



Appraiser's of America

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Reserve Study and Funding Analysis Report

Indigo Pines Condo

**99 Bent Tree Dr
Dayton Beach, FL 32114**

For Fiscal Year: 2026

Date Prepared: July 2, 2025





Appraiser's of America

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Reserve Study Report

Type II Reserve Study with On-Site Analysis For 30-Year Projection Period Beginning June 1, 2026

Board of Directors
Indigo Pines Condominium
99 Bent Tree Dr
Daytona Beach, FL 32214

This reserve study report is prepared using the *Reserve Funding Analyzer* software following generally accepted reserve study standards and software as recommended by the *International Capital Budgeting Institute*, the *Foundation for Community Association Research*, and the *Community Associations Institute*.

This Level 2 Reserve Study is referred to as an Update with a Site Visit Reserve Study. This Level 2 study is an update of a prior study. The prior study may be either a Level 1 or a Level 2 study. As in a Level 1 study, a thorough on-site inspection is conducted of every component within the community. This includes common areas, buildings, infrastructure, and other relevant elements. The purpose of this inspection is to verify or adjust the existing component list, assess each component's useful life, and refine the component valuation estimates. A full analysis of the association's finances is then conducted. This Level 2 Reserve Study provides a balance between comprehensiveness and practicality. It ensures that the association's reserve fund remains accurate and aligned with the community's needs. This Level 2 study assumes that a Level 1 study has been previously performed.

The following tasks are performed in a Level 2 Study:

- Component Inventory (does not require quantities to be re-established, however, it does require a review to ensure that the updated quantities conform to general standards)
- Components may be added that were not previously included. Likewise, components may be removed
- Condition assessment (based on on-site observations)
- Life and valuation estimates
- Fund status
- Financial analysis developing a Funding Plan

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Introduction

Terminology

In this document, the terms *Association*, *Condominium Community or Association*, *Housing Cooperatives* and *Homeowners Association (HOA)*, are used interchangeably to refer to the governing bodies responsible for managing residential communities, whether they are composed of single-family homes, townhouses, or condominium units. While these terms are specific to different types of communities, they all serve the purpose of overseeing maintenance, enforcing community rules, and ensuring the overall well-being of the property and its residents.

Association: A general term used to refer to any governing body of a residential community, including both HOAs and Condominium Associations.

Community Association: Another general term used to refer to any governing body of a residential community, including both HOAs and Condominium Associations.

Condominium Community or Association: Specifically refers to the governing body responsible for managing a condominium complex, which includes maintaining common areas and overseeing building structures.

Homeowners Association (HOA): Refers to the governing body managing a community of single-family homes, townhouses, or planned unit developments.

Housing Cooperative or “Co-op”: Refers to a type of residential community where residents collectively own the building through shares in a corporation, essentially “renting” their individual units from the cooperative.

Board of Directors: This refers to the governing body of the association that makes decisions and oversees management.

Association Members: This term refers to all property owners who are members of the association.

Property Owners Association: This term has the same meaning as *Association Members* and is often used in the context of single-family home communities or planned developments.

The use of these terms is intended for general reference and clarity and does not imply legal distinctions or specific governance structures beyond their common understanding in community management contexts.

In the context of this reserve study, the terms **“Fully Funded”**, and **“Fully Funded Reserve”** are synonymous. A fully funded reserve ensures that the funding goal is consistently met, maintaining a stable cash flow to replace each common element as it reaches the end of its useful life without waiving or deferring maintenance or funding. Achieving this level of funding indicates that the association and its reserve funds are fully funded. Essentially, a Fully Funded Reserve has sufficient funds to cover expenses when they are expected to arise.

This definition differs from the one promoted by the Community Associations Institute (CAI), which states that the actual or projected reserve balance should be equal to the Fully Funded Balance (FFB), or 100% of the FFB. This is misleading, as the CAI definition implies that the entire replacement or repair cost is available as cash on hand “now,”



whenever that “now” is. The CAI is describing a sequential 100% funded amount (also known as the Component or Straight-Line Funding Method), whereas the threshold method is preferred.

For additional information refer to the *Funding Methodology and Models* section below.

Association Responsibilities

Community Associations have a responsibility to establish and maintain a Replacement Reserve Fund to provide the maintenance or replacement of association depreciable components. The objectives of a Reserve Study or Analysis include the following:

Provide a current estimate of the costs of repairing and replacing major common area components over the long term.

- All major repair and replacement costs will be covered by funds set aside by the association as reserves, so that funds are available when needed.
- An examination of the association's repair and replacement obligations is conducted.
- The costs and timing of replacement are determined.
- Distribute the contributions of old and new owners.
- Allows for the aesthetic qualities of the community to be maintained.
- Minimizes the need for special assessments.
- Shows owners and potential buyers a more accurate and complete picture of the association's financial strength and market value.
- Disclose to buyers, lenders, and others the way management of the association is making provisions for non-annual maintenance requirements.
- Define explicit association decisions on how to provide long-term funding.
- Provide or contribute to a maintenance planning tool for the association.

Description of Reserve Study Report

The purpose of a reserve study is to give those overseeing the maintenance of the property advanced notice of what major expenses are to expect and an educated estimate of when these expenses will occur. With this knowledge, the homeowners' association board or manager can create a budget so association members will make their fair share of reserve contributions, designed to offset the slow but steady ongoing reserve component deterioration of the association assets, and avoid being surprised by components that deteriorated often in plain sight and over several years. In addition, the reserve study provides important annual disclosures to association members (and prospective buyers) about the condition of common area components, and the level of preparedness, or strength, of the reserve fund. A reserve study is a roadmap that allows decisions to be made which will be efficient and effective for the long term.

Funding Methodology and Models

Funding Methodologies

There are two fundamental methodologies for funding reserves:

1. **Cash Flow (Pooled) Method:** In this approach, the reserve fund is treated as a single large pool of money. Expenses for any individual component (such as maintenance, repairs, or replacements) are withdrawn from this shared reserve fund. The advantage of the Cash Flow method lies in its flexibility. Associations can manage expenses and funds more dynamically. However, a flexible reserve account can sometimes lead to overspending.



2. **Straight Line (Component) Method:** This method involves a straightforward calculation. It determines a reserve contribution based on each individual component (e.g., roofs, elevators, common areas). The benefit of the Straight-Line method is that each reserve asset has dedicated funding. However, if a project ends up costing more than initially estimated, the Association will need to find additional funding.

Unless required by statute, the Straight Line (Component) method should not be used as the Cash Flow method is preferred.

