



December 5, 2019

Reynolds Farm Condo Assoc.
Attn: Allan Orendorff
Trio Property Management
PO Box 106
Niwot, CO. 80544

Regarding: Reserve Study Draft

Dear Allan,

Please find enclosed a Draft version of the Reserve Study for Reynolds Farm Condo Assoc. This draft version is being delivered via electronic media.

The client will have 45 days to review the draft and report any feedback for necessary revisions. If revisions are not requested within 90 days of delivery of the Draft Version, the report will be considered complete and final. Any changes requested after this point will be made at an additional fee to the association. Payment in full is due 30 days from the delivery date of the Draft Version. Final reports will not be released until account is paid in full, late charges are incurred for accounts past 90 days of draft delivery at the rate of \$25.00 for every 30 days past due. In the meantime, if you have any questions, please feel free to give our office a call (303) 790 7572.

Sincerely,

G. Michael Kelsen, RS, PRA
Owner

Thursday, December 05, 2019

Level 2, Limited Reserve Analysis

Reynolds Farm Condo Assoc. 9th & Fordham Longmont, CO. 80503



FIRST DRAFT

Report Period – 07/01/2019 – 06/30/20

Client Reference Number – 09168

Property Type – Townhomes

Fiscal Year End – June 30th

Number of Units – 57

Date of Property Observation – September 23, 2019

Property Observation Conducted by – Justin Huggins

Project Manager – Justin Huggins

Main Contact Person – Allan Orendorff, Community Manager



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Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

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

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

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

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

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

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

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

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

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

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

How often do we update or review “it”?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year before* the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

Is it the law to have a Reserve Study conducted?

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

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

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

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

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

The Property Observation –

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

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

The Reserve Fund Analysis –

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

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

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

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

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

Summary of Reynolds Farm Condo Assoc. - Assoc. ID # - 09168

Projected Starting Balance as of July 1, 2019 -	\$239,020
Ideal Reserve Balance as of July 1, 2019 -	\$767,822
Percent Funded as of July 1, 2019 -	31%
Recommended Reserve Allocation (per month) -	\$833 (2019/2020)
Recommended Reserve Allocation (per month) -	\$10,525 (starting 2020/2021)
Minimum Reserve Allocation (per month) -	\$9,900 (starting 2020/2021)
Recommended Special Assessment -	\$470,250 (\$8,250 per unit)

This report is an update to an existing Reserve Study Report that was prepared 4 years ago for the 2015/2016 fiscal period. A property site observation was conducted on September 23rd, 2019 to verify conditions and update information in the previous report. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 57 units contained within 15 buildings and an additional storage building in the northeastern section of the property. Common areas the association maintains include building exterior surfaces, asphalt drive, concrete, wood fencing, decks, landscaping, and an irrigation system. Please refer to the *Projected Reserve Expenditures* table of the financial analysis section of the report for a detailed list of components that will need to be addressed in the near future.

The following are some general notes regarding components:

- **You may notice several components that may have an N/A under the Useful Life column. This indicates that funding is not included for these items either because the association is not responsible to maintain these components, or the threshold cost is not significant enough to warrant Reserve funding and should be addressed as needed with general operating funds.**
- **There may be a few components (concrete repairs, irrigation system, groundcover replenishment, etc.) that are considered partial replacement and should not be misconstrued as complete replacement of that particular item.**

In comparing the projected balance of \$239,020 versus the ideal Reserve Balance of \$767,822, we find the association Reserve fund to be in a fair financial position at this time (approximately 31% funded of ideal). Communities in this financial position are often susceptible to Special Assessments and deferred maintenance, which can lead to lower property values. As a result of the information contained in this report, we find no alternative to recommend a Special Assessment of \$470,250 (\$8,250 per unit) to be passed in order to address the projects scheduled for 2019/2020. Since the 2019/2020 budget has already been established, we recommend continuing to allocate \$833.33 per month into the Reserve Account. However, we find it necessary to recommend an increase of the Reserve contribution to \$10,525 per month starting in 2020/2021, followed by nominal annual increases of 4.00% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$9,900 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are likely at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period.

Funding Summary For Reynolds Farm Condo Assoc.

Beginning Assumptions

Financial Information Source	Research With Client
# of units	57
Fiscal Year End	June 30, 2020
Monthly Dues from 2019/2020 budget	\$14,250.00
Monthly Reserve Allocation from 2019/2020 Budget	\$833.33
Projected Starting Reserve Balance (as of 7/1/2019)	\$239,020
Reserve Balance: Average Per Unit	\$4,193
Ideal Starting Reserve Balance (as of 7/1/2019)	\$767,822
Ideal Reserve Balance: Average Per Unit	\$13,471

Economic Factors

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

Current Reserve Status

Current Balance as a % of Ideal Balance	31%
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Recommendations for 2019/2020 Fiscal Year

Monthly Reserve Allocation (2019/2020)	\$833
Per Unit	\$14.62
Monthly Reserve Allocation (starting 2020/2021)	\$10,525
Per Unit	\$184.65
Minimum Monthly Reserve Allocation (starting 2020/2021)	\$9,900
Per Unit	\$173.68
Primary Annual Increases	4.00%
# of Years	30
Special Assessment	\$470,250
Per Unit	\$8,250

