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Update “With-Site-Visit” Reserve Study



Tall Firs CA **Federal Way, WA**

Report #: 6317-3
For Period Beginning: January 1, 2010
Ending: December 31, 2010

Date Prepared: August 25, 2009

Hello, and welcome to your Reserve Study!

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

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

In this Report, you will find...

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

More Questions?

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

253.661.5437

The logo for Association Reserves features the word "ASSOCIATION" in a serif font above the word "RESERVES" in a larger, bold serif font. A large, stylized letter "R" is positioned to the left of "RESERVES", overlapping the "A" in "ASSOCIATION". The letters "A" and "R" are dark, while "SSOCIATION" and "RESERVES" are a lighter shade. A green swoosh underline is behind the text.

**ASSOCIATION
RESERVES**

Est. 1986

Reserve Studies for Community Associations

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3- Minute Executive Summary

Association: Tall Firs CA Assoc. #: 6317-3
Location: Federal Way, WA
of Units: 201
Report Period: January 1, 2010 through December 31, 2010

Results

Projected Starting Reserve Balance:	\$405,065
Fully Funded Reserve Balance:	\$1,847,963
Average Reserve Deficit (Surplus) Per Unit:.....	\$7,179
Percent Funded:	21.9%
Recommended 2010 Monthly Reserve Contribution:	\$23,500
Recommended Special Assessment this year:	\$0
Most Recent Reserve Contribution Rate:.....	\$5,800

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.....3.48%
Annual Inflation Rate3.00%

- This is an "Update With-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2002 Fiscal Year. The information in this Reserve Study is based on our site inspection on July 15, 2009 and meets all requirements of chapter 64.34 RCW, Article 3, Section 2. This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Your Reserve Fund is 21.9% Funded. This represents a weak position, below the 70-100% level where associations statistically enjoy fiscal stability with relatively low risk of special assessment and/or deferred maintenance.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$23,500 with annual increases thereafter (see Tables 4 and 5). See photo pages for detailed component information and the basis of our assumptions. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".

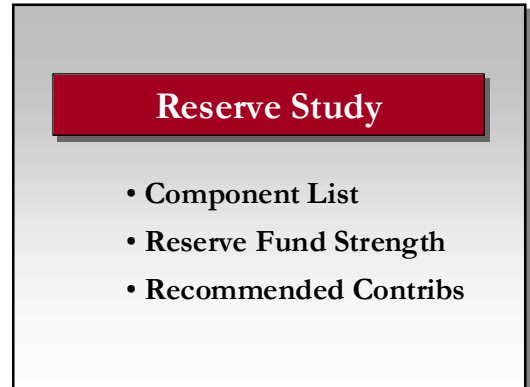
# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
100 Building Envelope - Investigation	N/A	0	\$8,500	\$0
103 Concrete - Repair/Replace	5	0	\$3,000	\$3,478
103 Curbing - Repair/Replace	5	0	\$2,600	\$3,014
108 Exposed Decks - Repair/Replace	1	0	\$99,000	\$101,970
108 Sheltered Decks - Repair/Replace	20	5	\$36,400	\$42,198
201 Asphalt - Resurface	25	4	\$329,525	\$370,883
202 Asphalt - Seal/Repair	5	0	\$47,075	\$54,573
320 Pole Lights - Replace	30	0	\$82,500	\$200,249
410 Garbage Enclosure - Replace	15	5	\$28,000	\$32,460
502 Chain Link Fence - Replace	30	5	\$73,400	\$85,091
504 Vinyl Fence - Replace	30	29	\$11,000	\$25,922
505 Wood Fence - Replace (a)	15	0	\$19,000	\$29,601
505 Wood Fence - Replace (b)	15	10	\$31,000	\$41,661
909 Bathroom/Sauna - Refurbish	20	2	\$6,500	\$6,896
910 Rec Rm Interior - Refurbish	10	3	\$4,000	\$4,371
913 Resident Managers Unit - Refurbish	5	5	\$2,500	\$2,898
1002 Irrigation System - Repair/Replace	1	0	\$4,000	\$4,120
1109 Wood Fence - Repaint	6	3	\$9,045	\$9,884
1116 Wood Surfaces - Repaint	6	3	\$100,000	\$109,273
1120 Vinyl Siding - Replace	40	28	\$1,474,800	\$3,374,236
1121 Vinyl Siding - Clean/Inspect	4	1	\$20,100	\$20,703
1202 Acrylic Spa - Replace	20	4	\$4,500	\$5,065
1202 Pool - Repaint	7	0	\$10,000	\$12,299
1303 Carport Shingle Roof - Replace	25	12	\$172,500	\$245,944
1303 Unit Shingle Roof - Replace	25	8	\$588,750	\$745,811
1310 Gutters/Downspouts - Repair/Replace	25	8	\$61,200	\$77,526
1603 Racquetball Court - Resurface	12	4	\$2,800	\$3,151
1604 Tennis/Basketball Court - Resurface	8	0	\$12,000	\$15,201
1808 Trees - Trim/Remove	N/A	0	\$15,000	\$0
1901 Site Drainage - Repair	1	0	\$7,500	\$7,725
1902 Carports Posts - Partial Repair/Rep	1	0	\$66,500	\$68,495
1903 Carports - Repaint	10	0	\$14,500	\$19,487
1909 Maintenance Cart - Replace	15	10	\$13,000	\$17,471
33 Total Funded Components				

Note: a Useful Life of "N/A" means a one-time expense, not expected to repeat.
Cross reference component numbers with photographic inventory appendix.
Highlighting denotes projects expected to occur in our reporting period (fiscal 2010).