Funding Goals

Reserve Studies can be prepared using one of four different funding models or goals:

1. **100% Funding:** The goal is to keep the reserves at or near 100% of Fully Funded Balance (FFB). Essentially, this aligns with Threshold Funding if the threshold is set at 100%. This approach is the most conservative and significantly reduces the risk of special assessments.
2. **Threshold Funding:** In this model, the Reserve funding goal is to maintain the Reserve balance above a certain threshold. Generally, this threshold is set lower than the 100% Funding Model. Associations choose this approach based on their tolerance for special assessments and risk management.
3. **Baseline Funding:** The objective here is to ensure that the reserve cash balance at the end of each year remains at or above \$0. It focuses on maintaining a minimum level of funding. Unfortunately, this approach exposes associations to a high risk of special assessments because unexpected events rarely align precisely with the plan.
4. **Statutory Funding:** This model is based on local statutes or regulations. Associations set aside specific cash amounts or adhere to predefined thresholds as required by the governing laws.

Ultimately, the most critical funding goal is to establish a cash flow projection that adequately covers estimated future expenditures. The choice of funding goal (or model) depends on the specific needs and circumstances and the association's tolerance for special assessments and risk management. Remember that the Full Funding goal and the Threshold Funding goal differ only in the Threshold percentage.

The Threshold Funding Model is a crucial aspect of maintaining a healthy reserve fund for homeowners' associations. The recommended threshold percentages are based on association size and infrastructure diversity:

- Associations with a diverse infrastructure tend to face lower risks due to limited resources. A lower threshold percentage can be considered. A broader range of assets will help contribute to financial stability. A threshold percentage of 60% to 70% might be appropriate for such associations.
- Associations with less infrastructure diversity face higher risks due to limited resources. To mitigate these risks, target higher threshold percentages.

These percentages serve as general guidelines, and each association's specific circumstances should be considered. Factors like maintenance needs, replacement costs, and risk tolerance play a significant role in determining the optimal threshold for your association's reserve fund. Bottom line, examine the annual expenses and ensure that there are enough funds available to cover all expenses.



This reserve funding report is based on the Cash Flow Methodology using the Threshold Funding Model. The threshold percentage chosen in this funding model strikes a balance between maintaining a healthy reserve fund and managing risk. This approach ensures that the Association is adequately prepared for future maintenance, and replacement needs while minimizing the likelihood of special assessments. As with any financial analysis and projections, it is important to regularly review and adjust the reserve funding strategy as needed to align with changing circumstances.

Assessment Allocation

Disclaimer

This financial analysis assumes that all the income generated from member assessments or dues is used to cover all essential expenses. However, this analysis does not consider the distribution (i.e., allocation) of assessments, which is at the Association's discretion.

There are three common methods used to allocate annual assessment income:

1. **Uniform Rate.** Members pay the same amount regardless of the size of their units or their lot size. If you choose this method, the annual assessment will be uniform for each unit or lot. This is the most common method for the allocation of annual assessments or dues.
2. **Variable Rate.** Often referred to as a Pro Rata Rate. Assessments are levied on a percentage basis for each unit or lot. The percentage is often based on the unit or lot size, but other factors could come into play such as the number of cars or parking spaces, amenities that are provided, the purchase price of the unit, or even the view from the unit's location.
3. **Hybrid / Blended Rate.** Assessments are calculated using a uniform rate for some budget items and a percentage or variable rate for other expenses according to the unit/lot size or benefit each receives from the association. The two amounts are blended into an assessment levied against units/lots. Hybrid or Blended rates often result in short-term and long-term errors and careful consideration must be used when employing this method.

Indigo Pines Condo allocates assessments or dues using the Uniform Rate method. The Uniform Rate of assessment allocation is a method where members pay the same amount regardless of other factors. The Association's costs are evenly divided among all the members.

In 2026, the total assessment income is estimated to be \$432,432. For all 30 years of analysis, the total of the annual assessments is \$22,012,206. Using the Uniform Rate for assessment allocation, the actual assessments will be evenly distributed across all members.



The following table shows the annual assessment using the Uniform Rate.

Uniform Rate Method for Allocation of Assessments		
Year	Per Unit Assessment Uniform Rate	Total Annual Assessment Uniform Rate
2026	\$ 5,405	\$ 432,432
2027	\$ 5,797	\$ 463,783
2028	\$ 6,218	\$ 497,408
2029	\$ 6,668	\$ 533,470
2030	\$ 7,152	\$ 572,146
2031	\$ 7,670	\$ 613,627
2032	\$ 8,226	\$ 658,115
2033	\$ 8,391	\$ 671,277
2034	\$ 8,559	\$ 684,703
2035	\$ 8,730	\$ 698,397
2036	\$ 8,905	\$ 712,365
2037	\$ 9,083	\$ 726,612
2038	\$ 9,196	\$ 735,695
2039	\$ 9,311	\$ 744,891
2040	\$ 9,428	\$ 754,202
2041	\$ 9,545	\$ 763,629
2042	\$ 9,665	\$ 773,175
2043	\$ 9,785	\$ 782,839
2044	\$ 9,908	\$ 792,625
2045	\$ 10,032	\$ 802,533
2046	\$ 10,157	\$ 812,564
2047	\$ 10,284	\$ 822,721
2048	\$ 10,413	\$ 833,005
2049	\$ 10,543	\$ 843,418
2050	\$ 10,675	\$ 853,961
2051	\$ 10,808	\$ 864,635
2052	\$ 10,943	\$ 875,443
2053	\$ 11,080	\$ 886,386
2054	\$ 11,218	\$ 897,466
2055	\$ 11,359	\$ 908,684
Total:	\$ 275,153	\$ 22,012,206

Summary

The Preparer's Report

This reserve study report is prepared using the *Reserve Funding Analyzer* software following generally accepted reserve study standards and software as recommended by the *International Capital Budgeting Institute*, the *Foundation for Community Association Research*, and the *Community Associations Institute*.