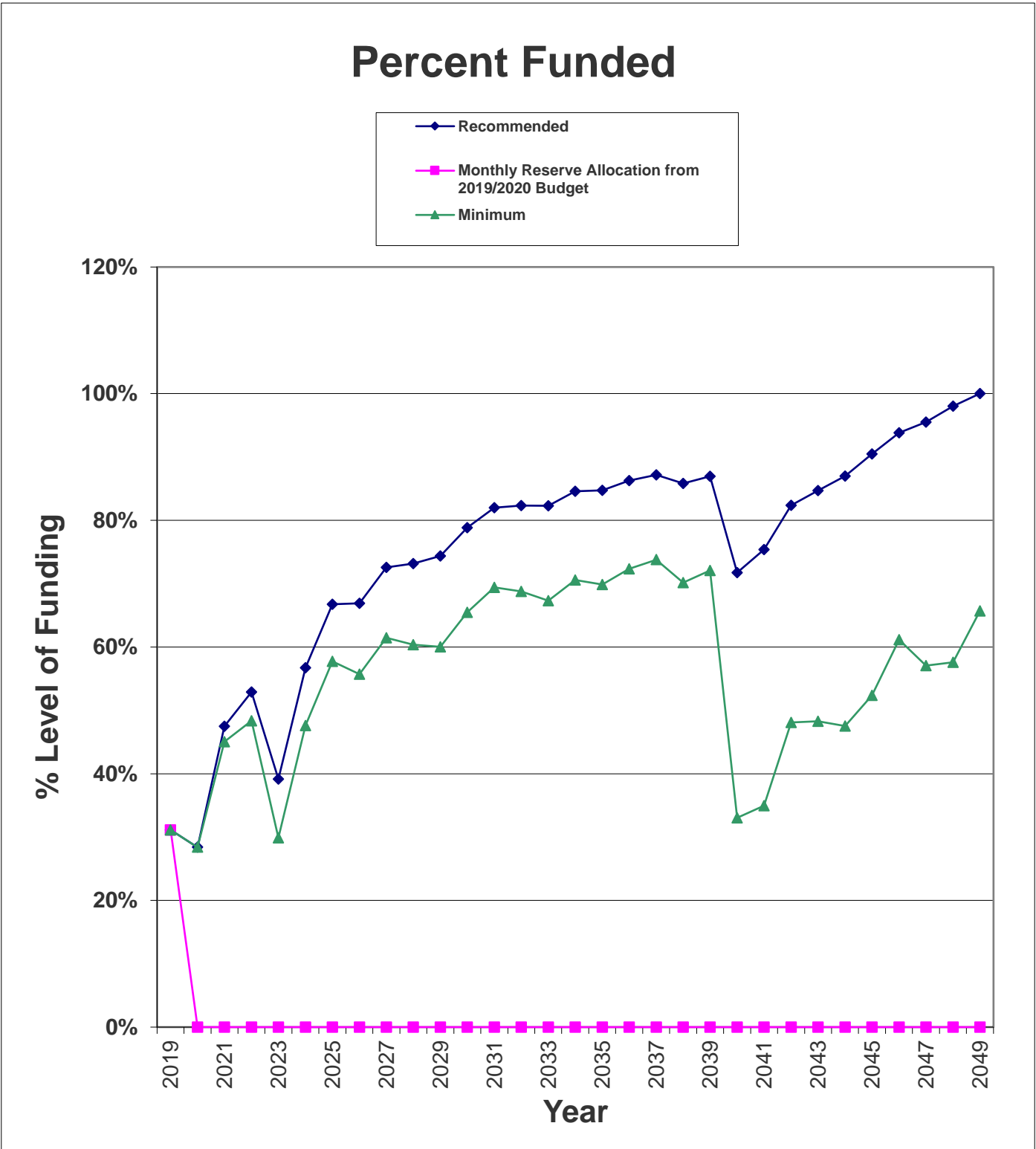
Changes To Current 2019/2020 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$0
as Percentage	0%
Average Per Unit	\$0.00

Changes from 2019/2020 to 2020/2021 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$9,692
as Percentage	1163%
Average Per Unit	\$170.03

Percent Funded Graph For Reynolds Farm Condo Assoc.



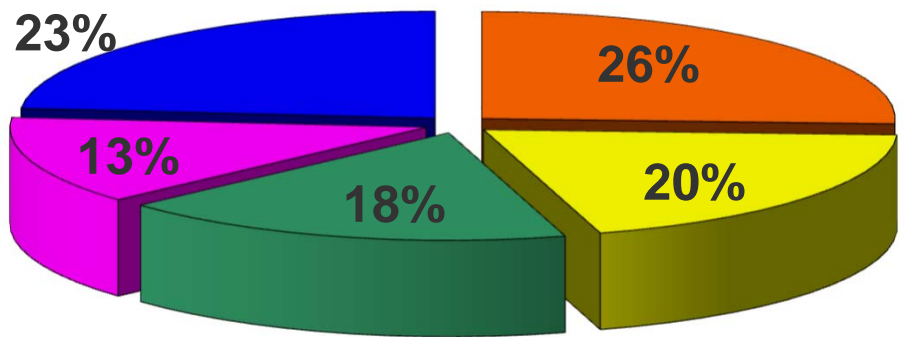
Component Inventory for Reynolds Farm Condo Assoc

