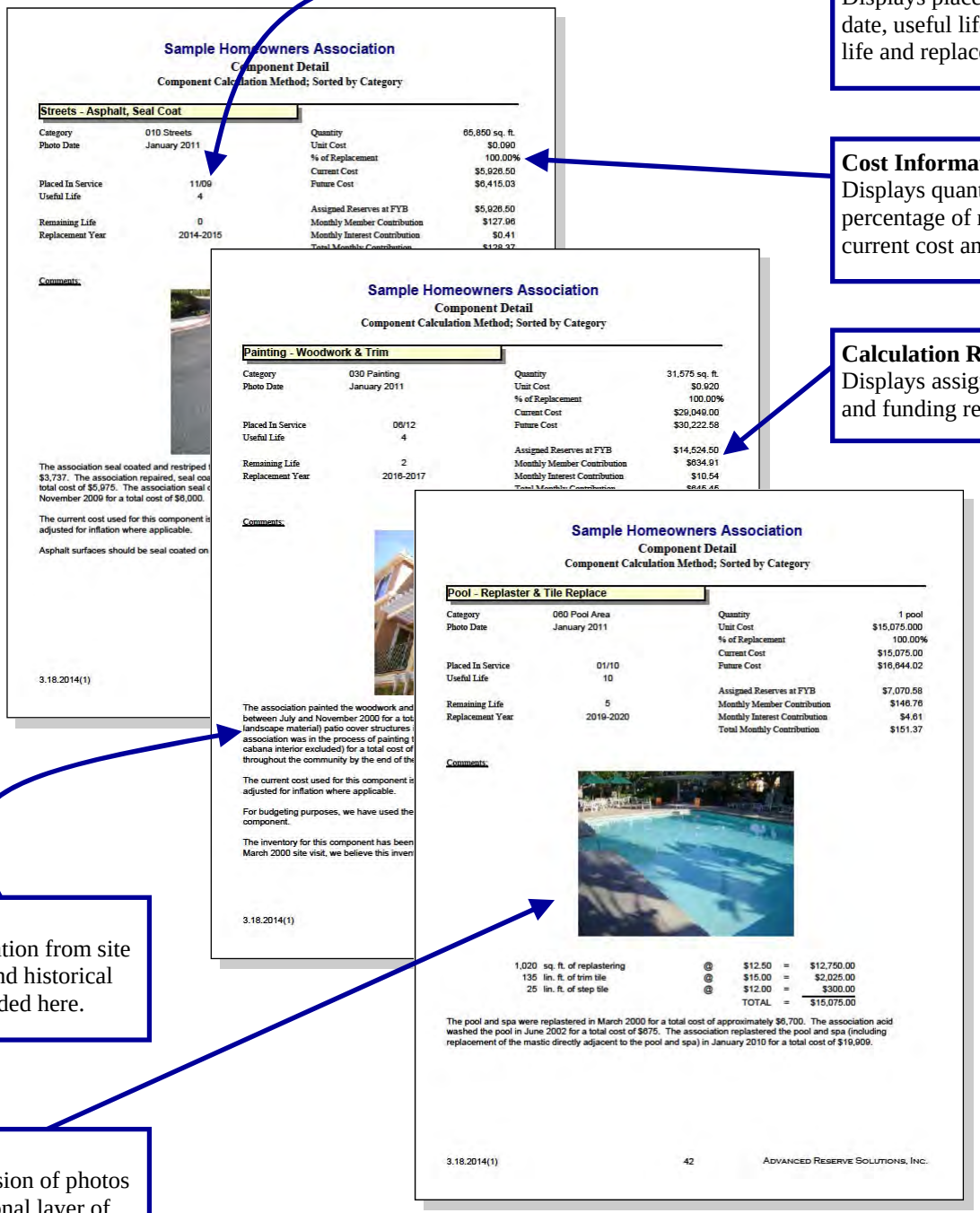
Green:	Good
Yellow:	Fair
Red:	Poor

Charts
Show graphically the reserve funding plan through time.

Preface

Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.



Lifespan Information
Displays placed-in-service date, useful life, remaining life and replacement year.

Cost Information
Displays quantity, unit cost, percentage of replacement, current cost and future cost.

Calculation Results
Displays assigned reserves and funding requirements.

Comments
Useful information from site observations and historical expenses included here.

Photos
Optional inclusion of photos adds an additional layer of detail the reserve analysis.

Preface

♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Annual Contribution Increase Parameter
The rate used in the calculation of the funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter. See the description of "reserve funding calculation methods" in this preface for more detail on this parameter.

Anticipated Reserve Balance (or Reserve Funds)
The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of reserve components. This figure is "anticipated" because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and "Fixed" Assigned Funds)
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component has been assigned.

The assigned funds are considered "fixed" when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, "fixed" funds of $20,000 can be assigned.

Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Component Calculation Method
Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Contingency Parameter
The rate used as a built-in buffer in the calculation of the funding plan. This rate will assign a percentage of the reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

Current Replacement Cost
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component is expected to cost to replace.

Fiscal Year
Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

Fully Funded Reserve Balance (or Ideal Reserves)
The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost
The amount of money, as of the fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters
The financial parameters used to calculate the reserve analysis. See also "inflation parameter," "annual contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter
The rate used in the calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents the rate the association expects to the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution
The amount of money contributed to the reserve fund by the interest earned on the reserve fund and member contributions.

Investment Rate Parameter
The gross rate used in the calculation of interest contribution (interest earned) from the reserve balance and member contributions. This rate (net of the taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their reserve fund investments.

Membership Contribution
The amount of money contributed to the reserve fund by the association's membership.

Monthly Contribution (and "Fixed" Monthly Contribution)
The amount of money, for the fiscal year which the reserve analysis is prepared, that a reserve component will be funded.

The monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

Number of Units (or other assessment basis)
Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for commercial/industrial developments.

One-Time Replacement
Used for components that will be budgeted for only once.

Percent Funded
A measure, expressed as a percentage, of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the anticipated reserve fund balance to the fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

An association that is 100% funded does not have all of the reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement
The percentage of the reserve component that is expected to be replaced.
For most reserve components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

Phasing
Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

Placed-In-Service Date
The date (month and year) that the reserve component was originally put into service or last replaced.

Remaining Life
The length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment
The length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for the current cycle of replacement.

If the current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year
The fiscal year that a reserve component is scheduled to be replaced.

Reserve Components
Line items included in the reserve analysis.

Taxes on Investments Parameter
The rate used to offset the investment rate parameter in the calculation of the interest contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the reserve funds and member contributions.

Total Contribution
The sum of the membership contribution and interest contribution.

Useful Life
The length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

The representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances many occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and excluded when assessing life expectancy, repair and/or replacement costs of the components.

Sample Commercial Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	80499
Version Number	1
Analysis Date	02/09/2017
Fiscal Year	1/1/2017 to 12/31/2017
Number of Units	13
Phasing	1 of 1

Global Parameters:

Inflation Rate	2.00 %
Annual Contribution Increase	2.00 %
Investment Rate	0.20 %
Taxes on Investments	30.00 %
Contingency	2.00 %

Community Profile:

Sample Commercial Association is a 13 unit association comprised of 1 building with common areas that include but are not limited to; asphalt parking, roof, exterior painting, interior hallways, restrooms and common area landscaping.

This community was originally constructed in 2006. For budgeting purposes, unless otherwise indicated, we have used January 2006 as the average placed in service date for aging the original components included in this analysis.

ARS, Inc. field inspections conducted July 30, 2015.

Adequacy of Reserves as of January 1, 2017:

Anticipated Reserve Balance	**$71,000.00**
Fully Funded Reserve Balance	**$202,700.90**
Percent Funded	**35.03%**

Recommended Funding for the 2017 Fiscal Year:	**Annual**	**Monthly**	**Per Unit Per Month**
Member Contribution	**$26,500**	**$2,208.33**	**$169.87**
Interest Contribution	**$105**	**$8.74**	**$0.67**
Total Contribution	**$26,605**	**$2,217.08**	**$170.54**

Sample Commercial Association

Preparer's Disclosure Statement

THIS RESERVE ANALYSIS REFLECTS THE COMPONENTS AS THEY WERE INTENDED TO HAVE BEEN DESIGNED AND CONSTRUCTED. THIS ANALYSIS DOES NOT INCLUDE ANY EXPENDITURES ANTICIPATED FOR REPAIRS REQUIRED DUE TO DEFECTIVE CONDITIONS.

In April 2011, Richard Hirschman was awarded the Reserve Specialist (RS) designation from Community Associations Institute (CAI). Mr. Hirschman was the two hundredth twenty first (#221) person in the United States to receive this professional designation.

The RS designation was developed by CAI for professional reserve analysts who wish to confirm to their peers and/or clients that they have demonstrated a basic level of competency within the industry. The RS designation is awarded to reserve analysts who are dedicated to the highest standards of professionalism and reserve analysis preparation.

Consultant certifies that:

1) Consultant has no other involvement with association which could result in actual or perceived conflicts of interest.