Introduction

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

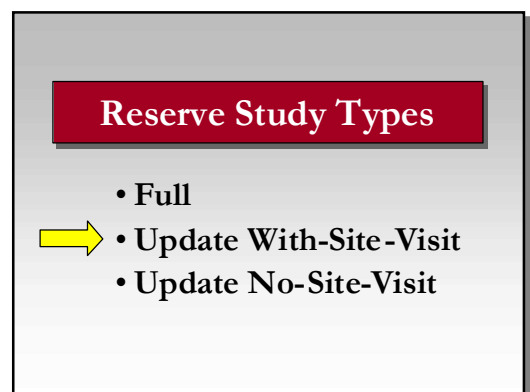
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance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



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

Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Update With-Site-Visit" Reserve Study, we started with a review of your prior Reserve Study, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We performed an on-site inspection to evaluate your common areas, updating and adjusting your Reserve Component List as appropriate.



Which Physical Assets are Covered by Reserves?

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve

Reserve Components

- Common Area
- Limited Useful Life
- Predictable Life Limit
- Cost must be Significant

Components to major, predictable expenses. Within this framework, it is inappropriate to include “lifetime” components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

How are Useful Life and Remaining Useful Life established?

- 1) Visual Inspection (observed wear and age since last report)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

How are Cost Estimates Established?

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

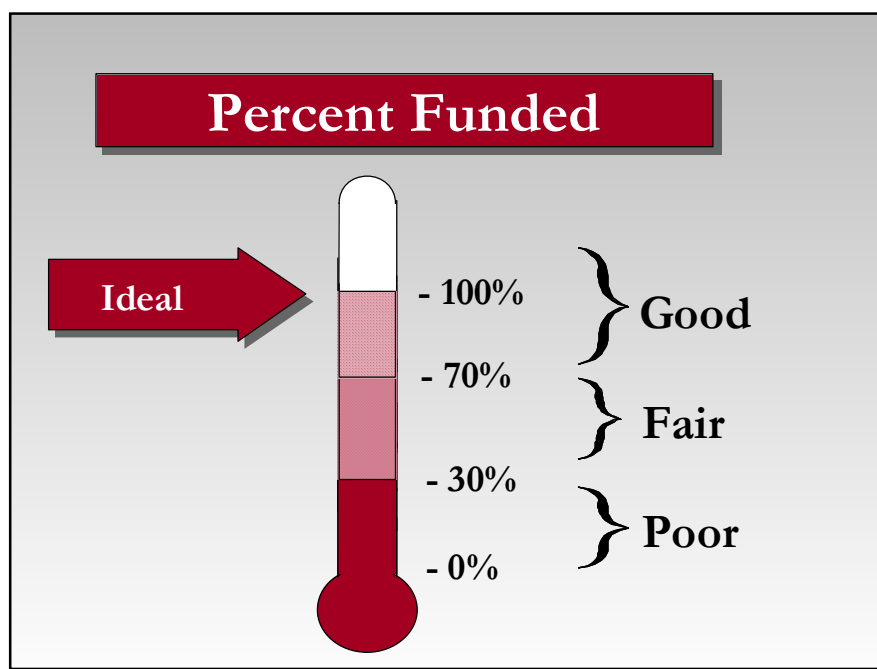
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB).
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% -130% range is considered "strong" because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Board members to recommend to their association.

Funding Principles

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

What is our Recommended Funding Goal?

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

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

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

Funding Goals

- Full Funding
- Threshold Funding
- Baseline Funding

Site Inspection Notes

Our site inspection was conducted to update information that appeared in a prior reserve study prepared by Association Reserves for the association's 2002 fiscal year. The component inventory was analyzed for completeness and accuracy. All components were re-inspected and checked for appropriateness for reserve funding using the standard four-part test.

Several components were added within the reserve schedule that were previously cared for through on-site maintenance personnel within the operating budget.

A building envelope investigation is recommended at this time (see component #100 in photo pages). There are several areas of concern, including: deck structural integrity, covered internal carport roofs. Forensic evaluation (test openings / analysis) is beyond the scope of this study – incorporate recommendations and results within reserve study updates.

Projected Expenses

The figure below shows the array of the projected future expenses at your association. This figure clearly shows the near term and future expenses that your association will face.