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Comp Shingle Roof - Replace	20	0	\$409,200	\$465,000
	108	Metal Roof - Major Repairs	8	2	\$3,875	\$4,375
	120	Gutters/Downspouts - Replace	20	0	\$70,175	\$80,200
Painted Surfaces	204	Unit Bldg Ext Surfaces - Repaint	1	0	\$25,700	\$31,400
	205	Storage Building - Repaint	6	3	\$5,500	\$6,000
Siding Materials	305	Unit Bldg Siding - Major Repairs	1	0	\$7,200	\$8,800
	306	Storage Siding - Major Repairs	6	3	\$2,200	\$2,800
Drive Materials	401	Asphalt - Major Overlay	25	2	\$38,450	\$44,275
	402	Asphalt - Surface Application	5	3	\$9,325	\$10,500
	403	Concrete Driveways/Sidewalks - Repair/	5	3	\$67,700	\$78,975
Walking Surfaces	607	Decks/Rails - Replace	3	0	\$56,000	\$61,900
	625	Breeze/Crushed Granite - Replenish	N/A		\$0	\$0
Prop. Identification	803	Mailboxes - Replace	N/A		\$0	\$0
Fencing/Walls	1001	Perimeter Wood Fencing - Replace	25	0	\$42,000	\$48,000
	1001	Unit Wood Fencing - Partial Replace	6	1	\$6,650	\$7,600
	1009	Split Rail Fencing - Replace	N/A		\$0	\$0
Recreation Equip.	1307	Benches - Replace	N/A		\$0	\$0
Light Fixtures	1602	Exterior Wall Mount - Replace	18	6	\$24,100	\$28,400
Irrig. System	1701	Irrigation System - Major Repairs	5	2	\$8,000	\$12,000
	1703	Irrigation Controllers - Replace	6	3	\$3,000	\$3,600
Landscaping	1801	Groundcover - Replenish	3	0	\$4,250	\$6,500
	1804	Tree - Replacement/Major Maintenance	N/A		\$0	\$0

Significant Components For Reynolds Farm Condo Assoc.

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace	20	0	\$437,100	\$21,855	19.7253%
108	Metal Roof - Major Repairs	8	2	\$4,125	\$516	0.4654%
120	Gutters/Downspouts - Replace	20	0	\$75,188	\$3,759	3.3930%
204	Unit Bldg Ext Surfaces - Repaint	1	0	\$28,550	\$28,550	25.7678%
205	Storage Building - Repaint	6	3	\$5,750	\$958	0.8649%
305	Unit Bldg Siding - Major Repairs	1	0	\$8,000	\$8,000	7.2204%
306	Storage Siding - Major Repairs	6	3	\$2,500	\$417	0.3761%
401	Asphalt - Major Overlay	25	2	\$41,363	\$1,655	1.4933%
402	Asphalt - Surface Application	5	3	\$9,913	\$1,983	1.7893%
403	Concrete Driveways/Sidewalks - Repair/Replace	5	3	\$73,338	\$14,668	13.2382%
607	Decks/Rails - Replace	3	0	\$58,950	\$19,650	17.7351%
1001	Perimeter Wood Fencing - Replace	25	0	\$45,000	\$1,800	1.6246%
1001	Unit Wood Fencing - Partial Replace	6	1	\$7,125	\$1,188	1.0718%
1602	Exterior Wall Mount - Replace	18	6	\$26,250	\$1,458	1.3162%
1701	Irrigation System - Major Repairs	5	2	\$10,000	\$2,000	1.8051%
1703	Irrigation Controllers - Replace	6	3	\$3,300	\$550	0.4964%
1801	Groundcover - Replenish	3	0	\$5,375	\$1,792	1.6171%

Significant Components Graph For Reynolds Farm Condo Assoc.