2) Consultant made field inspection of community on July 30, 2015. Component inventories were developed by actual field inventory, representative sampling, take-offs of scaled plans, provided by the association's previous reserve analysis prepared by another firm or provided by the association.

Component conditional assessments were developed by actual field observation and representative sampling.

3) Financial assumptions used in this analysis are listed on the Executive Summary and further explained in the Preface of this report.

4) Consultant is a Reserve Specialist (RS) designee.

5) There are no material issues known to consultant at this time which would cause a distortion of the association's situation.

Sample Commercial Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay	13	24	$29,431.25	$13,489.32
Streets - Asphalt, Repair	0	10	$2,589.95	$2,589.95
Streets - Asphalt, Seal Coat	0	10	$5,650.80	$5,650.80
Sub Total	**0-13**	**10-24**	**$37,672.00**	**$21,730.07**
015 Concrete				
Concrete - Repiars	4	15	$3,263.04	$2,392.90
Sub Total	**4**	**15**	**$3,263.04**	**$2,392.90**
020 Roofs				
Roof - Elastomeric	9	20	$68,068.00	$37,437.40
Roof - Metal	29	40	$28,130.00	$7,735.75
Sub Total	**9-29**	**20-40**	**$96,198.00**	**$45,173.15**
030 Siding				
Siding - Brick, Unfunded	n.a.	n.a.	$0.00	$0.00
Siding - Metal	29	40	$13,916.00	$3,826.90
Sub Total	**29**	**40**	**$13,916.00**	**$3,826.90**
035 Floor Cover				
Floor Cover - Carpet	6	8	$8,560.00	$2,140.00
Floor Cover - Concrete, Unfunded	n.a.	n.a.	$0.00	$0.00
Sub Total	**6**	**8**	**$8,560.00**	**$2,140.00**
036 Wall Cover				
Wall Cover - Laminated Hardboard	11	22	$4,626.25	$2,313.12
Wall Cover - Tile	19	30	$10,712.00	$3,927.73
Sub Total	**11-19**	**22-30**	**$15,338.25**	**$6,240.86**
037 Mailbox				
Mailbox - Wall Cluster	19	30	$1,400.00	$513.33
Sub Total	**19**	**30**	**$1,400.00**	**$513.33**
040 Fencing				
Railing - Metal Pipe, Unfunded	n.a.	n.a.	$0.00	$0.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$0.00**
040 Lighting				
Lighting - Building Exterior	13	24	$4,100.00	$1,879.17
Lighting - Building Interior	19	30	$18,100.00	$6,636.67

Sample Commercial Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Sub Total	**13-19**	**24-30**	**$22,200.00**	**$8,515.83**
045 Doors				
Doors - Building Exterior	19	30	$4,000.00	$1,466.67
Sub Total	**19**	**30**	**$4,000.00**	**$1,466.67**
050 Painting				
Painting - Building Interior	8	10	$6,326.25	$1,265.25
Sub Total	**8**	**10**	**$6,326.25**	**$1,265.25**
055 Furniture				
Furniture	1	12	$2,000.00	$1,833.33
Sub Total	**1**	**12**	**$2,000.00**	**$1,833.33**
060 Ceiling				
Ceiling - Fiberboard Panels	7	18	$1,865.00	$1,139.72
Sub Total	**7**	**18**	**$1,865.00**	**$1,139.72**
065 Plumbing Fixtures				
Plumbing Fixtures - Drinking Fountain, Chilled	7	18	$3,600.00	$2,200.00
Plumbing Fixtures - Restroom	19	30	$7,100.00	$2,603.33
Plumbing Fixtures - Restroom Partitions	7	18	$8,400.00	$5,133.33
Sub Total	**7-19**	**18-30**	**$19,100.00**	**$9,936.67**
070 Equipment				
Elevator - Cab Refurbishing	3	14	$3,000.00	$2,357.14
Elevators - Major Repairs	19	30	$40,000.00	$14,666.67
Equipment - HVAC, Package	2	13	$83,400.00	$70,569.23
Equipment - Water Heater	3	14	$1,000.00	$785.71
Fire Protection - Control Panels	9	20	$1,600.00	$880.00
Sub Total	**2-19**	**13-30**	**$129,000.00**	**$89,258.75**
080 Grounds				
Grounds - Irrigation, Controller	3	14	$1,000.00	$785.71
Grounds - Landscape Refurbishment	4	5	$2,575.00	$515.00
Grounds - Lighting, Parking Lot	9	20	$1,400.00	$770.00
Grounds - Trash Enclosure Gates	7	18	$2,000.00	$1,222.22
Sub Total	**3-9**	**5-20**	**$6,975.00**	**$3,292.94**

Sample Commercial Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Contingency	n.a.	n.a.	n.a.	$3,974.53
Total	**0-29**	**5-40**	**$367,813.54**	**$202,700.90**
Anticipated Reserve Balance				**$71,000.00**
Percent Funded				**35.03%**

Sample Commercial Association

Management / Accounting Summary

Directed Cash Flow Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay	$0.00	$131.06	$0.13	$131.18
Streets - Asphalt, Repair	$2,589.95	$27.91	$0.03	$27.94
Streets - Asphalt, Seal Coat	$5,650.80	$60.90	$0.05	$60.96
Sub Total	**$8,240.75**	**$219.87**	**$0.21**	**$220.08**
015 Concrete				
Concrete - Repiars	$0.00	$43.56	$0.05	$43.61
Sub Total	**$0.00**	**$43.56**	**$0.05**	**$43.61**
020 Roofs				
Roof - Elastomeric	$0.00	$422.52	$0.40	$422.92
Roof - Metal	$0.00	$64.45	$0.06	$64.51
Sub Total	**$0.00**	**$486.97**	**$0.46**	**$487.43**
030 Siding				
Siding - Brick, Unfunded	$0.00	$0.00	$0.00	$0.00
Siding - Metal	$0.00	$31.88	$0.03	$31.91
Sub Total	**$0.00**	**$31.88**	**$0.03**	**$31.91**
035 Floor Cover				
Floor Cover - Carpet	$0.00	$77.58	$0.07	$77.65
Floor Cover - Concrete, Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	**$0.00**	**$77.58**	**$0.07**	**$77.65**
036 Wall Cover				
Wall Cover - Laminated Hardboard	$0.00	$23.92	$0.03	$23.95
Wall Cover - Tile	$0.00	$34.40	$0.04	$34.43
Sub Total	**$0.00**	**$58.31**	**$0.06**	**$58.38**
037 Mailbox				
Mailbox - Wall Cluster	$0.00	$4.50	$0.00	$4.50
Sub Total	**$0.00**	**$4.50**	**$0.00**	**$4.50**
040 Fencing				
Railing - Metal Pipe, Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	**$0.00**	**$0.00**	**$0.00**	**$0.00**
040 Lighting				
Lighting - Building Exterior	$0.00	$18.26	$0.02	$18.28

Sample Commercial Association

Management / Accounting Summary

Directed Cash Flow Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Lighting - Building Interior	$0.00	$58.12	$0.05	$58.17
Sub Total	**$0.00**	**$76.38**	**$0.07**	**$76.45**
045 Doors				
Doors - Building Exterior	$0.00	$12.84	$0.01	$12.85
Sub Total	**$0.00**	**$12.84**	**$0.01**	**$12.85**
050 Painting				
Painting - Building Interior	$0.00	$43.78	$0.05	$43.83
Sub Total	**$0.00**	**$43.78**	**$0.05**	**$43.83**
055 Furniture				
Furniture	$1,833.33	$10.40	$0.20	$10.60
Sub Total	**$1,833.33**	**$10.40**	**$0.20**	**$10.60**
060 Ceiling				
Ceiling - Fiberboard Panels	$0.00	$14.62	$0.02	$14.64
Sub Total	**$0.00**	**$14.62**	**$0.02**	**$14.64**
065 Plumbing Fixtures				
Plumbing Fixtures - Drinking Fountain, Chilled	$0.00	$28.22	$0.03	$28.25
Plumbing Fixtures - Restroom	$0.00	$22.80	$0.02	$22.82
Plumbing Fixtures - Restroom Partitions	$0.00	$65.85	$0.06	$65.91
Sub Total	**$0.00**	**$116.86**	**$0.11**	**$116.97**
070 Equipment				
Elevator - Cab Refurbishing	$0.00	$52.92	$0.05	$52.97
Elevators - Major Repairs	$0.00	$128.44	$0.12	$128.56
Equipment - HVAC, Package	$59,533.76	$682.15	$6.95	$689.11
Equipment - Water Heater	$0.00	$17.64	$0.02	$17.66
Fire Protection - Control Panels	$0.00	$9.93	$0.01	$9.94
Sub Total	**$59,533.76**	**$891.08**	**$7.15**	**$898.24**
080 Grounds				
Grounds - Irrigation, Controller	$0.00	$17.64	$0.02	$17.66
Grounds - Landscape Refurbishment	$0.00	$34.38	$0.04	$34.41
Grounds - Lighting, Parking Lot	$0.00	$8.69	$0.01	$8.70
Grounds - Trash Enclosure Gates	$0.00	$15.68	$0.02	$15.70