Current Financial Summary Position

Current Financial Summary Position	
As of 1 Jun 2026	
Replacement Cost of All Reserve Components	\$ 2,122,509
Replacement Cost of SI components:	\$ 1,053,213
Replacement Cost of non-SI components:	\$ 1,069,296
Replacement Costs of All Components at Next Service	\$ 4,958,020
Replacement Costs of SI Components at Next Service	\$ 3,552,792
Replacement Costs of non-SI Components at Next Service	\$ 1,405,228
Replacement Costs of All Components for All Future Replacements <i>(over the next 30)</i>	\$ 2,178,209
Reserve Fund Balance: As of 1 Jun 2026	\$ 134,420
Operational Fund Fund Balance: As of 1 Jun 2026	\$ 36,288
Total of Reserve Fund & Operational Expense Fund Balance: As of 1 Jun 2026	\$ 170,708
100% Funded Amount: As of 1 Jun 2026	\$ 960,007
Percent Funded: As of 1 Jun 2026	18%
Reserve Surplus / Deficit of FFB - Average per Unit: As of 1 Jun 2026	\$ (10,320)
Projected Total Reserve Contribution in year 2026	\$ 28,018
Annual Reserve Contribution per unit in year 2026	\$ 350
Currently Projected (Scheduled) Special Assessments	\$ 0
Projected Inflation Rate (Operating Expenses)	3.00%
Projected Inflation Rate (Reserve Expenses)	3.00%
Projected Interest Rate for Earnings of Reserve Fund	3.00%
Current Reserve Funding Strength:	Weak
Current Risk of Special Assessment:	High

Structural Integrity Reserve Study – Definition

A Structural Integrity Reserve Study (SIRS) is a form of reserve study that is designed to ensure that the association or community is reserving funds for the long-term maintenance and necessary replacement of critical structural and safety elements in the buildings. At a minimum, a structural integrity reserve study must identify the common areas that relate to the safety of building being visually inspected by a licensed engineer or architect and must:



- Identify the common areas being visually inspected.
- State the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected.
- Provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area.

Recently enacted legislation in the State of Florida states that a SIRS must be completed every 10 years for each building on the association's property that is three stories or higher. It is highly likely that other states or regions will enact similar legislation to ensure the safety of residents and guests. The following elements must, at a minimum, be included in Florida's Structural Integrity Reserve Study:

- **Roofing** (membrane, decking, flashings, gutters, downspouts)
- **Plumbing** (water supply lines, water heaters, pumps, valves, drain/waste/vent systems)
- **Fireproofing and Fire Protection Systems** (fire resistant coatings and insulation, fire alarms, smoke detectors, fire extinguishers, fire suppression systems)
- **Exterior Doors & Windows** (part of the common area and are the responsibility of the Association to maintain)
- **Structural Systems** (floors, foundations, beams, columns, roof structures, parking structures, staircases, load-bearing walls)
- **Waterproofing and Exterior Painting** (sealants, membranes, flashings, drainage systems, exterior wall coatings)
- **Electrical Systems** (main electrical wiring, emergency lighting)
- **Other items with a deferred maintenance expense or replacement costs exceeding \$10,000.** (high value items that the failure to replace or maintain may negatively affect the structural integrity, safety, or security of the occupants)

These components can be characterized as those reserve components which may affect the security, safety, and/or structure of a building. In addition, the State of Florida has mandated that any funding for the repairs or servicing of components that have an impact on the building's structural integrity cannot be waived by agreement or vote of the board. From a financial perspective, the reserve study must demonstrate that adequate funds will be available to replace or service any SI components by the end of the useful life of all the critical components.

From an engineering or architectural perspective, only a professionally licensed engineer or architect may perform the inspection of critical components which may have an impact on structural integrity. The engineer or architect must also provide an assessment of each inspected component's physical state, the estimated remaining service life, and an estimate for each component's replacement cost.

Each association or community should consult with their local or regional government agencies to determine if a Structural Integrity Reserve Study is required and to fully understand what the requirements may be.

If any reserve components are considered important to the structural integrity of any structure or might affect the safety and/or security of community residents, they may be noted in this reserve study document.

Structural Integrity Reserve Funding

The State of Florida requires that funds for structural integrity components need to be maintained separately from other non-structural integrity components. Funds allocated for critical structural elements should not inadvertently be used for unrelated expenses. Florida's recent legislative action emphasizes the importance of this distinction. Funds that are earmarked for structural integrity components should not be diverted for non-SI expenditures. However, the



statutes explicitly allow for the pooling of these funds if their intended use is documented and preserved. Consequently, it is crucial for associations to maintain transparent financial records. The association's balance sheet and reserve study should explicitly outline the amounts designated for SI and non-SI items, and it is recommended that these funds be held in separate accounts.

Included Components – Definition

Reserve expenses for components are major expenses that must be budgeted for in advance to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that when incurred would have a significant impact on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance.

A common concern when beginning a reserve study is what components are to be included and funded for in the Reserve Study. Nationally recognized reserve study standards indicate reserve components need to meet the following criteria:

- The component is part of the community's common elements.
 - The component is not already covered in a maintenance contract.
 - The component is not included in another part of the community's budget.
- The component's replacement or project costs are greater than the threshold amount imposed by the community.
- The component has a limited life expectancy.
- The component has a reasonably defined remaining useful life.

Refer to the *Reserve Components* section on page 22 for an itemized listing of the included reserve components in this reserve study report.

Excluded Components – Definition

Some common area components may have been left out of the study or included in the component list but “Unfunded” and not considered in the mathematical models. These components will typically fall into one or more of the categories listed below.

- **Component Covered under Maintenance Contract** – The component's ongoing maintenance/replacement is performed as part of the services secured by a maintenance contract.
- **Component Costs Below Threshold** – Component repair and/or replacement costs that are deemed too small to be considered reserve expenses are typically included in the operational or maintenance budget and have not been funded for in this study.
- **Useful Life is One Year or Less** – These occur at least annually and can be effectively budgeted for each year as part of the operational expenses. They are characterized as being reasonably predictable both in terms of frequency and cost.
- **Useful Life is Very Long, Unpredictable** – Components which, when properly maintained, have an exceedingly long useful life with no predictable replacement cycle.
- **Useful Life Cannot be Determined** – Components where the useful life cannot be determined.
- **Not Part of Common Elements** – Improvements made to the property that fall outside the responsibility of the association. Typically, these are components where the responsibility falls to individuals or organizations other



than the association such as individual unit owners or parties such as governmental agencies, utility companies, the US Postal Service, etc.



Community Profile and Account Summary

The following table is a summary of the community and the current financial status.

Table 1: Community Profile and Account Summary

Community Profile and Account Summary	
As-Of Date this Analysis: 01 June 2026	
Community: Indigo Pines Condo	
Number of Units:	80
Start Year for Analysis:	2026
Reserve Fund Balance: As of 1 Jun 2026:	\$ 134,420
Operational Expense Fund Balance: As of 1 Jun 2026:	\$ 36,288
Total of Res Fund & Op Expense Fund Balance: As of 1 Jun 2026:	\$ 170,708
Recommended 2026 Annual Reserve Contribution:	\$ 28,018
Reserve Fully Funded Balance (FFB): As of 1 Jun 2026:	\$ 960,007
Reserve Funding Percent of FFB: As of 1 Jun 2026:	18%
Reserve fund in relation to the FFB: As of 1 Jun 2026: (per unit): *	\$ (10,320)
Reserve Funding Strength: As of 1 Jun 2026:	Weak
Risk of Special Assessment: As of 1 Jun 2026:	High
Outstanding Balance of Existing Loans (from years prior to 2025):	\$ 506,781
Anticipated Loans in Current Year (2025):	\$ 0
Tax Liability Not Included in Analysis:	

* Being greater than or less than the FFB does not automatically indicate a recommendation for a refund or assessment. Instead, this value reflects the per unit amount in relation to the

Note: Any difference noted in the above summary applies to the Fully Funded Balance and does not suggest that a refund should be applied (in the case of a surplus) or that an assessment is required (in the case of a deficit).