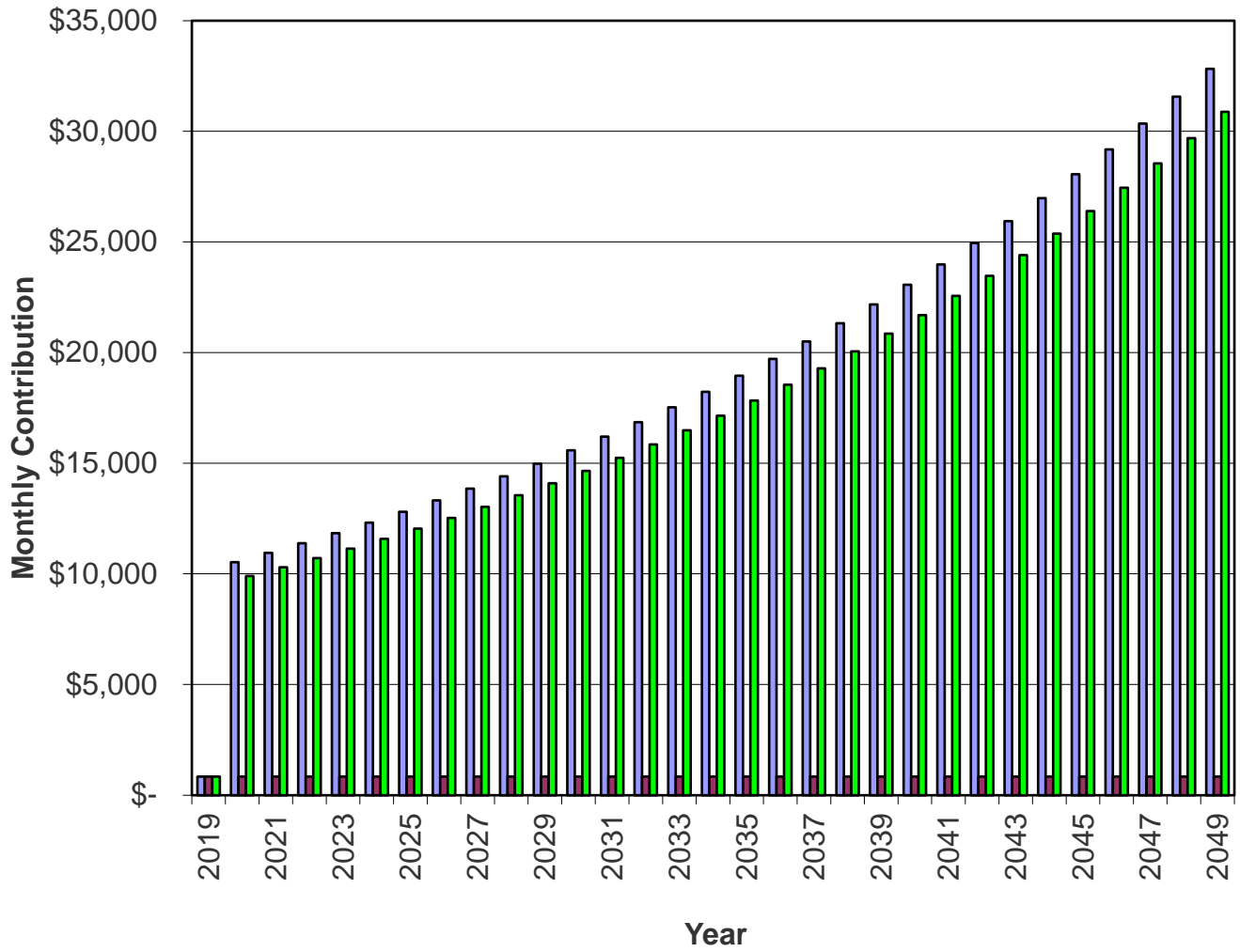
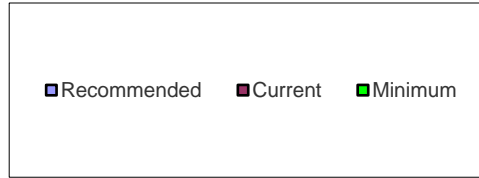
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
204	Unit Bldg Ext Surfaces - Repaint	1	0	\$28,550	\$28,550	26%
105	Comp Shingle Roof - Replace	20	0	\$437,100	\$21,855	20%
607	Decks/Rails - Replace	3	0	\$58,950	\$19,650	18%
403	Concrete Driveways/Sidewalks - Repair	5	3	\$73,338	\$14,668	13%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$26,075	24%

Yearly Summary For Reynolds Farm Condo Assoc.

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2019	\$767,822	\$239,020	31%	\$10,000	\$470,250	\$3,870	\$658,163
2020	\$228,724	\$64,977	28%	\$126,300	\$0	\$1,060	\$45,313
2021	\$309,552	\$147,024	47%	\$131,352	\$0	\$1,639	\$99,070
2022	\$342,110	\$180,946	53%	\$136,606	\$0	\$1,406	\$218,524
2023	\$256,595	\$100,434	39%	\$142,070	\$0	\$1,510	\$42,349
2024	\$355,470	\$201,665	57%	\$147,753	\$0	\$2,547	\$43,937
2025	\$461,399	\$308,029	67%	\$153,663	\$0	\$3,070	\$158,548
2026	\$457,574	\$306,215	67%	\$159,810	\$0	\$3,530	\$69,453
2027	\$551,418	\$400,102	73%	\$166,202	\$0	\$4,046	\$160,828
2028	\$559,556	\$409,522	73%	\$172,850	\$0	\$4,196	\$156,587
2029	\$578,187	\$429,981	74%	\$179,764	\$0	\$4,927	\$58,777
2030	\$704,998	\$555,896	79%	\$186,955	\$0	\$6,248	\$54,797
2031	\$846,923	\$694,302	82%	\$194,433	\$0	\$7,085	\$172,461
2032	\$878,557	\$723,359	82%	\$202,210	\$0	\$7,254	\$204,830
2033	\$884,500	\$727,994	82%	\$210,299	\$0	\$8,062	\$61,196
2034	\$1,046,642	\$885,159	85%	\$218,711	\$0	\$9,010	\$195,292
2035	\$1,082,957	\$917,588	85%	\$227,459	\$0	\$10,030	\$65,871
2036	\$1,262,396	\$1,089,205	86%	\$236,558	\$0	\$11,693	\$87,040
2037	\$1,434,371	\$1,250,416	87%	\$246,020	\$0	\$11,963	\$365,192
2038	\$1,332,272	\$1,143,207	86%	\$255,861	\$0	\$12,328	\$87,904
2039	\$1,522,393	\$1,323,493	87%	\$266,095	\$0	\$8,876	\$1,146,056
2040	\$630,486	\$452,407	72%	\$276,739	\$0	\$4,712	\$243,564
2041	\$650,470	\$490,294	75%	\$287,808	\$0	\$5,846	\$104,630
2042	\$824,686	\$679,317	82%	\$299,321	\$0	\$6,925	\$279,372
2043	\$833,830	\$706,190	85%	\$311,294	\$0	\$7,113	\$307,571
2044	\$824,112	\$717,026	87%	\$323,745	\$0	\$7,711	\$222,589
2045	\$912,629	\$825,893	90%	\$336,695	\$0	\$9,456	\$105,930
2046	\$1,136,319	\$1,066,115	94%	\$350,163	\$0	\$10,246	\$442,547
2047	\$1,030,384	\$983,977	95%	\$364,169	\$0	\$10,027	\$335,833
2048	\$1,042,839	\$1,022,340	98%	\$378,736	\$0	\$11,639	\$106,302