Sample Commercial Association

Management / Accounting Summary

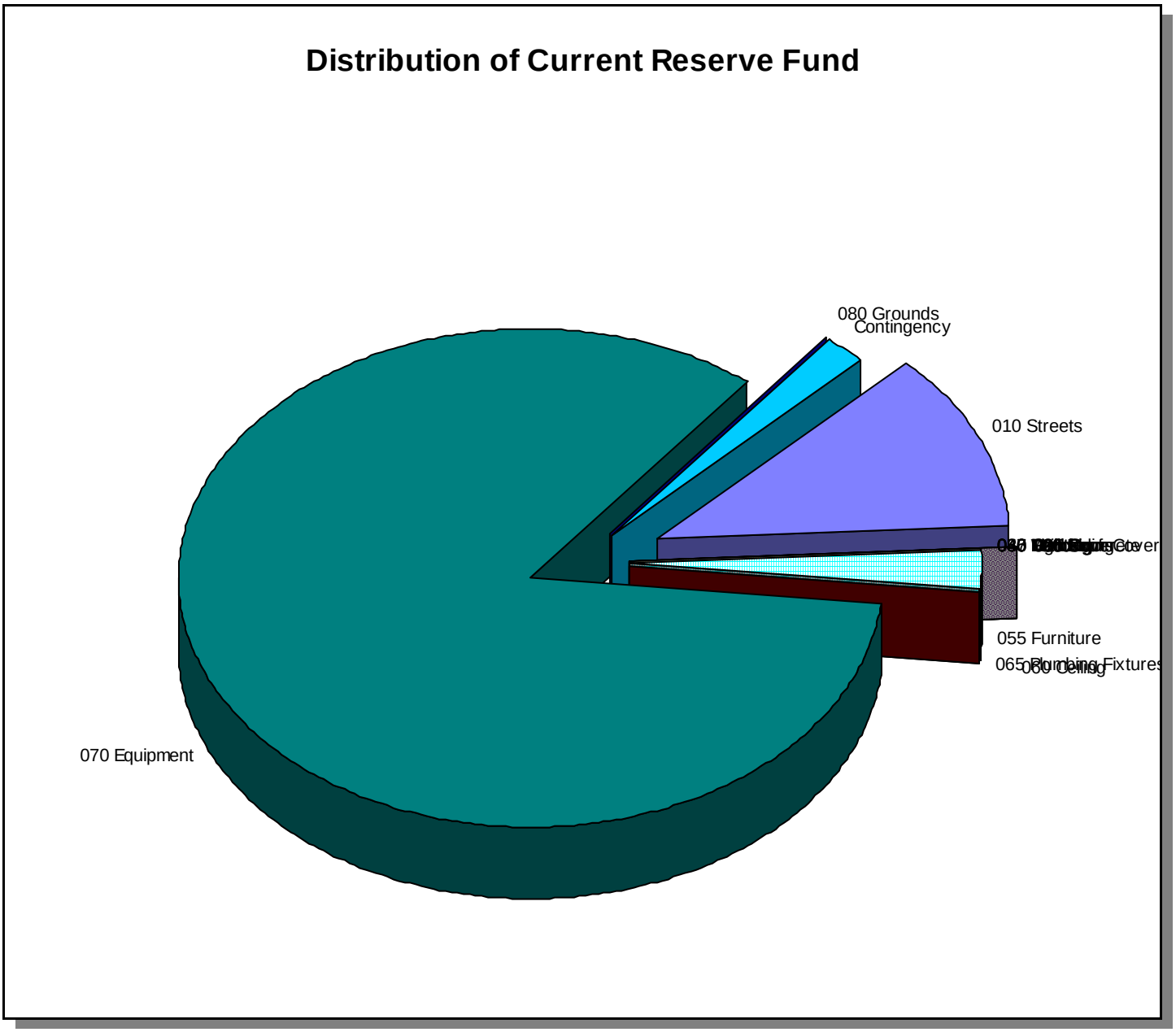
Directed Cash Flow Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Sub Total	**$0.00**	**$76.39**	**$0.08**	**$76.47**
Contingency	$1,392.16	$43.30	$0.19	$43.49
Total	**$71,000.00**	**$2,208.33**	**$8.74**	**$2,217.08**

Sample Commercial Association

Management / Accounting Charts

Directed Cash Flow Calculation Method; Sorted by Category

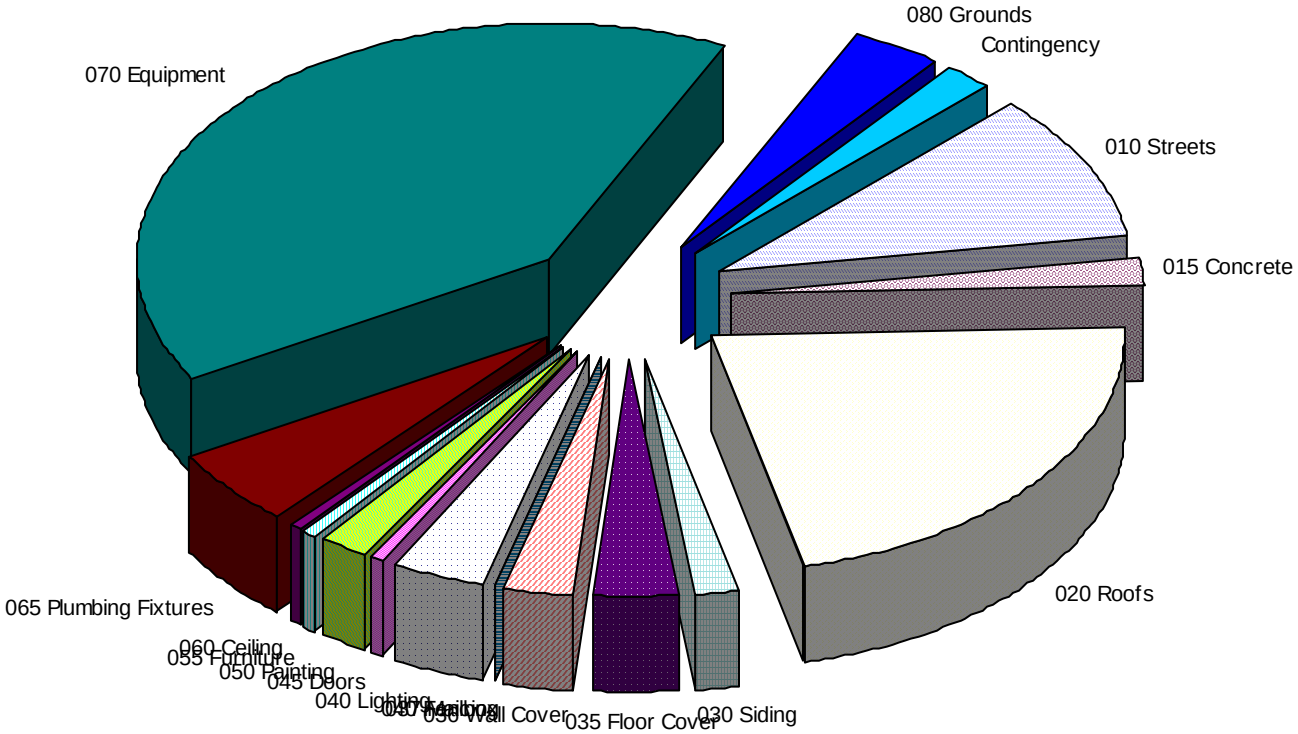


Sample Commercial Association

Management / Accounting Charts

Directed Cash Flow Calculation Method; Sorted by Category

Monthly Member Contribution



Sample Commercial Association

Annual Expenditure Detail

Sorted by Description

2017 Fiscal Year	
Streets - Asphalt, Repair	$2,589.95
Streets - Asphalt, Seal Coat	$5,650.80
Sub Total	**$8,240.75**
2018 Fiscal Year	
Furniture	$2,040.00
Sub Total	**$2,040.00**
2019 Fiscal Year	
Equipment - HVAC, Package	$86,769.36
Sub Total	**$86,769.36**
2020 Fiscal Year	
Elevator - Cab Refurbishing	$3,183.62
Equipment - Water Heater	$1,061.21
Grounds - Irrigation, Controller	$1,061.21
Sub Total	**$5,306.04**
2021 Fiscal Year	
Concrete - Repiars	$3,532.02
Grounds - Landscape Refurbishment	$2,787.26
Sub Total	**$6,319.28**
2022 Fiscal Year	
Streets - Asphalt, Repair	$2,859.51
Streets - Asphalt, Seal Coat	$6,238.94
Sub Total	**$9,098.45**
2023 Fiscal Year	
Floor Cover - Carpet	$9,639.95
Sub Total	**$9,639.95**
2024 Fiscal Year	
Ceiling - Fiberboard Panels	$2,142.30
Grounds - Trash Enclosure Gates	$2,297.37
Plumbing Fixtures - Drinking Fountain, Chilled	$4,135.27
Plumbing Fixtures - Restroom Partitions	$9,648.96
Sub Total	**$18,223.90**
2025 Fiscal Year	
Painting - Building Interior	$7,412.21