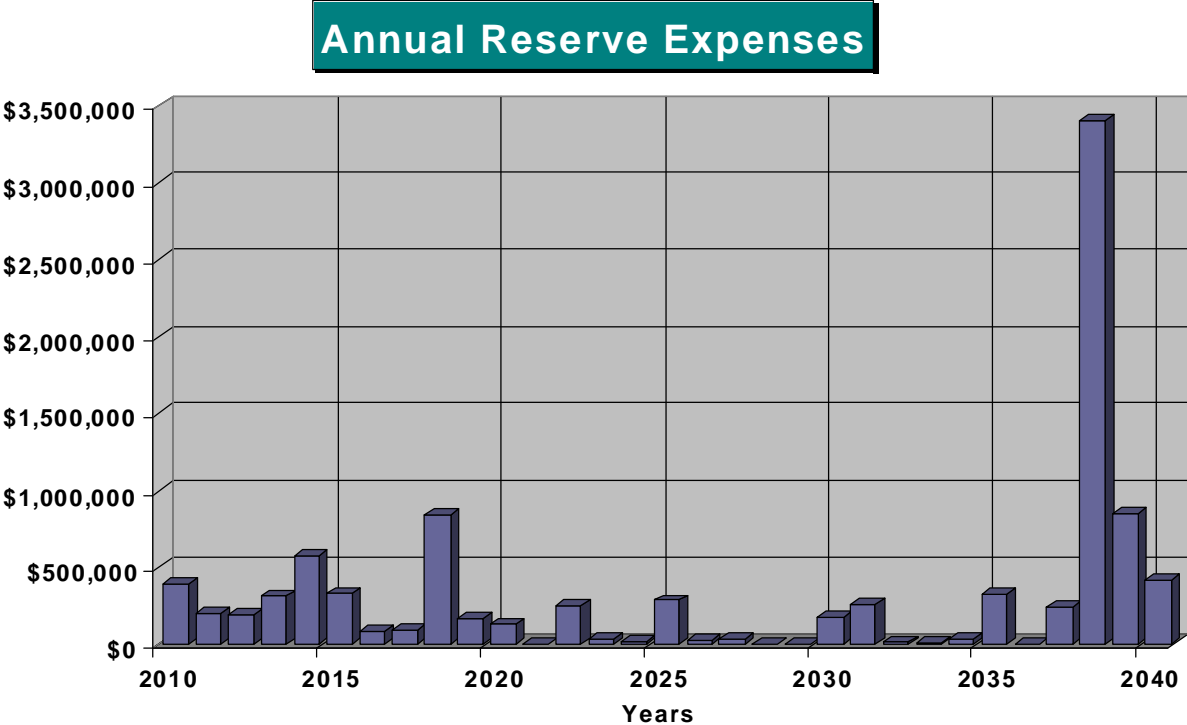


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$405,065 as-of the start of your Fiscal Year on January 1, 2010. This is based on your actual balance on 05/31/09 of \$401,308 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of January 1, 2010, your Fully Funded Balance is computed to be \$1,847,963 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 22% Funded. As indicated earlier in the Executive Summary, this represents a weak status.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$23,500/month this Fiscal Year. This represents the first year of the 30-year Funding Plan shown below. This same information is shown numerically in both Table 4 and Table 5.