Reserve Contributions For Reynolds Farm Condo Assoc.

Reserve Contributions



Component Funding Information For Reynolds Farm Condo Assoc.

ID	Component Name	RUL	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Comp Shingle Roof - Replace	0	\$437,100	\$437,100	\$239,020	\$164.38
108	Metal Roof - Major Repairs	2	\$4,125	\$3,094	\$0	\$3.88
120	Gutters/Downspouts - Replace	0	\$75,188	\$75,188	\$0	\$28.28
204	Unit Bldg Ext Surfaces - Repaint	0	\$28,550	\$28,550	\$0	\$214.73
205	Storage Building - Repaint	3	\$5,750	\$2,875	\$0	\$7.21
305	Unit Bldg Siding - Major Repairs	0	\$8,000	\$8,000	\$0	\$60.17
306	Storage Siding - Major Repairs	3	\$2,500	\$1,250	\$0	\$3.13
401	Asphalt - Major Overlay	2	\$41,363	\$38,054	\$0	\$12.44
402	Asphalt - Surface Application	3	\$9,913	\$3,965	\$0	\$14.91
403	Concrete Driveways/Sidewalks - Repair/Replace	3	\$73,338	\$29,335	\$0	\$110.32
607	Decks/Rails - Replace	0	\$58,950	\$58,950	\$0	\$147.79
1001	Perimeter Wood Fencing - Replace	0	\$45,000	\$45,000	\$0	\$13.54
1001	Unit Wood Fencing - Partial Replace	1	\$7,125	\$5,938	\$0	\$8.93
1602	Exterior Wall Mount - Replace	6	\$26,250	\$17,500	\$0	\$10.97
1701	Irrigation System - Major Repairs	2	\$10,000	\$6,000	\$0	\$15.04
1703	Irrigation Controllers - Replace	3	\$3,300	\$1,650	\$0	\$4.14
1801	Groundcover - Replenish	0	\$5,375	\$5,375	\$0	\$13.48

Yearly Cash Flow For Reynolds Farm Condo Assoc.

Year	2019	2020	2021	2022	2023
Starting Balance	\$239,020	\$64,977	\$147,024	\$180,946	\$100,434
<i>Reserve Income</i>	\$10,000	\$126,300	\$131,352	\$136,606	\$142,070
<i>Interest Earnings</i>	\$3,870	\$1,060	\$1,639	\$1,406	\$1,510
<i>Special Assessments</i>	\$470,250	\$0	\$0	\$0	\$0
Funds Available	\$723,140	\$192,337	\$280,015	\$318,958	\$244,014
Reserve Expenditures	\$658,163	\$45,313	\$99,070	\$218,524	\$42,349
Ending Balance	\$64,977	\$147,024	\$180,946	\$100,434	\$201,665

Year	2024	2025	2026	2027	2028
Starting Balance	\$201,665	\$308,029	\$306,215	\$400,102	\$409,522
<i>Reserve Income</i>	\$147,753	\$153,663	\$159,810	\$166,202	\$172,850
<i>Interest Earnings</i>	\$2,547	\$3,070	\$3,530	\$4,046	\$4,196
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$351,966	\$464,762	\$469,554	\$570,350	\$586,568
Reserve Expenditures	\$43,937	\$158,548	\$69,453	\$160,828	\$156,587
Ending Balance	\$308,029	\$306,215	\$400,102	\$409,522	\$429,981

Year	2029	2030	2031	2032	2033
Starting Balance	\$429,981	\$555,896	\$694,302	\$723,359	\$727,994
<i>Reserve Income</i>	\$179,764	\$186,955	\$194,433	\$202,210	\$210,299
<i>Interest Earnings</i>	\$4,927	\$6,248	\$7,085	\$7,254	\$8,062
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$614,673	\$749,099	\$895,820	\$932,823	\$946,355
Reserve Expenditures	\$58,777	\$54,797	\$172,461	\$204,830	\$61,196
Ending Balance	\$555,896	\$694,302	\$723,359	\$727,994	\$885,159