Financial Assumptions and Recommendations

Certain assumptions must be adopted to develop the financial analysis for this study. These include assumptions about the community and specific economic assumptions. The association must carefully monitor these assumptions and update the financial analysis should any of them change. The following table summarizes the basic recommendations which were derived from the use of the stated assumptions and disclosures about financial calculations used in this analysis.

Table 2: Assumptions, Recommendations and Disclosure Summary

Summary – Assumptions, Recommendations & Disclosures

Beginning Assumptions

Number of Units:	80
Start Year for Analysis:	2026
Estimated First Year (2026) Reserve Contribution:	\$ 28,018
Annual Fees Income for 2025:	\$ 403,200
Year 2026 Special Assessment:	\$ 0

Economic Assumptions

Inflation rate for Reserve Exp (CapEx):	3.00%
Inflation for Operating Exp (OpEx):	3.00%
Interest rate on Reserve Balance:	3.00%

Current Reserve Status as of 1-Jun-2026

Reserve Fund Balance: As of 1 Jun 2026:	\$ 134,420
Operational Expense Fund Balance: As of 1 Jun 2026: *	\$ 36,288
Total of Res Fund & Op Expense Fund Balance: As of 1 Jun 2026:	\$ 170,708
Reserve Fully Funded Balance (FFB): As of 1 Jun 2026:	\$ 960,007
Reserve Funding Percent of FFB: As of 1 Jun 2026:	18%
Estimated First Year (2026) Reserve Contribution:	\$ 28,018

Recommendations for next 10 Years

Total Special Assessments 2026 to 2036:	\$ 0
Avg Ann Reserve Contribution 2026 to 2036:	\$ 128,430
Avg Annual HOA fees % Increase 2026 to 2036:	5.68%

Disclosures

- General calculations use Cash Flow Funding methodology.
- The Percent Funded and the Fully Funded Balance determined using the Inflation Adjusted methodology as defined by the International Capital Budgeting Institute.
- The earned interest on the reserve fund is calculated separately and is included as part of the ongoing income, therefore, the interest rate on the reserve fund is not included in the calculation of the Fully Funded Balance.
- Estimated future reserve component major repair and replacement costs are based on current or actual replacement costs projected to the estimated repair or replacement date and then projected forward by applying an inflation rate of 3.00%.
- Estimated future Operating Expenses are based upon the current expenses and then projected forward by applying an inflation rate of 3.00%.

The operations expense fund account is assumed to be a Zero Balance Account (ZBA). The account balance of \$0 is maintained and any funds needed in the account are automatically transferred from a central or master account. Any actual balance in the operations fund account is assumed, for analysis purposes, to be included in the Reserve Fund Account balance.



Site Map



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Reserve Study Parameters

Table 3: Reserve Study Parameters

Reserve Study Parameters	
Level of Reserve Study: Level 2: Update with Site Visit	
Report Period:	Fiscal Year 2026
Interest rate on Reserve Balance:	3.00%
Inflation rate for Reserve Exp (CapEx):	3.00%
Inflation for Operating Exp (OpEx):	3.00%
Funding Methodology: Cash Flow	
Funding Strategy:	Threshold Funding
Funding Threshold Target:	60%
As of Date: 1 June 2026	
No. of Reserve Components in this Analysis:	51
No. of Structural Integrity (SI) Components:	23

Note: Refer to Structural Integrity Reserve Study – Definition on page 6 for more information on Structural Integrity Reserve components.

Reserve Study Level

Four levels of reserve studies have been defined by the Community Associations Institute (CAI).

Table 4: Reserve Study Levels

	Level 1 Full Study	Level 2 Update with Site Visit	Level 3 Update with no Site Visit	Level 4 Preliminary
Onsite Visual Inspection	Established	Re-assessed	Reflects prior study	Not Applicable
Component Inventory	Established	Re-assessed	Reflects prior study	Estimated
Component Quantification	Established	Re-assessed	Reflects prior study	Estimated
Condition Assessments	Visual Inspection	Visual Inspection	Not Conducted	Not Applicable
Useful Life Assessments	Assessed	Re-assessed	Not Conducted	Based Industry Standards
Valuation/Cost Estimates	Established	Re-assessed	Updated	Based Industry Standards
Financial Plan	Analyzed	Analyzed	Analyzed	Analyzed

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that the association's reserve fund remains accurate and aligned with the community's needs. This Level 2 study assumes that a Level 1 study has been previously performed.

The following tasks are performed in a Level 2 Study:

- Component Inventory (does not require quantities to be re-established, however, it does require a review to ensure that the updated quantities conform to general standards)
- Components may be added that were not previously included. Likewise, components may be removed
- Condition assessment (based on on-site observations)
- Life and valuation estimates
- Fund status
- Financial analysis

Preparation

- Prior reserve studies, if available, were used as references for this analysis as a baseline for the identification of reserve asset components.
- If relevant, architectural and/or engineering plans have been used as reference.
- If relevant, the inventory of the reserve assets consisted of:
 - Verification that no assets were overlooked or if assets should be excluded.
 - Condition of assets and useful life was evaluated.
 - Historical records for component maintenance frequency and costs were referenced.
 - Component useful life based on how long past component maintenance endured.

Assumptions

- The physical inventory and condition assessment of all physical assets is complete.
- The component replacement cost estimates are reasonably accurate.
- Projected future financial requirements to fund the reserve components are accumulated based on actual costs or current estimated costs. Future expenditures are thereby estimated using the inflation assumptions stated herein.
- If relevant, estimates for current and future operational expenses are reasonably accurate. This includes annual expenses such as insurance, administration, and maintenance. Future operational expenses are projected to rise at the projected inflation rate.

Funding Goals

- Provide sufficient funds when they are required
- Achieve and sustain a targeted percent funding of the Fully Funded Balance of the reserve fund
- Enable a stable contribution rate over the years
- Evenly distribute contributions over the years
- Minimize the need for special assessments
- Be fiscally responsible

It is a common misconception that an association or community should maintain 100% of the fully funded balance. As a performance indicator, percent funding is used as a measure of the health of the reserve fund and a percent funding range of 60% to 100% is commonly adopted as a target percentage as it has been statistically shown that communities



that maintain their percent funding in this range are far less likely to experience emergency assessments or deferral of maintenance. They can easily weather unexpected expenses and economic downturns. The actual funding target percentage is used as a performance indicator and can vary according to unique circumstances.