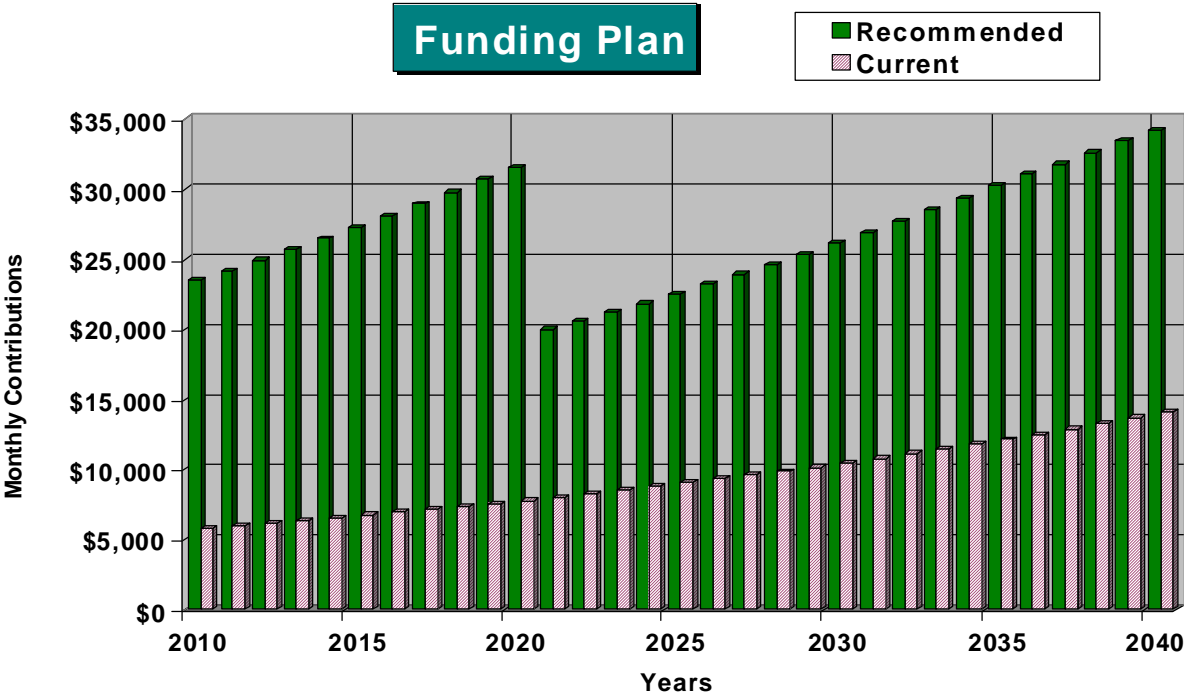


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

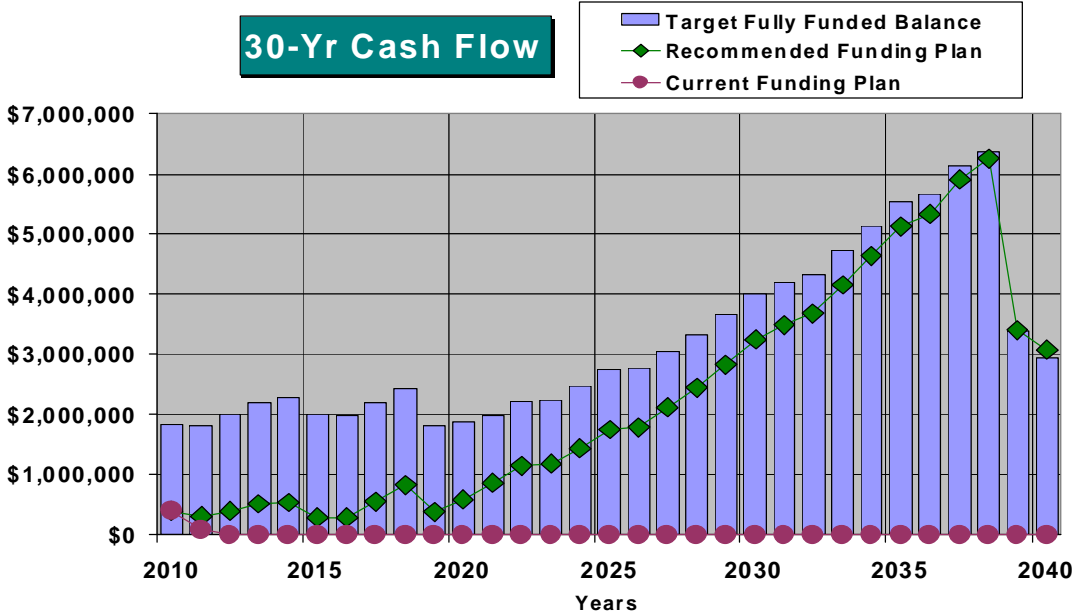


Figure 3

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

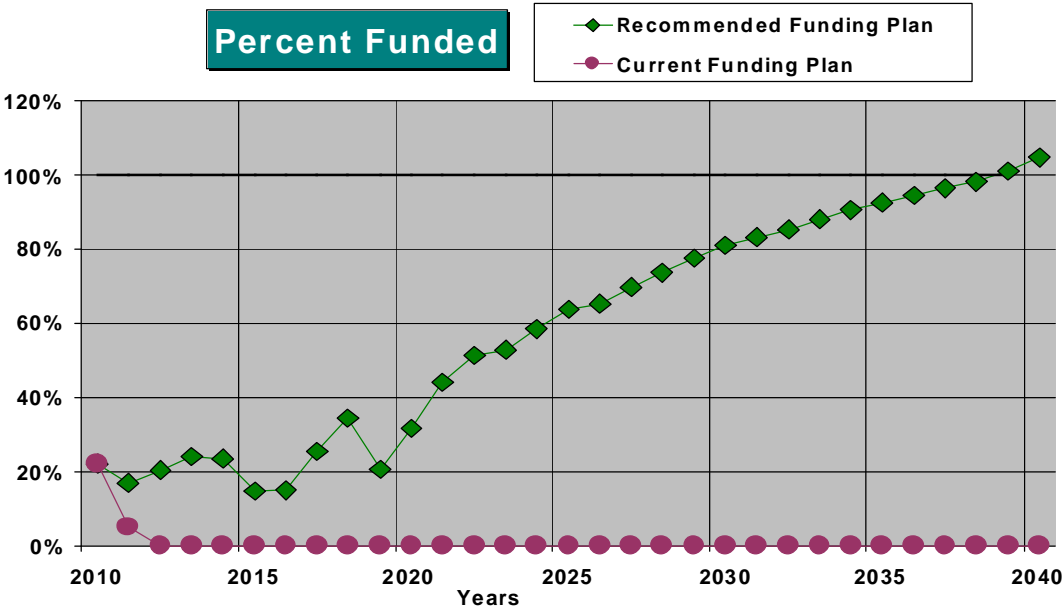


Figure 4

Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary page. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is under-funded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail**6317-3**

# Component	Quantity	Useful	Rem.	Best	Current
		Life	Useful Life	Cost	Worst Cost
100 Building Envelope - Investigation	One time event	N/A	0	\$7,000	\$10,000
103 Concrete - Repair/Replace	Extensive square feet	5	0	\$2,400	\$3,600
103 Curbing - Repair/Replace	Extensive square feet	5	0	\$2,400	\$2,800
108 Exposed Decks - Repair/Replace	Approx 18 of 54 decks	1	0	\$72,000	\$126,000
108 Sheltered Decks - Repair/Replace	Approx 3,200 GSF	20	5	\$28,000	\$44,800
201 Asphalt - Resurface	Approx 188,300 square ft	25	4	\$282,450	\$376,600
202 Asphalt - Seal/Repair	Approx 188300 square feet	5	0	\$37,660	\$56,490
320 Pole Lights - Replace	(16) wood/sodium lights	30	0	\$75,000	\$90,000
410 Garbage Enclosure - Replace	(8) wood	15	5	\$24,000	\$32,000
502 Chain Link Fence - Replace	Approx 3,670 linear feet	30	5	\$66,060	\$80,740
504 Vinyl Fence - Replace	Approx 190 linear feet	30	29	\$10,000	\$12,000
505 Wood Fence - Replace (a)	(38) of (100) wood fences	15	0	\$15,200	\$22,800
505 Wood Fence - Replace (b)	(62) of (100) wood fences	15	10	\$24,800	\$37,200
909 Bathroom/Sauna - Refurbish	(2) bathrooms, (1) sauna	20	2	\$5,000	\$8,000
910 Rec Rm Interior - Refurbish	(3) Rms, 1300 square feet	10	3	\$3,000	\$5,000
913 Resident Managers Unit - Refurbish	Approx 1,200 square feet	5	5	\$2,000	\$3,000
1002 Irrigation System - Repair/Replace	Approx (40) sprinklers	1	0	\$3,000	\$5,000
1109 Wood Fence - Repaint	Approx 40,200 square feet	6	3	\$8,040	\$10,050
1116 Wood Surfaces - Repaint	Wood building trim	6	3	\$95,000	\$105,000
1120 Vinyl Siding - Replace	approx 245,800 square ft	40	28	\$1,229,000	\$1,720,600
1121 Vinyl Siding - Clean/Inspect	approx 245,800 square ft	4	1	\$16,080	\$24,120
1202 Acrylic Spa - Replace	(1) Approx 10 Ft Dia	20	4	\$4,000	\$5,000
1202 Pool - Repaint	(1) 40 x 15	7	0	\$9,000	\$11,000
1303 Carport Shingle Roof - Replace	Approx 46,000 square feet	25	12	\$161,000	\$184,000
1303 Unit Shingle Roof - Replace	Approx 157,000 square ft	25	8	\$549,500	\$628,000
1310 Gutters/Downspouts - Repair/Replace	Approx 10,200 linear feet	25	8	\$51,000	\$71,400
1603 Racquetball Court - Resurface	(1) Std 20 x 40 court	12	4	\$2,400	\$3,200
1604 Tennis/Basketball Court - Resurface	(3) Std size courts	8	0	\$10,500	\$13,500
1808 Trees - Trim/Remove	Extensive trees	N/A	0	\$12,000	\$18,000
1901 Site Drainage - Repair	Selected poor drain areas	1	0	\$5,000	\$10,000
1902 Carports Posts - Partial Repair/Rep	Approx 38 of 310 posts	1	0	\$57,000	\$76,000
1903 Carports - Repaint	Approx 44,300 square feet	10	0	\$12,000	\$17,000
1909 Maintenance Cart - Replace	(1) Kubota RTV 900	15	10	\$10,000	\$16,000
33 Total Funded Components					