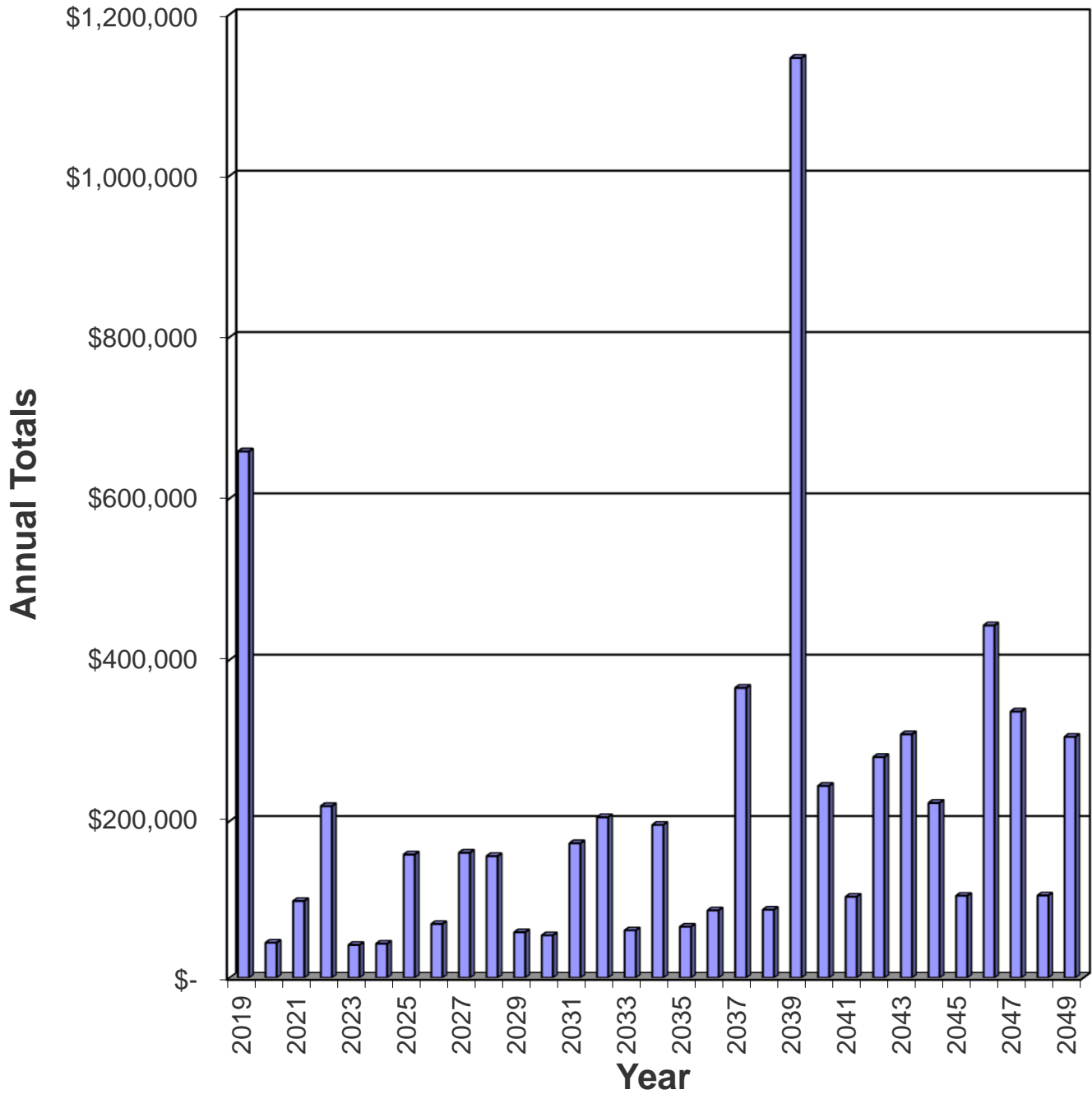
Year	2034	2035	2036	2037	2038
Starting Balance	\$885,159	\$917,588	\$1,089,205	\$1,250,416	\$1,143,207
<i>Reserve Income</i>	\$218,711	\$227,459	\$236,558	\$246,020	\$255,861
<i>Interest Earnings</i>	\$9,010	\$10,030	\$11,693	\$11,963	\$12,328
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,112,880	\$1,155,077	\$1,337,456	\$1,508,399	\$1,411,396
Reserve Expenditures	\$195,292	\$65,871	\$87,040	\$365,192	\$87,904
Ending Balance	\$917,588	\$1,089,205	\$1,250,416	\$1,143,207	\$1,323,493

Year	2039	2040	2041	2042	2043
Starting Balance	\$1,323,493	\$452,407	\$490,294	\$679,317	\$706,190
<i>Reserve Income</i>	\$266,095	\$276,739	\$287,808	\$299,321	\$311,294
<i>Interest Earnings</i>	\$8,876	\$4,712	\$5,846	\$6,925	\$7,113
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,598,463	\$733,858	\$783,948	\$985,563	\$1,024,597
Reserve Expenditures	\$1,146,056	\$243,564	\$104,630	\$279,372	\$307,571
Ending Balance	\$452,407	\$490,294	\$679,317	\$706,190	\$717,026

Year	2044	2045	2046	2047	2048
Starting Balance	\$717,026	\$825,893	\$1,066,115	\$983,977	\$1,022,340
<i>Reserve Income</i>	\$323,745	\$336,695	\$350,163	\$364,169	\$378,736
<i>Interest Earnings</i>	\$7,711	\$9,456	\$10,246	\$10,027	\$11,639
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,048,483	\$1,172,045	\$1,426,524	\$1,358,173	\$1,412,715
Reserve Expenditures	\$222,589	\$105,930	\$442,547	\$335,833	\$106,302
Ending Balance	\$825,893	\$1,066,115	\$983,977	\$1,022,340	\$1,306,413

Yearly Expenditures Graph For Reynolds Farm Condo Assoc.