Other than the performance indicator described above, percent funded has limited value, and that value is restricted to measuring current or projected balance against a theoretical 100% funded calculation. Other than already described, the only real purpose for calculating percent funded is to provide an indicator of the fairness of the reserve or maintenance assessments (fees). If an association is constantly 100%, that would provide an indication that current owners are paying for their fair share of use of the components, assuming a straight-line time decay factor of components. At any percentage less than 100%, it would indicate that current owners might be paying less than their fair share, and future owners will have to make up the difference.

The common guidelines for percentage funding are:

- Overfunded: Greater than 100%
 - Indication that steps should be taken to bring the fund back into balance
 - Continual overfunding places an unfair burden on individual members to maintain a fund more than is needed
 - Overfunding does not provide additional safeguards that could be obtained from a strong position
- Strong: 70% – 100%:
 - The risk of special assessments or deferred maintenance is low
 - Higher marketability
 - Unexpected expense and economic downturns are easily overcome
- Fair: 30% – 70%:
 - Due diligence indicated to ensure adequate funding scheduled expenses
 - Unexpected expenses and economic downturns pose a moderate to high risk of special assessments or deferred maintenance
- Weak: 0% – 30%:
 - The risk of special assessments is high, especially in the case of unexpected expenses or an economic downturn
 - Deferred maintenance of reserve components is common
 - High stress and political turmoil are likely
 - Lower marketability

Physical Analysis

The reserve funding plan is most contingent upon accurate physical analysis. To the extent practical, this reserve study consists of:

- Review of all components to ensure proper identification and quantity
- Identify any new components
- Inspect all reserve components to assess their condition
- Examine historical records of component maintenance and evaluate if the Component Useful Life is accurately represented in the inventory listing
- In cases where reserve components were serviced in the last few years, evaluate if the past costs, once adjusted for inflation, represent an accurate estimate of the current service cost
- Consult with knowledgeable vendors and service providers to evaluate current condition, ensure correct costs and useful lives are assessed



Funding Summary

Goals of Funding Analysis

The goals of a Funding Analysis are to:

- establish funding goals
- identify annual funding requirements
- disclose limitations and assumptions

Once the components' estimated useful life, estimated remaining life, and estimated current replacement costs are identified, only then can the association develop a plan for funding the reserve account. This funding plan specifies future reserve cash needs and planned methods to offset the ongoing deterioration of the reserve components.

In preparing the funding plan, the association will have to make decisions about the current assessments amount and the need for special assessments, balanced against projected liability. The law does not require the funding of projected replacement costs, only an explicit description of the plan for such funding, among other specific disclosures. The financial viability of the association will depend a great deal on the ability of the association to replace components as they wear out and not to defer major maintenance items.

A product of the Funding Analysis process is the development of a funding plan (cash flow forecast or projection) to estimate future reserve cash receipts and disbursements. This Reserve Study documents the funding plan with documented supporting assumptions and methodology.



Current Reserve Fund Percent Funding and Risk of Special Assessment

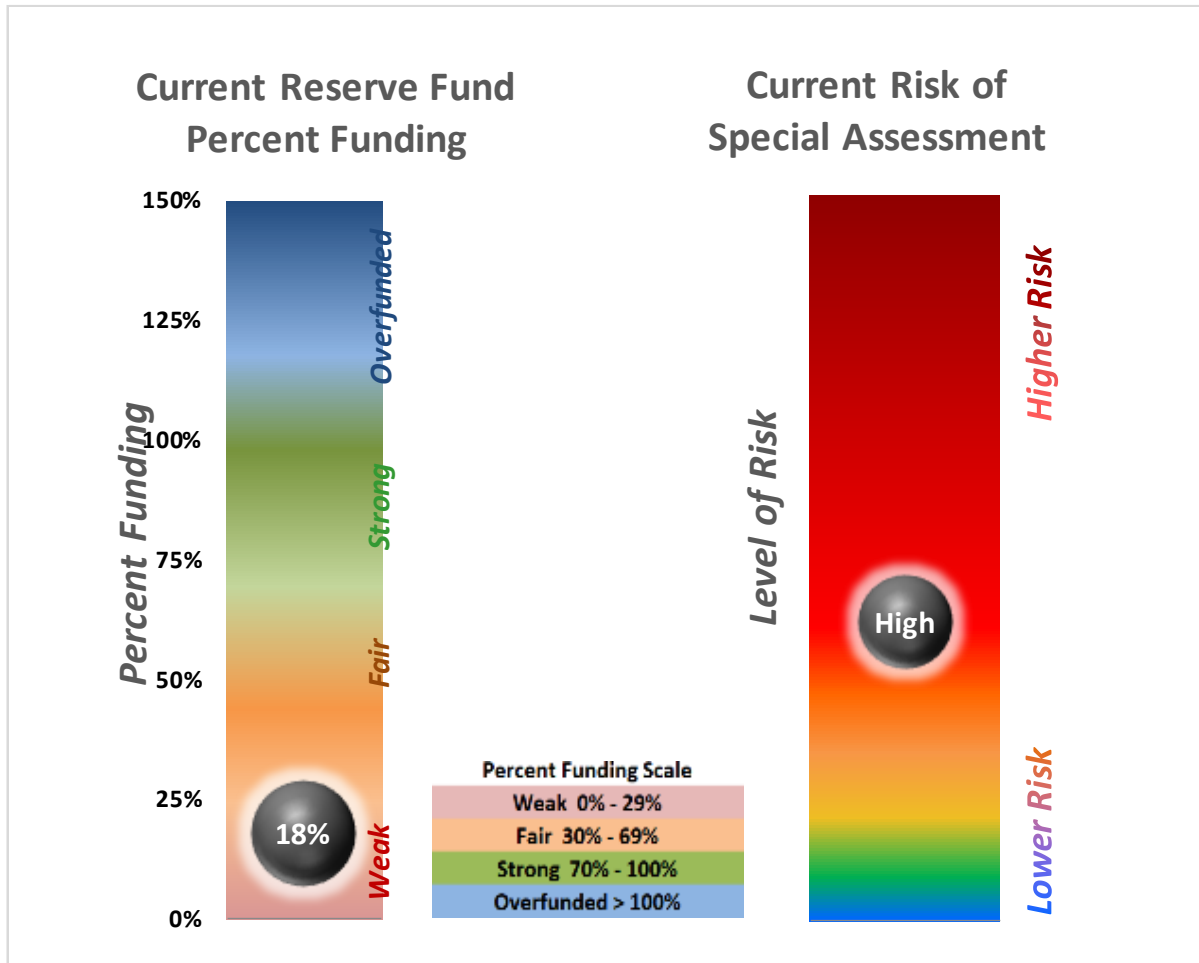
As mentioned elsewhere in this report, the relationship between Reserve Fund percent funding and the risk of a special assessment is indeed significant.