Sample Commercial Association

Annual Expenditure Detail

Sorted by Description

Sub Total	**$7,412.21**
2026 Fiscal Year	
Concrete - Repiars	$3,899.63
Fire Protection - Control Panels	$1,912.15
Grounds - Landscape Refurbishment	$3,077.36
Grounds - Lighting, Parking Lot	$1,673.13
Roof - Elastomeric	$81,347.56
Sub Total	**$91,909.84**
2027 Fiscal Year	
Streets - Asphalt, Repair	$3,157.13
Streets - Asphalt, Seal Coat	$6,888.29
Sub Total	**$10,045.43**
2028 Fiscal Year	
Wall Cover - Laminated Hardboard	$5,752.15
Sub Total	**$5,752.15**
2030 Fiscal Year	
Furniture	$2,587.21
Lighting - Building Exterior	$5,303.79
Streets - Asphalt, Overlay	$38,072.46
Sub Total	**$45,963.46**
2031 Fiscal Year	
Concrete - Repiars	$4,305.51
Floor Cover - Carpet	$11,294.74
Grounds - Landscape Refurbishment	$3,397.66
Sub Total	**$18,997.91**
2032 Fiscal Year	
Streets - Asphalt, Repair	$3,485.73
Streets - Asphalt, Seal Coat	$7,605.23
Sub Total	**$11,090.96**
2034 Fiscal Year	
Elevator - Cab Refurbishing	$4,200.72
Equipment - Water Heater	$1,400.24
Grounds - Irrigation, Controller	$1,400.24
Sub Total	**$7,001.21**

Sample Commercial Association

Annual Expenditure Detail

Sorted by Description

2035 Fiscal Year	
Painting - Building Interior	$9,035.44
Sub Total	**$9,035.44**
2036 Fiscal Year	
Concrete - Repiars	$4,753.63
Doors - Building Exterior	$5,827.24
Elevators - Major Repairs	$58,272.45
Grounds - Landscape Refurbishment	$3,751.29
Lighting - Building Interior	$26,368.28
Mailbox - Wall Cluster	$2,039.54
Plumbing Fixtures - Restroom	$10,343.36
Wall Cover - Tile	$15,605.36
Sub Total	**$126,961.15**
2037 Fiscal Year	
Streets - Asphalt, Repair	$3,848.53
Streets - Asphalt, Seal Coat	$8,396.79
Sub Total	**$12,245.32**
2039 Fiscal Year	
Equipment - HVAC, Package	$128,934.70
Floor Cover - Carpet	$13,233.59
Sub Total	**$142,168.29**
2041 Fiscal Year	
Concrete - Repiars	$5,248.40
Grounds - Landscape Refurbishment	$4,141.73
Sub Total	**$9,390.12**
2042 Fiscal Year	
Ceiling - Fiberboard Panels	$3,059.73
Furniture	$3,281.21
Grounds - Trash Enclosure Gates	$3,281.21
Plumbing Fixtures - Drinking Fountain, Chilled	$5,906.18
Plumbing Fixtures - Restroom Partitions	$13,781.09
Streets - Asphalt, Repair	$4,249.09
Streets - Asphalt, Seal Coat	$9,270.74
Sub Total	**$42,829.25**

Sample Commercial Association

Annual Expenditure Detail

Sorted by Description

2045 Fiscal Year	
Painting - Building Interior	$11,014.15
Sub Total	**$11,014.15**
2046 Fiscal Year	
Concrete - Repiars	$5,794.65
Fire Protection - Control Panels	$2,841.35
Grounds - Landscape Refurbishment	$4,572.80
Grounds - Lighting, Parking Lot	$2,486.18
Roof - Elastomeric	$120,878.20
Roof - Metal	$49,954.51
Siding - Metal	$24,712.65
Sub Total	**$211,240.35**

Sample Commercial Association

Projections

Directed Cash Flow Calculation Method

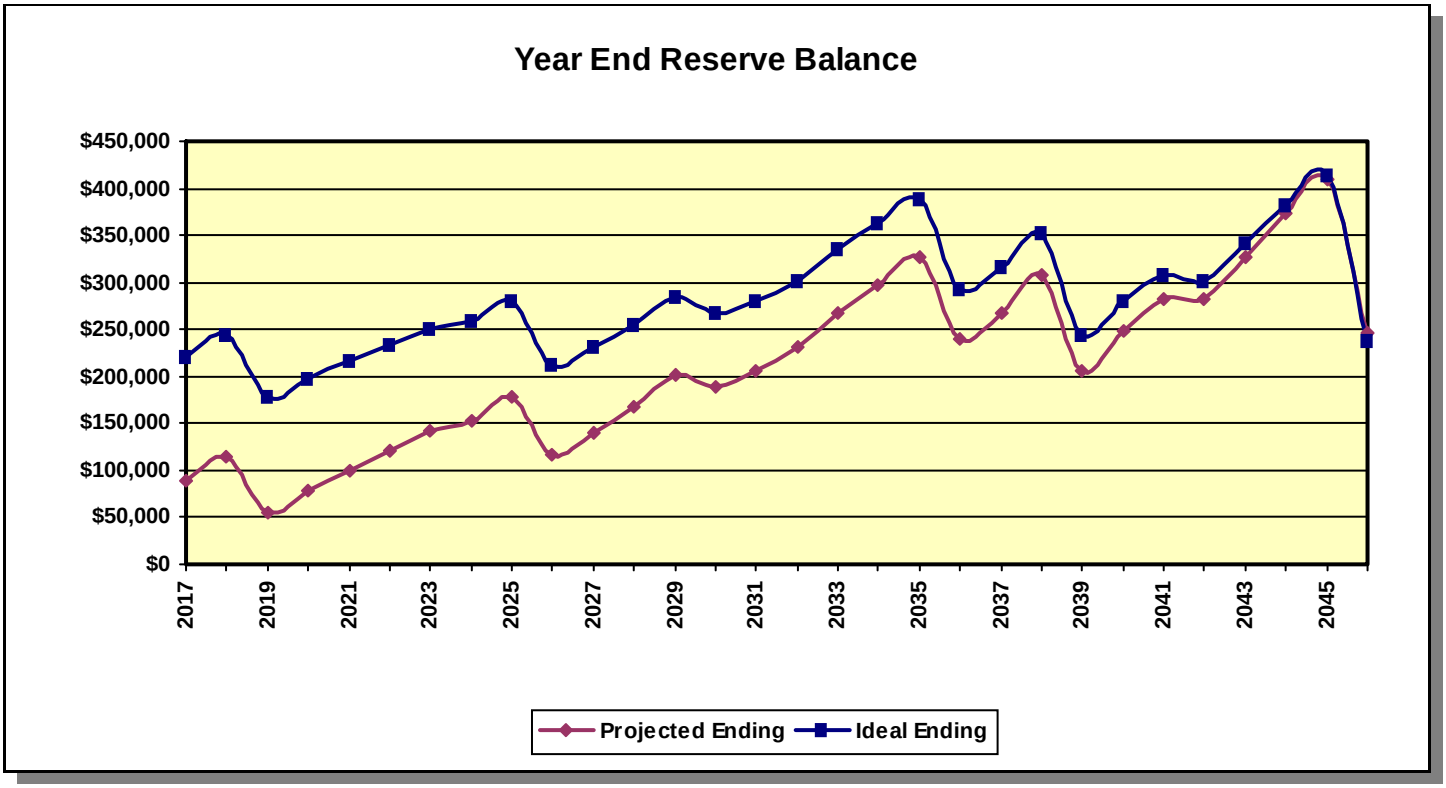
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2017	$71,000	$26,500	$105	$8,241	$89,364	$219,849	41%
2018	$89,364	$27,030	$140	$2,040	$114,494	$244,224	47%
2019	$114,494	$27,571	$57	$86,769	$55,352	$178,947	31%
2020	$55,352	$28,122	$88	$5,306	$78,256	$197,520	40%
2021	$78,256	$28,684	$119	$6,319	$100,740	$216,311	47%
2022	$100,740	$29,258	$147	$9,098	$121,047	$233,014	52%
2023	$121,047	$29,843	$175	$9,640	$141,426	$249,925	57%
2024	$141,426	$30,440	$192	$18,224	$153,834	$258,690	59%
2025	$153,834	$31,049	$225	$7,412	$177,696	$279,332	64%
2026	$177,696	$31,670	$141	$91,910	$117,596	$212,940	55%
2027	$117,596	$32,303	$171	$10,045	$140,026	$230,864	61%
2028	$140,026	$32,949	$209	$5,752	$167,432	$254,096	66%
2029	$167,432	$33,608	$256	$0	$201,297	$284,269	71%
2030	$201,297	$34,281	$240	$45,963	$189,854	$268,057	71%
2031	$189,854	$34,966	$262	$18,998	$206,084	$280,094	74%
2032	$206,084	$35,666	$296	$11,091	$230,954	$301,127	77%
2033	$230,954	$36,379	$347	$0	$267,680	$334,660	80%
2034	$267,680	$37,106	$389	$7,001	$298,174	$362,129	82%
2035	$298,174	$37,849	$429	$9,035	$327,417	$388,592	84%
2036	$327,417	$38,605	$306	$126,961	$239,366	$293,467	82%
2037	$239,366	$39,378	$343	$12,245	$266,842	$316,374	84%
2038	$266,842	$40,165	$400	$0	$307,407	$353,074	87%
2039	$307,407	$40,968	$258	$142,168	$206,465	$243,204	85%
2040	$206,465	$41,788	$316	$0	$248,569	$279,669	89%
2041	$248,569	$42,624	$362	$9,390	$282,165	$307,725	92%
2042	$282,165	$43,476	$363	$42,829	$283,175	$302,196	94%
2043	$283,175	$44,346	$425	$0	$327,945	$341,774	96%
2044	$327,945	$45,232	$488	$0	$373,666	$382,815	98%
2045	$373,666	$46,137	$538	$11,014	$409,327	$413,901	99%
2046	$409,327	$47,060	$308	$211,240	$245,454	$237,991	103%