Reserve Expenditures



Projected Reserve Expenditures For Reynolds Farm Condo Assoc.

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2019	105	Comp Shingle Roof - Replace	\$437,100	
	120	Gutters/Downspouts - Replace	\$75,188	
	204	Unit Bldg Ext Surfaces - Repaint	\$28,550	
	305	Unit Bldg Siding - Major Repairs	\$8,000	
	607	Decks/Rails - Replace	\$58,950	
	1001	Perimeter Wood Fencing - Replace	\$45,000	
	1801	Groundcover - Replenish	\$5,375	\$658,163
2020	204	Unit Bldg Ext Surfaces - Repaint	\$29,621	
	305	Unit Bldg Siding - Major Repairs	\$8,300	
	1001	Unit Wood Fencing - Partial Replace	\$7,392	\$45,313
2021	108	Metal Roof - Major Repairs	\$4,440	
	204	Unit Bldg Ext Surfaces - Repaint	\$30,731	
	305	Unit Bldg Siding - Major Repairs	\$8,611	
	401	Asphalt - Major Overlay	\$44,523	
	1701	Irrigation System - Major Repairs	\$10,764	\$99,070
2022	204	Unit Bldg Ext Surfaces - Repaint	\$31,884	
	205	Storage Building - Repaint	\$6,421	
	305	Unit Bldg Siding - Major Repairs	\$8,934	
	306	Storage Siding - Major Repairs	\$2,792	
	402	Asphalt - Surface Application	\$11,070	
	403	Concrete Driveways/Sidewalks - Repair/Replace	\$81,901	
	607	Decks/Rails - Replace	\$65,834	
	1703	Irrigation Controllers - Replace	\$3,685	
1801	Groundcover - Replenish	\$6,003	\$218,524	
2023	204	Unit Bldg Ext Surfaces - Repaint	\$33,079	
	305	Unit Bldg Siding - Major Repairs	\$9,269	\$42,349
2024	204	Unit Bldg Ext Surfaces - Repaint	\$34,320	
	305	Unit Bldg Siding - Major Repairs	\$9,617	\$43,937
2025	204	Unit Bldg Ext Surfaces - Repaint	\$35,607	
	305	Unit Bldg Siding - Major Repairs	\$9,977	
	607	Decks/Rails - Replace	\$73,521	
	1602	Exterior Wall Mount - Replace	\$32,738	
	1801	Groundcover - Replenish	\$6,704	\$158,548
2026	204	Unit Bldg Ext Surfaces - Repaint	\$36,942	
	305	Unit Bldg Siding - Major Repairs	\$10,352	
	1001	Unit Wood Fencing - Partial Replace	\$9,219	
	1701	Irrigation System - Major Repairs	\$12,939	\$69,453
2027	204	Unit Bldg Ext Surfaces - Repaint	\$38,328	
	305	Unit Bldg Siding - Major Repairs	\$10,740	
	402	Asphalt - Surface Application	\$13,307	
	403	Concrete Driveways/Sidewalks - Repair/Replace	\$98,453	\$160,828
2028	204	Unit Bldg Ext Surfaces - Repaint	\$39,765	
	205	Storage Building - Repaint	\$8,009	
	305	Unit Bldg Siding - Major Repairs	\$11,143	
	306	Storage Siding - Major Repairs	\$3,482	
	607	Decks/Rails - Replace	\$82,106	
	1703	Irrigation Controllers - Replace	\$4,596	
	1801	Groundcover - Replenish	\$7,486	\$156,587
2029	108	Metal Roof - Major Repairs	\$5,961	
	204	Unit Bldg Ext Surfaces - Repaint	\$41,256	
	305	Unit Bldg Siding - Major Repairs	\$11,560	\$58,777
2030	204	Unit Bldg Ext Surfaces - Repaint	\$42,803	
	305	Unit Bldg Siding - Major Repairs	\$11,994	\$54,797