- **Percent Funded:** This is a measure of the current Reserve Fund balance compared to the total anticipated expenses. It's calculated by dividing the current Reserve Fund balance by the Fully Funded Balance, which represents the total cost of deterioration of the components.
- **Risk of Special Assessment:** There is a correlation between the Percent Funded and the risk of a special assessment. Associations with a Percent Funded in the 0-30% range are considered weak and have a high risk of special assessments. Those in the 40-70% range have a medium risk, and those over 70% are strong and have a low risk.

It is important for associations to aim for a higher Percent Funded to minimize the risk of unexpected assessments and to ensure that there's enough in the reserves to cover future expenses. The current Reserve Fund percent funding and Risk of Special Assessment are depicted in the following charts. Also, refer to *Risk of Special Assessment or Deferred Maintenance* on page 51 for additional details.

Figure 1: Current Percent Funding and Risk Charts





Current Income

The primary source of an association's income is from annual maintenance assessments or fees. Other sources can also include the sale of assets and rental of facilities. The following summarizes the sources of income used in this reserve study

Note: The Association's annual fee income requirement assumes that the Uniform Rate method is used for the allocation of assessments. If the Variable Rate or Hybrid/Blended Rate is utilized to allocate the annual assessments, please refer to *Assessment Allocation* on page 4 for further information.

Table 5: Current Income Sources

Current Funding Summary for Year 2026		
Income Type	Amount	Current Special Assessments
Association Annual Fees Income for 2025:	\$ 403,200	Year
Estimated Annual Fees Income for 2026: *	\$ 432,432	Amount
Interest on Reserve Fund:	3.00%	
Loans:	\$ 0	
Other Annual Income:	\$ 0	

* Using the Uniform Rate method for assessment allocation

Current Expenses

Table 6: Current Expenses

Current Expenses	
Operating Expenses for Year 2025:	\$ 372,697
Estimated Operating Expenses for Year 2026:	\$ 383,878
2026 to 2056 OpEx inflation:	3.00%
Current Loan Payments:	\$ 25,657

Operating expenses should not include reserve contributions



Future Income Sources

Income sources used in this reserve study financial analysis include:

- Annual maintenance assessments (fees or dues) and annual maintenance assessments (fees or dues) increase
- New loans
- Annual income from other sources such as facilities rentals
- Interest earned from reserve fund accounts
- Special assessments
- Other one-time incomes such as sale of assets

Table 7: Future Income Sources

Future Income Sources							
Fees Increase #1		Fees Increase #2		Fees Increase #3	Future Loans		
% Increase: 7.25%		% Increase: 2.00%		% Increase: 1.25%		Year	Amount
Start Year: 2026		Start Year: 2033		Start Year: 2038			
Duration: 7 yrs		Duration: 5 yrs		Duration: 18 yrs			
Interest on Reserve Fund							
3.00%							



30-Year Financial Projection

The reserve fund characteristics will vary over the next 30 years:

- Reserve Fund Balance
- Reserve Fund Contribution
- Reserve Funding Percent of FFB

The following table summarizes these performance indicators.

Table 8: 30-Year Financial Projection

30-Year Financial Projection	
Minimum Reserve Fund Balance:	\$ 165,241
Maximum Reserve Fund Balance:	\$ 1,902,328
Minimum Annual Reserve Fund Contribution:	\$ 4,650
Maximum Annual Reserve Fund Contribution:	\$ 193,883
Minimum Reserve Funding Percent of FFB:	16%
Maximum Reserve Funding Percent of FFB:	84%
Average Annual Reserve Funding Percent of FFB:	56%



Reserve Components

Reserve expenses for components are major expenses which must be budgeted for in advance to provide the necessary funds in time to cover the necessary maintenance or replacement as components deteriorate. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that, if not reserved, would have a significant impact on the budgetary process from one year to the next.

Components That Should be Included

A common concern is what components are to be included and funded for in the Reserve Study. Nationally recognized Reserve Study Standards indicate reserve components need to meet **ALL** the following criteria:

- The component is owned and maintained by the Association
- The component is NOT already covered in a maintenance contract
- The component has a limited life expectancy
- The component has a predictable and defined remaining useful life
- The component project cost is above a threshold amount imposed by the Association

Components That Should be Excluded

The following categories of reserve components are normally excluded from Reserve Studies:

- **Below Threshold Costs:** – Component repair and/or replacement costs that are too small to be considered reserve expenses are typically included in the operational or maintenance budget. Expenses that are below this threshold are generally not included in this study and should be part of the operational expense budget.
- Reserve assets which should be part of the operational expenses such as asset expenses that occur annually or assets that have an annual maintenance service contract and can generally be effectively budgeted for each year. They are characterized as being predictable both in terms of frequency and cost.
- **Very Long or Unpredictable Useful Life Expectancy:** – Components which, when properly maintained, have very long useful lives with no predictable replacement cycle. Examples include plumbing, electrical systems and retaining walls. Although there may be circumstances where an Association may wish to include items such as these.
- **Unit Improvements:** – Improvements made to the property that fall within the Governing Documents' unit description summary as the responsibility of the unit's owner.
- **Other Non-Association/Organization Owned:** – Improvements installed on the property, but which are owned by other parties such as governmental agencies, utility companies, the US Postal Service, etc.

Determining the Cost of Replacement

Replacement costs are obtained in various manners. All costs also include the cost of removing the existing component, if appropriate. Factors for estimating replacement costs include:

- Cost estimating manuals and guidelines, if appropriate
- Evaluating historical maintenance records and, where appropriate, adjusting for inflation
- Obtaining current estimates from reliable sources such as contractors, suppliers, or subject matter experts

Component Useful Life Estimates

“Useful life” is defined as the number of years the component is expected to serve its intended purpose if given regular and proper maintenance. Estimating the useful life of each of components includes the following factors:



- Material manufacturer's warranty
- Commercially available published sources with estimates of useful life such as the US Department of Housing and Urban Development and Fannie Mae.
- Evaluating the Association's past maintenance records

Component Remaining Useful Life Estimates

The "**Remaining Life**" is defined as the expected number of years the component will continue to serve its intended purpose prior to repair or replacement. Estimating the remaining useful life of each of components includes the following factors:

- Subtracting the year that the component was installed from the useful life estimate
- Evaluating the apparent physical condition by someone familiar with the component such as a service vendor and adjusting the remaining useful life as necessary
- Evaluating past maintenance records to determine if the useful life is accurately represented

In determining the remaining life of a component, a certain level of continued preventive maintenance is assumed. Any assumptions pertaining to these maintenance assumptions are explicitly stated so that proper maintenance can be continued throughout the component's remaining life.