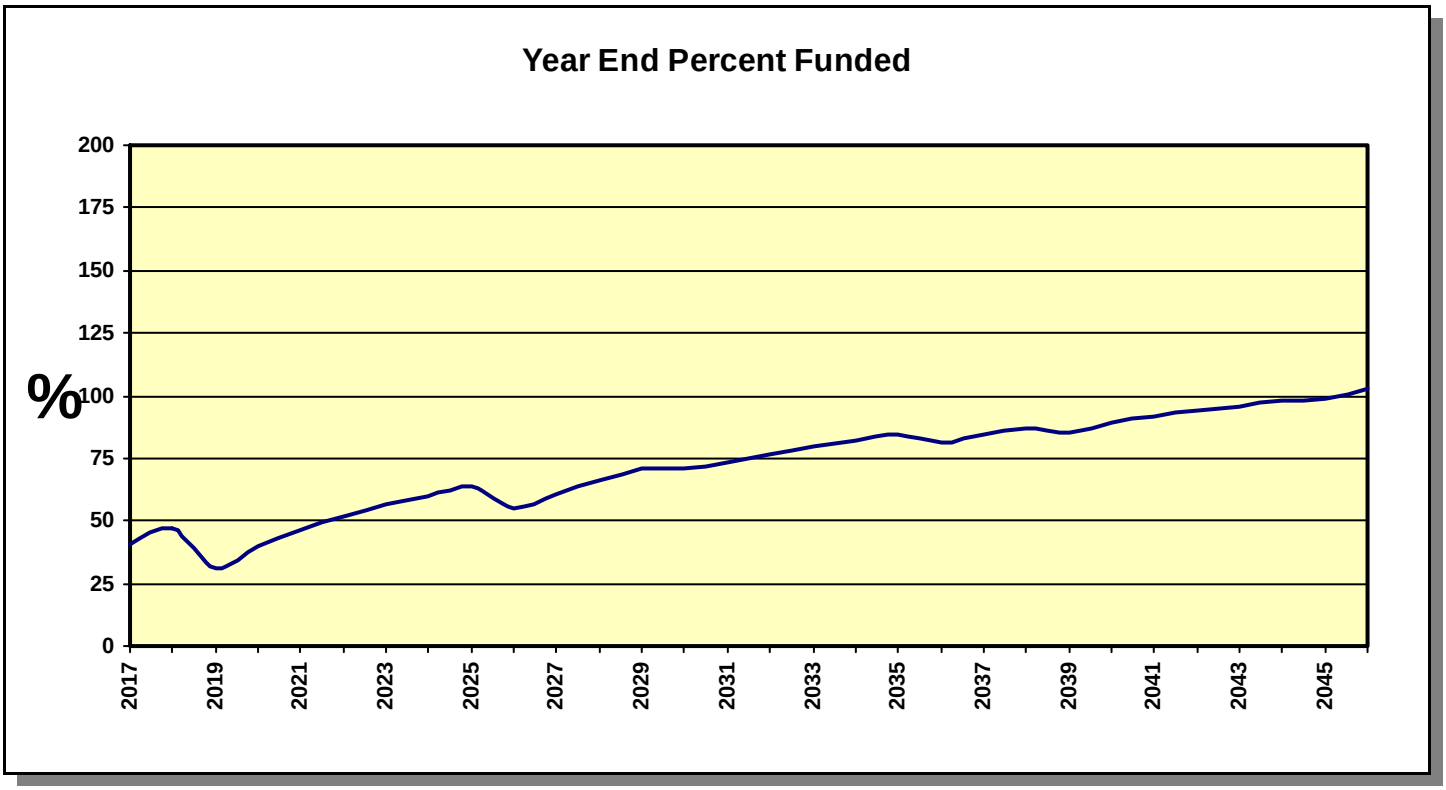
NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Sample Commercial Association