Table 3: Contribution and Fund Breakdown**6317-3**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
100 Building Envelope - Investigation	N/A	0	\$8,500	\$8,500	\$8,500.00	\$0.00
103 Concrete - Repair/Replace	5	0	\$3,000	\$3,000	\$3,000.00	\$45.09
103 Curbing - Repair/Replace	5	0	\$2,600	\$2,600	\$2,600.00	\$39.08
108 Exposed Decks - Repair/Replace	1	0	\$99,000	\$99,000	\$99,000.00	\$7,440.16
108 Sheltered Decks - Repair/Replace	20	5	\$36,400	\$27,300	\$0.00	\$136.78
201 Asphalt - Resurface	25	4	\$329,525	\$276,801	\$0.00	\$990.59
202 Asphalt - Seal/Repair	5	0	\$47,075	\$47,075	\$47,075.00	\$707.57
320 Pole Lights - Replace	30	0	\$82,500	\$82,500	\$82,500.00	\$206.67
410 Garbage Enclosure - Replace	15	5	\$28,000	\$18,667	\$0.00	\$140.29
502 Chain Link Fence - Replace	30	5	\$73,400	\$61,167	\$0.00	\$183.87
504 Vinyl Fence - Replace	30	29	\$11,000	\$367	\$0.00	\$27.56
505 Wood Fence - Replace (a)	15	0	\$19,000	\$19,000	\$19,000.00	\$95.19
505 Wood Fence - Replace (b)	15	10	\$31,000	\$10,333	\$0.00	\$155.32
909 Bathroom/Sauna - Refurbish	20	2	\$6,500	\$5,850	\$0.00	\$24.42
910 Rec Rm Interior - Refurbish	10	3	\$4,000	\$2,800	\$0.00	\$30.06
913 Resident Managers Unit - Refurbish	5	5	\$2,500	\$0	\$0.00	\$0.00
1002 Irrigation System - Repair/Replace	1	0	\$4,000	\$4,000	\$4,000.00	\$300.61
1109 Wood Fence - Repaint	6	3	\$9,045	\$4,523	\$0.00	\$113.29
1116 Wood Surfaces - Repaint	6	3	\$100,000	\$50,000	\$0.00	\$1,252.55
1120 Vinyl Siding - Replace	40	28	\$1,474,800	\$442,440	\$0.00	\$2,770.89
1121 Vinyl Siding - Clean/Inspect	4	1	\$20,100	\$15,075	\$13,890.00	\$377.64
1202 Acrylic Spa - Replace	20	4	\$4,500	\$3,600	\$0.00	\$16.91
1202 Pool - Repaint	7	0	\$10,000	\$10,000	\$10,000.00	\$107.36
1303 Carport Shingle Roof - Replace	25	12	\$172,500	\$89,700	\$0.00	\$518.56
1303 Unit Shingle Roof - Replace	25	8	\$588,750	\$400,350	\$0.00	\$1,769.86
1310 Gutters/Downspouts - Repair/Replace	25	8	\$61,200	\$41,616	\$0.00	\$183.97
1603 Racquetball Court - Resurface	12	4	\$2,800	\$1,867	\$0.00	\$17.54
1604 Tennis/Basketball Court - Resurface	8	0	\$12,000	\$12,000	\$12,000.00	\$112.73
1808 Trees - Trim/Remove	N/A	0	\$15,000	\$15,000	\$15,000.00	\$0.00
1901 Site Drainage - Repair	1	0	\$7,500	\$7,500	\$7,500.00	\$563.65
1902 Carports Posts - Partial Repair/Rep	1	0	\$66,500	\$66,500	\$66,500.00	\$4,997.68
1903 Carports - Repaint	10	0	\$14,500	\$14,500	\$14,500.00	\$108.97
1909 Maintenance Cart - Replace	15	10	\$13,000	\$4,333	\$0.00	\$65.13
33 Total Funded Components				\$1,847,963	\$405,065	\$23,500

Table 4: 30-Year Reserve Plan Summary

6317-3

Fiscal Year Beginning: 01/01/10

Interest:

3.5%

Inflation:

3.0%

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2010	\$405,065	\$1,847,963	21.9%	Weak	\$282,000	\$0	\$12,393	\$391,175
2011	\$308,283	\$1,823,082	16.9%	Weak	\$290,460	\$0	\$12,447	\$203,013
2012	\$408,177	\$2,000,940	20.4%	Weak	\$299,174	\$0	\$16,281	\$194,675
2013	\$528,957	\$2,202,690	24.0%	Weak	\$308,149	\$0	\$18,549	\$316,940
2014	\$538,714	\$2,294,826	23.5%	Weak	\$317,393	\$0	\$14,436	\$578,315
2015	\$292,229	\$2,011,680	14.5%	Weak	\$326,915	\$0	\$10,229	\$332,799
2016	\$296,575	\$1,980,232	15.0%	Weak	\$336,723	\$0	\$14,878	\$88,360
2017	\$559,816	\$2,207,142	25.4%	Weak	\$346,824	\$0	\$24,264	\$94,085
2018	\$836,819	\$2,433,216	34.4%	Fair	\$357,229	\$0	\$21,081	\$838,538
2019	\$376,591	\$1,820,222	20.7%	Weak	\$367,946	\$0	\$16,843	\$168,505
2020	\$592,874	\$1,884,303	31.5%	Fair	\$378,984	\$0	\$25,308	\$133,283
2021	\$863,884	\$1,972,005	43.8%	Fair	\$240,000	\$0	\$34,791	\$0
2022	\$1,138,675	\$2,225,347	51.2%	Fair	\$247,200	\$0	\$40,286	\$245,944
2023	\$1,180,217	\$2,238,793	52.7%	Fair	\$254,616	\$0	\$45,609	\$35,392
2024	\$1,445,051	\$2,475,510	58.4%	Fair	\$262,254	\$0	\$55,467	\$15,126
2025	\$1,747,646	\$2,746,383	63.6%	Fair	\$270,122	\$0	\$61,527	\$285,451
2026	\$1,793,844	\$2,753,314	65.2%	Fair	\$278,226	\$0	\$67,930	\$23,750
2027	\$2,116,251	\$3,036,561	69.7%	Fair	\$286,573	\$0	\$79,311	\$33,222
2028	\$2,448,912	\$3,325,301	73.6%	Strong	\$295,170	\$0	\$91,813	\$0
2029	\$2,835,895	\$3,663,879	77.4%	Strong	\$304,025	\$0	\$105,654	\$0
2030	\$3,245,574	\$4,019,779	80.7%	Strong	\$313,146	\$0	\$117,182	\$176,412
2031	\$3,499,490	\$4,212,031	83.1%	Strong	\$322,540	\$0	\$124,870	\$258,851
2032	\$3,688,049	\$4,332,740	85.1%	Strong	\$332,216	\$0	\$136,065	\$12,455
2033	\$4,143,875	\$4,718,686	87.8%	Strong	\$342,183	\$0	\$152,440	\$7,894
2034	\$4,630,602	\$5,128,972	90.3%	Strong	\$352,448	\$0	\$169,379	\$33,541
2035	\$5,118,888	\$5,533,456	92.5%	Strong	\$363,022	\$0	\$181,662	\$325,949
2036	\$5,337,622	\$5,657,450	94.3%	Strong	\$372,097	\$0	\$195,320	\$0
2037	\$5,905,039	\$6,129,702	96.3%	Strong	\$381,399	\$0	\$211,266	\$242,220
2038	\$6,255,484	\$6,375,710	98.1%	Strong	\$390,934	\$0	\$167,934	\$3,403,521
2039	\$3,410,830	\$3,382,308	100.8%	Strong	\$400,708	\$0	\$112,668	\$849,836

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)**6317-3**

Fiscal Year	2010	2011	2012	2013	2014
Starting Reserve Balance	\$405,065	\$308,283	\$408,177	\$528,957	\$538,714
Annual Reserve Contribution	\$282,000	\$290,460	\$299,174	\$308,149	\$317,393
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$12,393	\$12,447	\$16,281	\$18,549	\$14,436
Subtotal	\$699,458	\$611,190	\$723,632	\$855,654	\$870,544
# Component					
100 Building Envelope - Investigation	\$8,500	\$0	\$0	\$0	\$0
103 Concrete - Repair/Replace	\$3,000	\$0	\$0	\$0	\$0
103 Curbing - Repair/Replace	\$2,600	\$0	\$0	\$0	\$0
108 Exposed Decks - Repair/Replace	\$99,000	\$101,970	\$105,029	\$108,180	\$111,425
108 Sheltered Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$370,883
202 Asphalt - Seal/Repair	\$47,075	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$82,500	\$0	\$0	\$0	\$0
410 Garbage Enclosure - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
504 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (a)	\$19,000	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (b)	\$0	\$0	\$0	\$0	\$0
909 Bathroom/Sauna - Refurbish	\$0	\$0	\$6,896	\$0	\$0
910 Rec Rm Interior - Refurbish	\$0	\$0	\$0	\$4,371	\$0
913 Resident Managers Unit - Refurbish	\$0	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502
1109 Wood Fence - Repaint	\$0	\$0	\$0	\$9,884	\$0
1116 Wood Surfaces - Repaint	\$0	\$0	\$0	\$109,273	\$0
1120 Vinyl Siding - Replace	\$0	\$0	\$0	\$0	\$0
1121 Vinyl Siding - Clean/Inspect	\$0	\$20,703	\$0	\$0	\$0
1202 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$5,065
1202 Pool - Repaint	\$10,000	\$0	\$0	\$0	\$0
1303 Carport Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1303 Unit Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$3,151
1604 Tennis/Basketball Court - Resurface	\$12,000	\$0	\$0	\$0	\$0
1808 Trees - Trim/Remove	\$15,000	\$0	\$0	\$0	\$0
1901 Site Drainage - Repair	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441
1902 Carports Posts - Partial Repair/Rep	\$66,500	\$68,495	\$70,550	\$72,666	\$74,846
1903 Carports - Repaint	\$14,500	\$0	\$0	\$0	\$0
1909 Maintenance Cart - Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$391,175	\$203,013	\$194,675	\$316,940	\$578,315
Ending Reserve Balance:	\$308,283	\$408,177	\$528,957	\$538,714	\$292,229