The remaining life of a component implicitly specifies the year in which maintenance or replacement is required. The analysis timeline shows the year of replacement for each component. The timeline serves as a schedule for expected component replacements and can be updated or changed when the Physical Analysis is updated or as components last for shorter or longer periods than expected.

Evaluating the General Condition of Reserve Components

The general condition of a reserve component can be assessed based on various factors, including age, visual appearance, maintenance history, and potential risk of failure. Objective criteria, such as sampling and testing, may also be utilized. Unless otherwise specified, any evaluations of reserve components' conditions are based on the following criteria:

- **Good:** No Substantial Deterioration Observed AND No Dangerous Condition Exists
- **Fair:** Indication of Deterioration is Observed AND No Dangerous Condition Exists
- **Poor:** Substantial Deterioration is Observed OR Dangerous Condition Exists

Structural Integrity Reserve Components

Structural Integrity Reserve Components (SI) as defined by the State of Florida are components related to the structural integrity and safety of the building. They include:

- Roof
- Structural Systems (e.g., floors, foundations, and load-bearing walls)
- Fireproofing or Fire Protection Systems



- Plumbing
- Electrical Systems
- Waterproofing and Exterior Painting
- Exterior Doors & Windows that are part of the Common Area and are the responsibility of the Association to maintain
- Other items with a deferred maintenance expense or replacement costs exceeding \$10,000. The intent is to identify items that are of high value or that the failure to replace or maintain may negatively affect the structural integrity, safety, or security of the occupants.

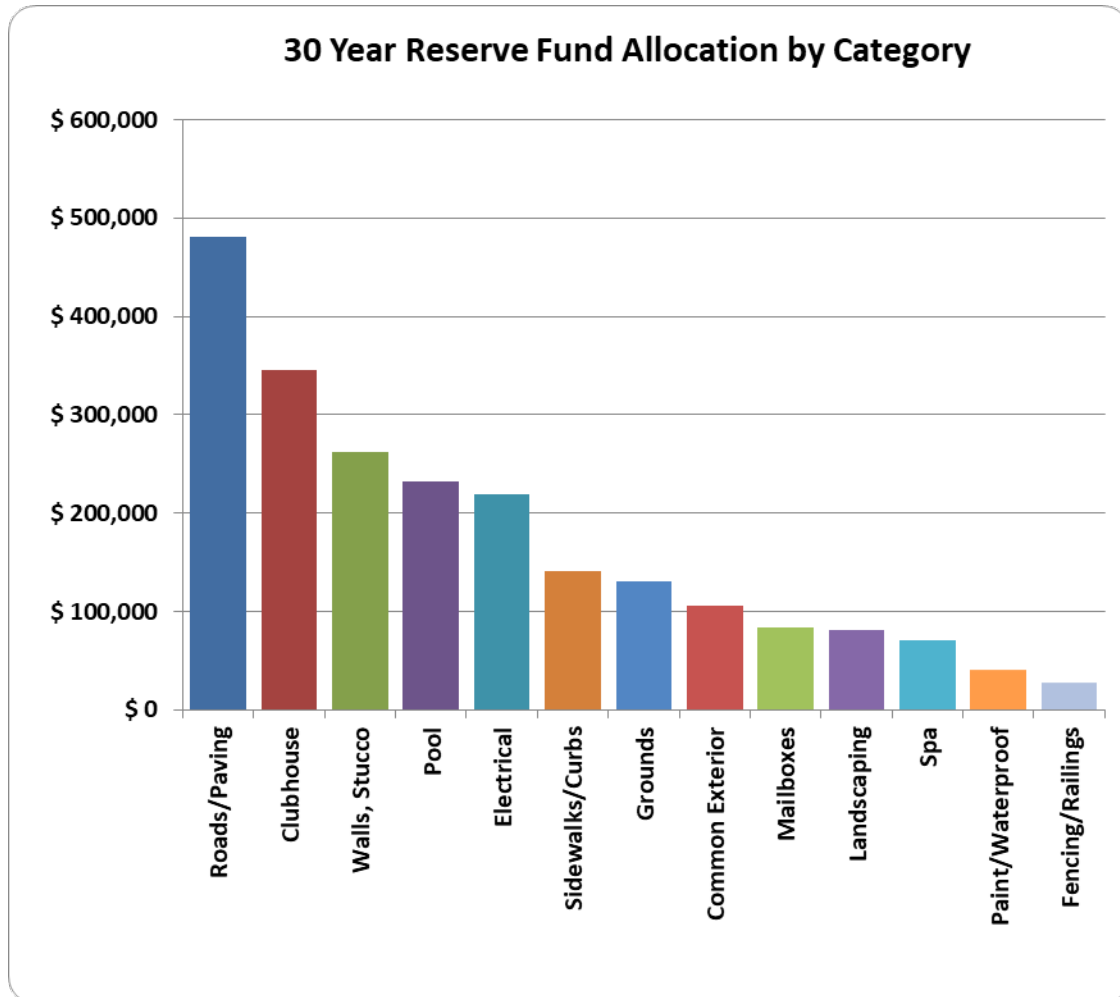
The State of Florida requires that any condominium or cooperative association perform an assessment and reserve study at least every 10 years after the association's creation for each building on the association's property that is three stories or higher. It is likely that other states and regions will implement similar requirements. During this analysis, the user(s) have the option to identify any of the reserve components such as SI, or Structural Integrity. Identification does not alter the financial analysis, but it will mark those components for easy identification. Refer to *Structural Integrity Reserve Study – Definition* on page 6 for more information.



Reserve Fund Allocation

The following chart illustrates the reserve fund allocation of the included reserve components. Attention should be given to those component categories which are a large percentage of the allocated costs as these may require significant planning to adequately budget for their replacement. These large expenses may be well into the future during "Peak Year" cycles.

Figure 2: 30 Year Reserve Fund Allocation



Components Included in Analysis

The following components are included in this Reserve Study financial analysis.