Projection Charts

Directed Cash Flow Calculation Method

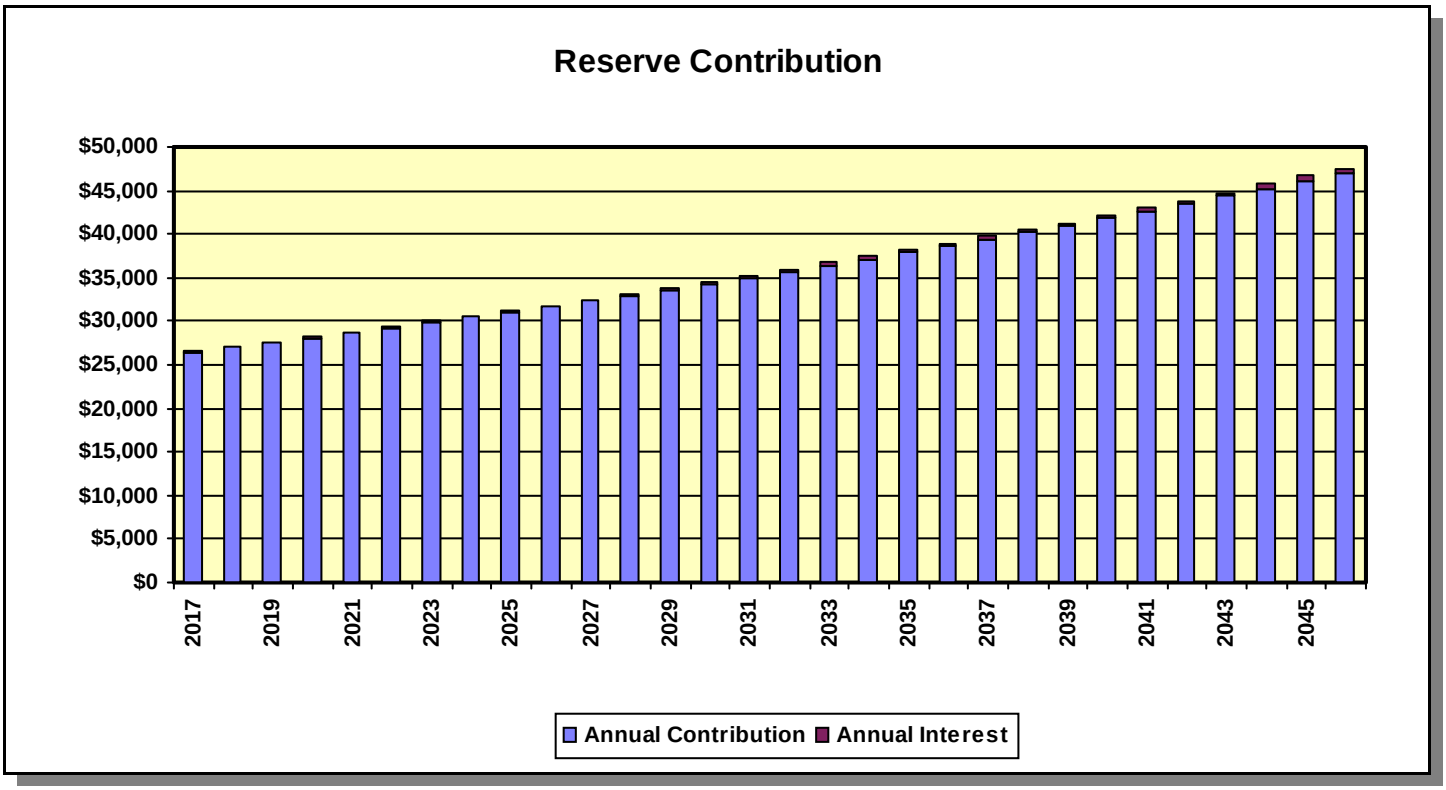


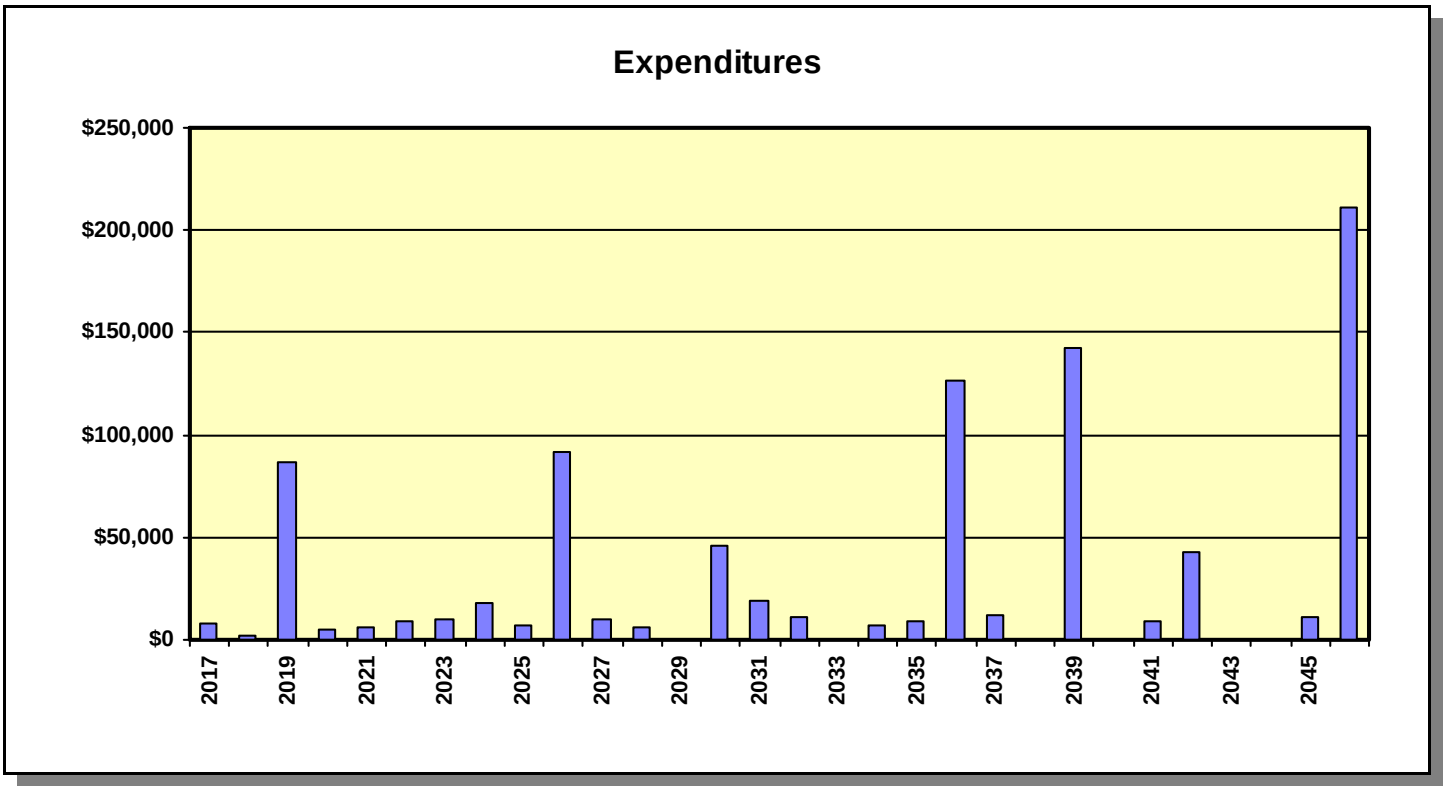


Sample Commercial Association

Projection Charts

Directed Cash Flow Calculation Method





Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt, Overlay

Category	010 Streets	Quantity	23,545 total
		Unit Cost	$1.250
		% of Replacement	100.00%
		Current Cost	$29,431.25
Placed In Service	01/06	Future Cost	$38,072.46
Useful Life	20		
Adjustment	+4	Assigned Reserves at FYB	$0.00
Remaining Life	13	Monthly Member Contribution	$131.06
Replacement Year	2030	Monthly Interest Contribution	$0.13
		Total Monthly Contribution	$131.18

Comments:

This is the asphalt parking located within the community.

The remaining life of this component has been extended due to its condition at our most recent site visit.

Most asphalt areas can be expected to last approximately 20 to 25 years before it will become necessary for an overlay to be applied or other major rehabilitation to be completed. It will be necessary to adjust manhole and valve covers at the time the overlay is applied or other major rehabilitation is completed.

Deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and estimated remaining life before the overlay or other major rehabilitation is required. In addition to this service, a consultant may be obtained to prepare the application specifications, and to work with the contractor during actual installation. It is recommended that the client obtain bids for such a consultation near the end of the estimated useful life. As costs vary, a provision for this consulting has not been included in this cost estimate. Should the client request, this cost can be incorporated into this analysis.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt, Repair

Category	010 Streets	Quantity	23,545 sq. ft.
		Unit Cost	$5.500
		% of Replacement	2.00%
		Current Cost	$2,589.95
Placed In Service	01/06	Future Cost	$2,859.51
Useful Life	5		
Adjustment	+5	Assigned Reserves at FYB	$2,589.95
Remaining Life	0	Monthly Member Contribution	$27.91
Replacement Year	2017	Monthly Interest Contribution	$0.03
		Total Monthly Contribution	$27.94

Comments:

It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and these estimates adjusted accordingly.

We have budgeted for the asphalt to be repaired on the same cycle and in conjunction with the seal coating of the asphalt.

The remaining life of this component has been extended due to its condition at our most recent site visit.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt, Seal Coat

Category	010 Streets	Quantity	23,545 sq. ft.
		Unit Cost	$0.240
		% of Replacement	100.00%
		Current Cost	$5,650.80
Placed In Service	01/06	Future Cost	$6,238.94
Useful Life	5		
Adjustment	+5	Assigned Reserves at FYB	$5,650.80
Remaining Life	0	Monthly Member Contribution	$60.90
Replacement Year	2017	Monthly Interest Contribution	$0.05
		Total Monthly Contribution	$60.96

Comments:

Asphalt surfaces should be seal coated within 3 years of their initial installation. Thereafter, a 3 to 5 year cycle should be observed and adjusted according to the client's particular needs.

The unit cost includes any restriping that may be necessary.

The remaining life of this component has been extended due to its condition at our most recent site visit.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Concrete - Repiars

Category	015 Concrete	Quantity	1 total
		Unit Cost	$81,576.000
		% of Replacement	4.00%
		Current Cost	$3,263.04
Placed In Service	01/06	Future Cost	$3,532.02
Useful Life	5		
Adjustment	+10	Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$43.56
Replacement Year	2021	Monthly Interest Contribution	$0.05
		Total Monthly Contribution	$43.61

Comments:

This is the concrete sidewalks and trash pad located around the building. It is anticipated that not all of the concrete will need replacement at one time. Therefore, we have budgeted for 4% of the concrete to be repaired or replaced every 5 years starting in 2021. This component should be monitored over time and the replacement percentage and useful life adjusted accordingly.

6,471	sidewalks	@	$11.00	=	$71,181.00
945	trash pad	@	$11.00	=	$10,395.00
			TOTAL	=	$81,576.00

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Roof - Elastomeric

Category	020 Roofs	Quantity	10,472 sq. ft.
		Unit Cost	$6.500
		% of Replacement	100.00%
		Current Cost	$68,068.00
Placed In Service	01/06	Future Cost	$81,347.56
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$422.52
Replacement Year	2026	Monthly Interest Contribution	$0.40
		Total Monthly Contribution	$422.92

Comments:

This is the flat roof located on the building.

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. Fees for these services vary based on the size of the project and detail required by the client, and have not been included in the cost used for this component. Should the client desire, a provision for a consultant can be incorporated into this analysis.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Roof - Metal

Category	020 Roofs	Quantity	2,813 sq. ft.
		Unit Cost	$10.000
		% of Replacement	100.00%
		Current Cost	$28,130.00
Placed In Service	01/06	Future Cost	$49,954.51
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	29	Monthly Member Contribution	$64.45
Replacement Year	2046	Monthly Interest Contribution	$0.06
		Total Monthly Contribution	$64.51

Comments:

This is the metal roof located on the building.

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. Fees for these services vary based on the size of the project and detail required by the client, and have not been included in the cost used for this component. Should the client desire, a provision for a consultant can be incorporated into this analysis.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Siding - Brick, Unfunded

Category	030 Siding	Quantity	8,942 sq. ft.
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/06	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

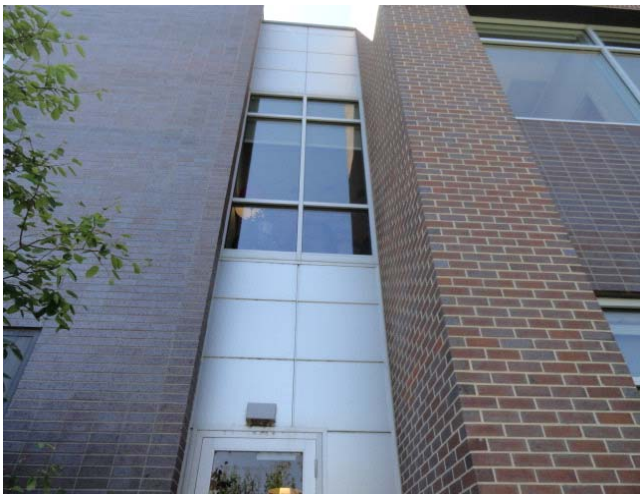
This is the brick siding located on the building. Brick siding can last a very long time and therefore complete replacement has not been included in this analysis.