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)**6317-3**

Fiscal Year	2015	2016	2017	2018	2019
Starting Reserve Balance	\$292,229	\$296,575	\$559,816	\$836,819	\$376,591
Annual Reserve Contribution	\$326,915	\$336,723	\$346,824	\$357,229	\$367,946
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$10,229	\$14,878	\$24,264	\$21,081	\$16,843
Subtotal	\$629,374	\$648,176	\$930,905	\$1,215,129	\$761,379
# Component					
100 Building Envelope - Investigation	\$0	\$0	\$0	\$0	\$0
103 Concrete - Repair/Replace	\$3,478	\$0	\$0	\$0	\$0
103 Curbing - Repair/Replace	\$3,014	\$0	\$0	\$0	\$0
108 Exposed Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
108 Sheltered Decks - Repair/Replace	\$42,198	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$54,573	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
410 Garbage Enclosure - Replace	\$32,460	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$85,091	\$0	\$0	\$0	\$0
504 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (a)	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (b)	\$0	\$0	\$0	\$0	\$0
909 Bathroom/Sauna - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Rec Rm Interior - Refurbish	\$0	\$0	\$0	\$0	\$0
913 Resident Managers Unit - Refurbish	\$2,898	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$0	\$0	\$0	\$11,802
1116 Wood Surfaces - Repaint	\$0	\$0	\$0	\$0	\$130,477
1120 Vinyl Siding - Replace	\$0	\$0	\$0	\$0	\$0
1121 Vinyl Siding - Clean/Inspect	\$23,301	\$0	\$0	\$0	\$26,226
1202 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$0
1202 Pool - Repaint	\$0	\$0	\$12,299	\$0	\$0
1303 Carport Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1303 Unit Shingle Roof - Replace	\$0	\$0	\$0	\$745,811	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$77,526	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$0
1604 Tennis/Basketball Court - Resurface	\$0	\$0	\$0	\$15,201	\$0
1808 Trees - Trim/Remove	\$0	\$0	\$0	\$0	\$0
1901 Site Drainage - Repair	\$8,695	\$8,955	\$0	\$0	\$0
1902 Carports Posts - Partial Repair/Rep	\$77,092	\$79,404	\$81,787	\$0	\$0
1903 Carports - Repaint	\$0	\$0	\$0	\$0	\$0
1909 Maintenance Cart - Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$332,799	\$88,360	\$94,085	\$838,538	\$168,505
Ending Reserve Balance:	\$296,575	\$559,816	\$836,819	\$376,591	\$592,874

Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)**6317-3**

Fiscal Year	2020	2021	2022	2023	2024
Starting Reserve Balance	\$592,874	\$863,884	\$1,138,675	\$1,180,217	\$1,445,051
Annual Reserve Contribution	\$378,984	\$240,000	\$247,200	\$254,616	\$262,254
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$25,308	\$34,791	\$40,286	\$45,609	\$55,467
Subtotal	\$997,167	\$1,138,675	\$1,426,161	\$1,480,442	\$1,762,772
# Component					
100 Building Envelope - Investigation	\$0	\$0	\$0	\$0	\$0
103 Concrete - Repair/Replace	\$4,032	\$0	\$0	\$0	\$0
103 Curbing - Repair/Replace	\$3,494	\$0	\$0	\$0	\$0
108 Exposed Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
108 Sheltered Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$63,265	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
410 Garbage Enclosure - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
504 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (a)	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (b)	\$41,661	\$0	\$0	\$0	\$0
909 Bathroom/Sauna - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Rec Rm Interior - Refurbish	\$0	\$0	\$0	\$5,874	\$0
913 Resident Managers Unit - Refurbish	\$3,360	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$0	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1120 Vinyl Siding - Replace	\$0	\$0	\$0	\$0	\$0
1121 Vinyl Siding - Clean/Inspect	\$0	\$0	\$0	\$29,518	\$0
1202 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$0
1202 Pool - Repaint	\$0	\$0	\$0	\$0	\$15,126
1303 Carport Shingle Roof - Replace	\$0	\$0	\$245,944	\$0	\$0
1303 Unit Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$0
1604 Tennis/Basketball Court - Resurface	\$0	\$0	\$0	\$0	\$0
1808 Trees - Trim/Remove	\$0	\$0	\$0	\$0	\$0
1901 Site Drainage - Repair	\$0	\$0	\$0	\$0	\$0
1902 Carports Posts - Partial Repair/Rep	\$0	\$0	\$0	\$0	\$0
1903 Carports - Repaint	\$0	\$0	\$0	\$0	\$0
1909 Maintenance Cart - Replace	\$17,471	\$0	\$0	\$0	\$0
Subtotal	\$133,283	\$0	\$245,944	\$35,392	\$15,126
Ending Reserve Balance:	\$863,884	\$1,138,675	\$1,180,217	\$1,445,051	\$1,747,646

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)**6317-3**

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$1,747,646	\$1,793,844	\$2,116,251	\$2,448,912	\$2,835,895
Annual Reserve Contribution	\$270,122	\$278,226	\$286,573	\$295,170	\$304,025
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$61,527	\$67,930	\$79,311	\$91,813	\$105,654
Subtotal	\$2,079,295	\$2,140,000	\$2,482,134	\$2,835,895	\$3,245,574
# Component					
100 Building Envelope - Investigation	\$0	\$0	\$0	\$0	\$0
103 Concrete - Repair/Replace	\$4,674	\$0	\$0	\$0	\$0
103 Curbing - Repair/Replace	\$4,051	\$0	\$0	\$0	\$0
108 Exposed Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
108 Sheltered Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$73,341	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
410 Garbage Enclosure - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
504 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (a)	\$29,601	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (b)	\$0	\$0	\$0	\$0	\$0
909 Bathroom/Sauna - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Rec Rm Interior - Refurbish	\$0	\$0	\$0	\$0	\$0
913 Resident Managers Unit - Refurbish	\$3,895	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$14,092	\$0	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$155,797	\$0	\$0	\$0	\$0
1120 Vinyl Siding - Replace	\$0	\$0	\$0	\$0	\$0
1121 Vinyl Siding - Clean/Inspect	\$0	\$0	\$33,222	\$0	\$0
1202 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$0
1202 Pool - Repaint	\$0	\$0	\$0	\$0	\$0
1303 Carport Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1303 Unit Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1603 Racquetball Court - Resurface	\$0	\$4,493	\$0	\$0	\$0
1604 Tennis/Basketball Court - Resurface	\$0	\$19,256	\$0	\$0	\$0
1808 Trees - Trim/Remove	\$0	\$0	\$0	\$0	\$0
1901 Site Drainage - Repair	\$0	\$0	\$0	\$0	\$0
1902 Carports Posts - Partial Repair/Rep	\$0	\$0	\$0	\$0	\$0
1903 Carports - Repaint	\$0	\$0	\$0	\$0	\$0
1909 Maintenance Cart - Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$285,451	\$23,750	\$33,222	\$0	\$0
Ending Reserve Balance:	\$1,793,844	\$2,116,251	\$2,448,912	\$2,835,895	\$3,245,574

Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)**6317-3**

Fiscal Year	2030	2031	2032	2033	2034
Starting Reserve Balance	\$3,245,574	\$3,499,490	\$3,688,049	\$4,143,875	\$4,630,602
Annual Reserve Contribution	\$313,146	\$322,540	\$332,216	\$342,183	\$352,448
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$117,182	\$124,870	\$136,065	\$152,440	\$169,379
Subtotal	\$3,675,902	\$3,946,899	\$4,156,329	\$4,638,497	\$5,152,429
# Component					
100 Building Envelope - Investigation	\$0	\$0	\$0	\$0	\$0
103 Concrete - Repair/Replace	\$5,418	\$0	\$0	\$0	\$0
103 Curbing - Repair/Replace	\$4,696	\$0	\$0	\$0	\$0
108 Exposed Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
108 Sheltered Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$85,023	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
410 Garbage Enclosure - Replace	\$50,571	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
504 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (a)	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (b)	\$0	\$0	\$0	\$0	\$0
909 Bathroom/Sauna - Refurbish	\$0	\$0	\$12,455	\$0	\$0
910 Rec Rm Interior - Refurbish	\$0	\$0	\$0	\$7,894	\$0
913 Resident Managers Unit - Refurbish	\$4,515	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$16,826	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$186,029	\$0	\$0	\$0
1120 Vinyl Siding - Replace	\$0	\$0	\$0	\$0	\$0
1121 Vinyl Siding - Clean/Inspect	\$0	\$37,392	\$0	\$0	\$0
1202 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$9,148
1202 Pool - Repaint	\$0	\$18,603	\$0	\$0	\$0
1303 Carport Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1303 Unit Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$0	\$0
1604 Tennis/Basketball Court - Resurface	\$0	\$0	\$0	\$0	\$24,394
1808 Trees - Trim/Remove	\$0	\$0	\$0	\$0	\$0
1901 Site Drainage - Repair	\$0	\$0	\$0	\$0	\$0
1902 Carports Posts - Partial Repair/Rep	\$0	\$0	\$0	\$0	\$0
1903 Carports - Repaint	\$26,189	\$0	\$0	\$0	\$0
1909 Maintenance Cart - Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$176,412	\$258,851	\$12,455	\$7,894	\$33,541
Ending Reserve Balance:	\$3,499,490	\$3,688,049	\$4,143,875	\$4,630,602	\$5,118,888

Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)**6317-3**

Fiscal Year	2035	2036	2037	2038	2039
Starting Reserve Balance	\$5,118,888	\$5,337,622	\$5,905,039	\$6,255,484	\$3,410,830
Annual Reserve Contribution	\$363,022	\$372,097	\$381,399	\$390,934	\$400,708
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$181,662	\$195,320	\$211,266	\$167,934	\$112,668
Subtotal	\$5,663,571	\$5,905,039	\$6,497,704	\$6,814,352	\$3,924,206
# Component					
100 Building Envelope - Investigation	\$0	\$0	\$0	\$0	\$0
103 Concrete - Repair/Replace	\$6,281	\$0	\$0	\$0	\$0
103 Curbing - Repair/Replace	\$5,444	\$0	\$0	\$0	\$0
108 Exposed Decks - Repair/Replace	\$0	\$0	\$0	\$0	\$0
108 Sheltered Decks - Repair/Replace	\$76,214	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$776,547
202 Asphalt - Seal/Repair	\$98,565	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
410 Garbage Enclosure - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
504 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$25,922
505 Wood Fence - Replace (a)	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace (b)	\$64,907	\$0	\$0	\$0	\$0
909 Bathroom/Sauna - Refurbish	\$0	\$0	\$0	\$0	\$0
910 Rec Rm Interior - Refurbish	\$0	\$0	\$0	\$0	\$0
913 Resident Managers Unit - Refurbish	\$5,234	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$0	\$20,092	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$0	\$222,129	\$0	\$0
1120 Vinyl Siding - Replace	\$0	\$0	\$0	\$3,374,236	\$0
1121 Vinyl Siding - Clean/Inspect	\$42,085	\$0	\$0	\$0	\$47,367
1202 Acrylic Spa - Replace	\$0	\$0	\$0	\$0	\$0
1202 Pool - Repaint	\$0	\$0	\$0	\$22,879	\$0
1303 Carport Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1303 Unit Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1603 Racquetball Court - Resurface	\$0	\$0	\$0	\$6,406	\$0
1604 Tennis/Basketball Court - Resurface	\$0	\$0	\$0	\$0	\$0
1808 Trees - Trim/Remove	\$0	\$0	\$0	\$0	\$0
1901 Site Drainage - Repair	\$0	\$0	\$0	\$0	\$0
1902 Carports Posts - Partial Repair/Rep	\$0	\$0	\$0	\$0	\$0
1903 Carports - Repaint	\$0	\$0	\$0	\$0	\$0
1909 Maintenance Cart - Replace	\$27,219	\$0	\$0	\$0	\$0
Subtotal	\$325,949	\$0	\$242,220	\$3,403,521	\$849,836
Ending Reserve Balance:	\$5,337,622	\$5,905,039	\$6,255,484	\$3,410,830	\$3,074,370

Accuracy, Limitations, and Disclosures

Washington disclosure, per Senate Bill 6215:

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair or replacement of a reserve component.

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves, Inc., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. James D. Talaga, company president, is a credentialed Reserve Specialist (#66). All work done by Association Reserves Washington is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

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

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

Terms and Definitions

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

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

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

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

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

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

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

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

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

Photographic Inventory Appendix