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2031	204	Unit Bldg Ext Surfaces - Repaint	\$44,408	
	305	Unit Bldg Siding - Major Repairs	\$12,444	
	607	Decks/Rails - Replace	\$91,694	
	1701	Irrigation System - Major Repairs	\$15,555	
	1801	Groundcover - Replenish	\$8,361	\$172,461
2032	204	Unit Bldg Ext Surfaces - Repaint	\$46,074	
	305	Unit Bldg Siding - Major Repairs	\$12,910	
	402	Asphalt - Surface Application	\$15,997	
	403	Concrete Driveways/Sidewalks - Repair/Replace	\$118,351	
	1001	Unit Wood Fencing - Partial Replace	\$11,498	\$204,830
2033	204	Unit Bldg Ext Surfaces - Repaint	\$47,801	
	305	Unit Bldg Siding - Major Repairs	\$13,394	\$61,196
2034	204	Unit Bldg Ext Surfaces - Repaint	\$49,594	
	205	Storage Building - Repaint	\$9,988	
	305	Unit Bldg Siding - Major Repairs	\$13,897	
	306	Storage Siding - Major Repairs	\$4,343	
	607	Decks/Rails - Replace	\$102,401	
	1703	Irrigation Controllers - Replace	\$5,732	
	1801	Groundcover - Replenish	\$9,337	\$195,292
2035	204	Unit Bldg Ext Surfaces - Repaint	\$51,454	
	305	Unit Bldg Siding - Major Repairs	\$14,418	\$65,871
2036	204	Unit Bldg Ext Surfaces - Repaint	\$53,383	
	305	Unit Bldg Siding - Major Repairs	\$14,958	
	1701	Irrigation System - Major Repairs	\$18,698	\$87,040
2037	108	Metal Roof - Major Repairs	\$8,002	
	204	Unit Bldg Ext Surfaces - Repaint	\$55,385	
	305	Unit Bldg Siding - Major Repairs	\$15,519	
	402	Asphalt - Surface Application	\$19,230	
	403	Concrete Driveways/Sidewalks - Repair/Replace	\$142,270	
	607	Decks/Rails - Replace	\$114,359	
	1801	Groundcover - Replenish	\$10,427	\$365,192
2038	204	Unit Bldg Ext Surfaces - Repaint	\$57,462	
	305	Unit Bldg Siding - Major Repairs	\$16,101	
	1001	Unit Wood Fencing - Partial Replace	\$14,340	\$87,904
2039	105	Comp Shingle Roof - Replace	\$912,731	
	120	Gutters/Downspouts - Replace	\$157,003	
	204	Unit Bldg Ext Surfaces - Repaint	\$59,617	
	305	Unit Bldg Siding - Major Repairs	\$16,705	\$1,146,056
2040	204	Unit Bldg Ext Surfaces - Repaint	\$61,852	
	205	Storage Building - Repaint	\$12,457	
	305	Unit Bldg Siding - Major Repairs	\$17,332	
	306	Storage Siding - Major Repairs	\$5,416	
	607	Decks/Rails - Replace	\$127,713	
	1703	Irrigation Controllers - Replace	\$7,149	
	1801	Groundcover - Replenish	\$11,645	\$243,564
2041	204	Unit Bldg Ext Surfaces - Repaint	\$64,172	
	305	Unit Bldg Siding - Major Repairs	\$17,982	
	1701	Irrigation System - Major Repairs	\$22,477	\$104,630
2042	204	Unit Bldg Ext Surfaces - Repaint	\$66,578	
	305	Unit Bldg Siding - Major Repairs	\$18,656	
	402	Asphalt - Surface Application	\$23,116	
	403	Concrete Driveways/Sidewalks - Repair/Replace	\$171,022	\$279,372
2043	204	Unit Bldg Ext Surfaces - Repaint	\$69,075	
	305	Unit Bldg Siding - Major Repairs	\$19,356	
	607	Decks/Rails - Replace	\$142,626	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1602	Exterior Wall Mount - Replace	\$63,510	
	1801	Groundcover - Replenish	\$13,004	\$307,571
2044	204	Unit Bldg Ext Surfaces - Repaint	\$71,665	
	305	Unit Bldg Siding - Major Repairs	\$20,081	
	1001	Perimeter Wood Fencing - Replace	\$112,958	
	1001	Unit Wood Fencing - Partial Replace	\$17,885	\$222,589
2045	108	Metal Roof - Major Repairs	\$10,743	
	204	Unit Bldg Ext Surfaces - Repaint	\$74,353	
	305	Unit Bldg Siding - Major Repairs	\$20,834	\$105,930
2046	204	Unit Bldg Ext Surfaces - Repaint	\$77,141	
	205	Storage Building - Repaint	\$15,536	
	305	Unit Bldg Siding - Major Repairs	\$21,616	
	306	Storage Siding - Major Repairs	\$6,755	
	401	Asphalt - Major Overlay	\$111,760	
	607	Decks/Rails - Replace	\$159,281	
	1701	Irrigation System - Major Repairs	\$27,020	
	1703	Irrigation Controllers - Replace	\$8,916	
	1801	Groundcover - Replenish	\$14,523	\$442,547
2047	204	Unit Bldg Ext Surfaces - Repaint	\$80,034	
	305	Unit Bldg Siding - Major Repairs	\$22,426	
	402	Asphalt - Surface Application	\$27,788	
	403	Concrete Driveways/Sidewalks - Repair/Replace	\$205,586	\$335,833
2048	204	Unit Bldg Ext Surfaces - Repaint	\$83,035	
	305	Unit Bldg Siding - Major Repairs	\$23,267	\$106,302
2049	204	Unit Bldg Ext Surfaces - Repaint	\$86,149	
	305	Unit Bldg Siding - Major Repairs	\$24,140	
	607	Decks/Rails - Replace	\$177,880	
	1801	Groundcover - Replenish	\$16,219	\$304,387

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Principles –

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

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

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

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

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

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

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

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

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

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

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

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