It is anticipated that not all of the brick siding will need replacement at one time. Therefore, budgeting for this component has been excluded as future maintenance can be completed by the client on an as needed basis. This component is listed for inventory purposes only.

Siding - Metal

Category	030 Siding	Quantity	994 sq. ft.
		Unit Cost	$14.000
		% of Replacement	100.00%
		Current Cost	$13,916.00
Placed In Service	01/06	Future Cost	$24,712.65
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	29	Monthly Member Contribution	$31.88
Replacement Year	2046	Monthly Interest Contribution	$0.03
		Total Monthly Contribution	$31.91

Comments:



This is the brick siding located on the building. Brick siding can last a very long time and therefore complete replacement has not been included in this analysis.

It is anticipated that not all of the brick siding will need replacement at one time. Therefore, budgeting for this component has been excluded as future maintenance can be completed by the client on an as needed basis. This component is listed for inventory purposes only.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Floor Cover - Carpet

Category	035 Floor Cover	Quantity	1 total
		Unit Cost	$8,000.000
		% of Replacement	107.00%
		Current Cost	$8,560.00
Placed In Service	01/15	Future Cost	$9,639.95
Useful Life	8		
		Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$77.58
Replacement Year	2023	Monthly Interest Contribution	$0.07
		Total Monthly Contribution	$77.65

Comments:

This is the carpet located in the common areas within the building.

The cost and placed in service date for this component has been provided by the client.

carpet	104	sq. yds.
	104	sq. yds.

The measurement indicated represents the actual area to be replaced. The percentage of replacement has been increased above 100% to allow for a waste factor which should be considered when replacing this component.

Sample Commercial Association

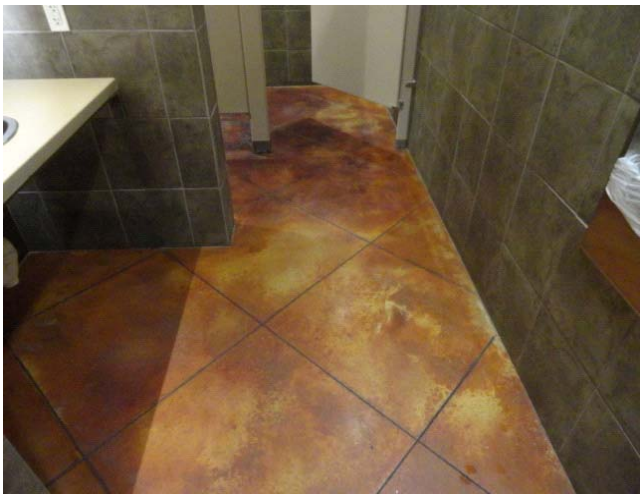
Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Floor Cover - Concrete, Unfunded

Category	035 Floor Cover	Quantity	1,809 sq. ft.
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/06	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:



This is the concrete flooring located in the restrooms and in the common area hallways of the building.

Due to the nature and size of this expense, funding for this component has been excluded. It is anticipated that any expenditures can be effectively budgeted for by the client's operating and/or reserve contingency funds. This component is listed for inventory purposes only.

first floor	932	sq. ft.
restrooms	504	
second floor	373	
	1,809	sq. ft.

Wall Cover - Laminated Hardboard

Category	036 Wall Cover	Quantity	691 sq. ft.
		Unit Cost	$6.500
		% of Replacement	103.00%
		Current Cost	$4,626.25
Placed In Service	01/06	Future Cost	$5,752.15
Useful Life	22		
		Assigned Reserves at FYB	$0.00
Remaining Life	11	Monthly Member Contribution	$23.92
Replacement Year	2028	Monthly Interest Contribution	$0.03
		Total Monthly Contribution	$23.95

Comments:

This is the laminated hardboard wall cover located in the common areas of the building.

The unit cost indicated represents the actual area to be replaced. The percentage of replacement has been increased above 100% to allow for a waste factor which should be considered when replacing this component.

The cost for this component includes the removal and disposal of the existing material.

Wall Cover - Tile

Category	036 Wall Cover	Quantity	800 sq. ft.
		Unit Cost	$13.000
		% of Replacement	103.00%
		Current Cost	$10,712.00
Placed In Service	01/06	Future Cost	$15,605.36
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$34.40
Replacement Year	2036	Monthly Interest Contribution	$0.04
		Total Monthly Contribution	$34.43

Comments:

This is the tile wall cover located in the restroom areas of the building.

The unit cost indicated represents the actual area to be replaced. The percentage of replacement has been increased above 100% to allow for a waste factor which should be considered when replacing this component.

The cost for this component includes the removal and disposal of the existing material.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Mailbox - Wall Cluster

Category	037 Mailbox	Quantity	1 total
		Unit Cost	$1,400.000
		% of Replacement	100.00%
		Current Cost	$1,400.00
Placed In Service	01/06	Future Cost	$2,039.54
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$4.50
Replacement Year	2036	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$4.50

Comments:

This is a metal recessed/wall mounted mailbox located on the first floor of the building.

Railing - Metal Pipe, Unfunded

Category	040 Fencing	Quantity	20 lin. ft.
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/06	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

This is standard 3.5' railing located near the side entrance to the building.

Due to the nature and size of this expense, funding for this component has been excluded. It is anticipated that any expenditures can be effectively budgeted for by the client's operating and/or reserve contingency funds. This component is listed for inventory purposes only.

Sample Commercial Association

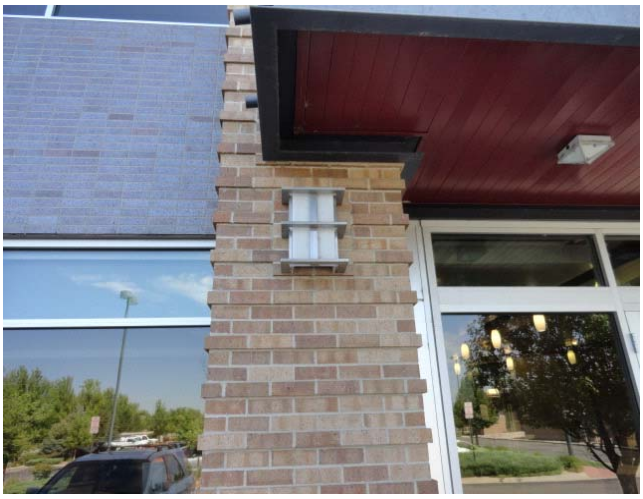
Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Lighting - Building Exterior

Category	040 Lighting	Quantity	1 total
		Unit Cost	$4,100.000
		% of Replacement	100.00%
		Current Cost	$4,100.00
Placed In Service	01/06	Future Cost	$5,303.79
Useful Life	24		
		Assigned Reserves at FYB	$0.00
Remaining Life	13	Monthly Member Contribution	$18.26
Replacement Year	2030	Monthly Interest Contribution	$0.02
		Total Monthly Contribution	$18.28

Comments:



These are the exterior lighting fixtures located on the exterior areas of the building.

10	fixtures, ceiling	@	$250.00	=	$2,500.00
4	fixtures, recessed	@	$150.00	=	$600.00
4	fixtures, wall	@	$250.00	=	$1,000.00
			TOTAL	=	$4,100.00

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Lighting - Building Interior

Category	040 Lighting	Quantity	1 total
		Unit Cost	$18,100.000
		% of Replacement	100.00%
		Current Cost	$18,100.00
Placed In Service	01/06	Future Cost	$26,368.28
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$58.12
Replacement Year	2036	Monthly Interest Contribution	$0.05
		Total Monthly Contribution	$58.17

Comments:

These are the interior lighting fixtures located on the interior common areas of the building.

32	fixtures, recessed (restrooms)	@	$150.00	=	$4,800.00
19	fixtures, ceiling	@	$200.00	=	$3,800.00
16	fixtures, recessed	@	$150.00	=	$2,400.00
15	fixtures, hanging	@	$250.00	=	$3,750.00
7	fixtures, exit	@	$350.00	=	$2,450.00
6	fixtures, flourescent	@	$150.00	=	$900.00
			TOTAL	=	$18,100.00

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Doors - Building Exterior

Category	045 Doors	Quantity	1 total
		Unit Cost	$4,000.000
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	01/06	Future Cost	$5,827.24
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$12.84
Replacement Year	2036	Monthly Interest Contribution	$0.01
		Total Monthly Contribution	$12.85

Comments:

These are the exterior doors located on the building.

3	doors, glass entry	@	$1,100.00	=	$3,300.00
1	door, fire room	@	$700.00	=	$700.00
			TOTAL	=	$4,000.00

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Painting - Building Interior

Category	050 Painting	Quantity	1 total
		Unit Cost	$6,326.250
		% of Replacement	100.00%
		Current Cost	$6,326.25
Placed In Service	01/15	Future Cost	$7,412.21
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	8	Monthly Member Contribution	$43.78
Replacement Year	2025	Monthly Interest Contribution	$0.05
		Total Monthly Contribution	$43.83

Comments:

This includes all of the interior painting areas within the building common areas.

2,720	painting, second floor	@	$1.25	=	$3,400.00
1,304	painting, restrooms	@	$1.25	=	$1,630.00
1,037	painting, first floor	@	$1.25	=	$1,296.25
			TOTAL	=	$6,326.25

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Furniture

Category	055 Furniture	Quantity	1 total
		Unit Cost	$2,000.000
		% of Replacement	100.00%
		Current Cost	$2,000.00
Placed In Service	01/06	Future Cost	$2,040.00
Useful Life	12		
		Assigned Reserves at FYB	$1,833.33
Remaining Life	1	Monthly Member Contribution	$10.40
Replacement Year	2018	Monthly Interest Contribution	$0.20
		Total Monthly Contribution	$10.60

Comments:

This is the furniture located in the lobby of the building.

1	leather couch	@	$1,200.00	=	$1,200.00
1	leather chair	@	$800.00	=	$800.00
			TOTAL	=	$2,000.00

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Ceiling - Fiberboard Panels

Category	060 Ceiling	Quantity	746 sq. ft.
		Unit Cost	$2.500
		% of Replacement	100.00%
		Current Cost	$1,865.00
Placed In Service	01/06	Future Cost	$2,142.30
Useful Life	18		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$14.62
Replacement Year	2024	Monthly Interest Contribution	$0.02
		Total Monthly Contribution	$14.64

Comments:

These are fiberboard ceiling panels located in the common areas of the building.

Plumbing Fixtures - Drinking Fountain, Chilled

Category	065 Plumbing Fixtures	Quantity	4 fountains
		Unit Cost	$900.000
		% of Replacement	100.00%
		Current Cost	$3,600.00
Placed In Service	01/06	Future Cost	$4,135.27
Useful Life	18		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$28.22
Replacement Year	2024	Monthly Interest Contribution	$0.03
		Total Monthly Contribution	$28.25

Comments:

These are stainless steel, chilled drinking fountains located on the first and second floors.

Plumbing Fixtures - Restroom

Category	065 Plumbing Fixtures	Quantity	1 total
		Unit Cost	$7,100.000
		% of Replacement	100.00%
		Current Cost	$7,100.00
Placed In Service	01/06	Future Cost	$10,343.36
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$22.80
Replacement Year	2036	Monthly Interest Contribution	$0.02
		Total Monthly Contribution	$22.82

Comments:

These are the plumbing fixtures located in the restrooms of the building.

6	toilets, tank type	@	$800.00	=	$4,800.00
2	sinks, counter oval	@	$450.00	=	$900.00
2	urinals, wall mount unit	@	$700.00	=	$1,400.00
			TOTAL	=	$7,100.00

Plumbing Fixtures - Restroom Partitions

Category	065 Plumbing Fixtures	Quantity	1 total
		Unit Cost	$8,400.000
		% of Replacement	100.00%
		Current Cost	$8,400.00
Placed In Service	01/06	Future Cost	$9,648.96
Useful Life	18		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$65.85
Replacement Year	2024	Monthly Interest Contribution	$0.06
		Total Monthly Contribution	$65.91

Comments:

These are metal partitions with a baked enamel finish located in the restrooms.

	BAKED ENAMEL:				
6	toilet partitions	@	$1,400.00	=	$8,400.00
			TOTAL	=	$8,400.00

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Elevator - Cab Refurbishing

Category	070 Equipment	Quantity	1 elevator
		Unit Cost	$3,000.000
		% of Replacement	100.00%
		Current Cost	$3,000.00
Placed In Service	01/06	Future Cost	$3,183.62
Useful Life	14		
		Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$52.92
Replacement Year	2020	Monthly Interest Contribution	$0.05
		Total Monthly Contribution	$52.97

Comments:

This is for the refurbishment of the interior sections of the elevator to include; lighting, floor cover and wall panels. Depending on the type of materials used the cost for this component should be considered a general estimate.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Elevators - Major Repairs

Category	070 Equipment	Quantity	1 elevator
		Unit Cost	$40,000.000
		% of Replacement	100.00%
		Current Cost	$40,000.00
Placed In Service	01/06	Future Cost	$58,272.45
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$128.44
Replacement Year	2036	Monthly Interest Contribution	$0.12
		Total Monthly Contribution	$128.56

Comments:

This is a Schindler hydraulic style elevator with a 2,500lbs capacity.

This component is for the additional major repair costs associated with hydraulic style elevators such as valve and cylinder replacements.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Equipment - HVAC, Package

Category	070 Equipment	Quantity	1 total
		Unit Cost	$83,400.000
		% of Replacement	100.00%
		Current Cost	$83,400.00
Placed In Service	01/06	Future Cost	$86,769.36
Useful Life	20		
Adjustment	-7	Assigned Reserves at FYB	$59,533.76
Remaining Life	2	Monthly Member Contribution	$682.15
Replacement Year	2019	Monthly Interest Contribution	$6.95
		Total Monthly Contribution	$689.11

Comments:

These are Carrier HVAC package units located on the roof of the building.

The remaining life of this component has been decreased at the client's request.

Cost and remaining life estimates have been provided by the client.

2	Model 50TM	@	$26,700.00	=	$53,400.00
1	Model 48TMD	@	$15,000.00	=	$15,000.00
1	Model 48TMF	@	$15,000.00	=	$15,000.00
			TOTAL	=	$83,400.00

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Equipment - Water Heater

Category	070 Equipment	Quantity	1 heater
		Unit Cost	$1,000.000
		% of Replacement	100.00%
		Current Cost	$1,000.00
Placed In Service	01/06	Future Cost	$1,061.21
Useful Life	14		
		Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$17.64
Replacement Year	2020	Monthly Interest Contribution	$0.02
		Total Monthly Contribution	$17.66

Comments:

This is a Bradford/White 40g natural gas hot water heater located in the janitors closet.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Fire Protection - Control Panels

Category	070 Equipment	Quantity	1 panel
		Unit Cost	$1,600.000
		% of Replacement	100.00%
		Current Cost	$1,600.00
Placed In Service	01/06	Future Cost	$1,912.15
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$9.93
Replacement Year	2026	Monthly Interest Contribution	$0.01
		Total Monthly Contribution	$9.94

Comments:

This is a Simplex 4010 fire alarm control panel located on the first floor of the building.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds - Irrigation, Controller

Category	080 Grounds	Quantity	1 controller
		Unit Cost	$1,000.000
		% of Replacement	100.00%
		Current Cost	$1,000.00
Placed In Service	01/06	Future Cost	$1,061.21
Useful Life	14		
		Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$17.64
Replacement Year	2020	Monthly Interest Contribution	$0.02
		Total Monthly Contribution	$17.66

Comments:

This is a Hunter ICC 28 zone controller located in the fire equipment room.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds - Landscape Refurbishment

Category	080 Grounds	Quantity	1 total
		Unit Cost	$2,575.000
		% of Replacement	100.00%
		Current Cost	$2,575.00
Placed In Service	01/16	Future Cost	$2,787.26
Useful Life	5		
		Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$34.38
Replacement Year	2021	Monthly Interest Contribution	$0.04
		Total Monthly Contribution	$34.41

Comments:

This is for the repair or replacement of trees, plants, shrubs and any other landscaping needs that may be necessary over time. This component should be monitored over time and the cost and useful life adjusted accordingly.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Grounds - Lighting, Parking Lot

Category	080 Grounds	Quantity	2 fixtures
		Unit Cost	$700.000
		% of Replacement	100.00%
		Current Cost	$1,400.00
Placed In Service	01/06	Future Cost	$1,673.13
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$8.69
Replacement Year	2026	Monthly Interest Contribution	$0.01
		Total Monthly Contribution	$8.70

Comments:

These are aluminum, box style, 400 watt vapor light fixtures with baked enamel finish.

The current cost used for these fixtures exclude the pole and mounting bracket hardware.

Sample Commercial Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds - Trash Enclosure Gates

Category	080 Grounds	Quantity	4 gates
		Unit Cost	$500.000
		% of Replacement	100.00%
		Current Cost	$2,000.00
Placed In Service	01/06	Future Cost	$2,297.37
Useful Life	18		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$15.68
Replacement Year	2024	Monthly Interest Contribution	$0.02
		Total Monthly Contribution	$15.70

Comments:

These are painted metal trash enclosure gates located in the parking area.

Sample Commercial Association

Detail Report Index

Number of components included in this reserve analysis is 32.