Table 9: Reserve Component Inventory

Item	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2026) Replacement Cost	Last or Scheduled Service Year	Est Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
1	SI	Walls, Stucco	Bldg 1 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
2	SI	Walls, Stucco	Bldg 2 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
3	SI	Walls, Stucco	Bldg 3 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
4	SI	Walls, Stucco	Bldg 4 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
5	SI	Walls, Stucco	Bldg 5 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
6	SI	Walls, Stucco	Bldg 7 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
7	SI	Walls, Stucco	Bldg 8 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
8	SI	Walls, Stucco	Bldg 9 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
9	SI	Walls, Stucco	Bldg 10 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
10	SI	Walls, Stucco	Bldg 11 Ext Plaster/Stucco/Paint	Fair	\$ 8,000	Actual Cost	\$ 21,219	1993	40		7	1	each	2033	\$ 26,096
11	SI	Roofing	Bldg 1 Painted Metal Roof	Good	\$ 67,275	Actual Cost	\$ 73,513	2023	50		47	1	each	2073	\$ 294,927
12	SI	Roofing	Bldg 2 Painted Metal Roof	Good	\$ 67,275	Actual Cost	\$ 73,513	2023	50		47	1	each	2073	\$ 294,927
13	SI	Roofing	Bldg 3 Painted Metal Roof	Good	\$ 67,275	Actual Cost	\$ 73,513	2023	50		47	1	each	2073	\$ 294,927
14	SI	Roofing	Bldg 4 Painted Metal Roof	Good	\$ 67,275	Actual Cost	\$ 73,513	2023	50		47	1	each	2073	\$ 294,927
15	SI	Roofing	Bldg 5 Painted Metal Roof	Good	\$ 67,275	Actual Cost	\$ 73,513	2023	50		47	1	each	2073	\$ 294,927
16	SI	Roofing	Bldg 7 Painted Metal Roof	Good	\$ 67,275	Actual Cost	\$ 73,513	2023	50		47	1	each	2073	\$ 294,927
17	SI	Roofing	Bldg 8 Painted Metal Roof	Good	\$ 79,175	Actual Cost	\$ 86,517	2023	50		47	1	each	2073	\$ 347,096



Item	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2026) Replacement Cost	Last or Scheduled Service Year	Est Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
18	SI	Roofing	Bldg 9 Painted Metal Roof	Good	\$ 79,175	Actual Cost	\$ 86,517	2023	50		47	1	each	2073	\$ 347,096
19	SI	Roofing	Bldg 10 Painted Metal Roof	Good	\$ 51,150	Actual Cost	\$ 55,893	2023	50		47	1	each	2073	\$ 224,237
20	SI	Roofing	Bldg 11 Painted Metal Roof	Good	\$ 67,275	Actual Cost	\$ 73,513	2023	50		47	1	each	2073	\$ 294,927
21	SI	Roofing	Clubhouse Painted Metal Roof	Good	\$ 32,925	Actual Cost	\$ 35,978	2023	50		47	1	each	2073	\$ 144,340
22		Paint/Waterproof	Clubhouse Exterior Paint	Fair	\$ 4,025	Actual Cost	\$ 7,712	2004	30		8	3220	sq-ft	2034	\$ 9,770
23		Paint/Waterproof	Stairs + Flooring	Fair	\$ 12,200	Actual Cost	\$ 23,376	2004	30		8	12200	sq-ft	2034	\$ 29,613
24		Roads/Paving	Asphalt Resurfacing	Fair	\$ 180,000	Actual Cost	\$ 334,853	2005	30	+ 2 yrs	11	60000	sq-ft	2037	\$ 463,515
25		Roads/Paving	Parking Stripes	Fair	\$ 3,000	Actual Cost	\$ 5,581	2005	30		9	134	each	2035	\$ 7,282
26		Roads/Paving	Parking Stops Paint	Fair	\$ 4,000	Actual Cost	\$ 7,441	2005	30		9	134	each	2035	\$ 9,709
27		Sidewalks/Curbs	Sidewalks	Fair	\$ 29,000	Actual Cost	\$ 53,949	2005	30		9	5800	sq-ft	2035	\$ 70,391
28		Sidewalks/Curbs	Concrete Curbs	Fair	\$ 29,000	Actual Cost	\$ 53,949	2005	30		9	5800	sq-ft	2035	\$ 70,391
29		Common Exterior	Wooden Bridge	Fair	\$ 26,400	Actual Cost	\$ 30,605	2021	15		10	88	ft	2036	\$ 41,130
30		Mailboxes	Common Mailboxes	Fair	\$ 16,480	Actual Cost	\$ 25,675	2011	20		5	8	lump sum	2031	\$ 29,765
31		Grounds	Irrigation-Sprinkler	Fair	\$ 16,840	Actual Cost	\$ 31,327	2005	40		19	3	acre	2045	\$ 54,933
32		Clubhouse	Interior paint	Fair	\$ 6,400	Actual Cost	\$ 12,263	2004	25		3	1	lump sum	2029	\$ 13,400
33		Clubhouse	Carpet-Furnit-Cab-Acces	Fair	\$ 18,000	Actual Cost	\$ 33,485	2005	20		0	1	lump sum	2026	\$ 33,485
34		Clubhouse	Gym Equipment + Sauna	Fair	\$ 22,000	Actual Cost	\$ 40,926	2005	25		4	1	lump sum	2030	\$ 46,063
35		Clubhouse	A/C Unit	Good	\$ 12,000	Actual Cost	\$ 12,360	2025	10		9	2	each	2035	\$ 16,127
36	SI	Electrical	Meter Box Replcmnt	Fair	\$ 36,000	Actual Cost	\$ 44,275	2019	40		33	9	lump sum	2059	\$ 117,433
37	SI	Plumbing	Meter Box Replcmnt	Fair	\$ 14,450	Actual Cost	\$ 17,254	2020	40		34	17	lump sum	2060	\$ 47,136
38		Landscaping	Bldgs,Entrance,Clubhouse	Fair	\$ 20,000	Actual Cost	\$ 27,685	2015	15		4	1	lump sum	2030	\$ 31,159



Item	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2026) Replacement Cost	Last or Scheduled Service Year	Est Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
39		Electrical	Globe Light Poles	Fair	\$ 52,500	Actual Cost	\$ 97,665	2005	30		9	15	each	2035	\$ 127,431
40		Electrical	Driveway Illumn	Fair	\$ 13,400	Actual Cost	\$ 24,928	2005	30		9	134	each	2035	\$ 32,525
41		Electrical	LED Breezeways	Fair	\$ 6,600	Actual Cost	\$ 7,428	2022	6		2	22	each	2028	\$ 7,881
42		Fencing/Railings	Pool perimeter fence + gate	Fair	\$ 11,250	Actual Cost	\$ 20,928	2005	30		9	250	ft	2035	\$ 27,307
43		Grounds	Well	Fair	\$ 3,000	Actual Cost	\$ 5,921	2003	25		2	1	each	2028	\$ 6,281
44		Grounds	Fountain Well	Fair	\$ 3,000	Actual Cost	\$ 5,921	2003	25		2	1	each	2028	\$ 6,281
45		Grounds	Concrete Stairs Treads	Fair	\$ 11,200	Actual Cost	\$ 12,606	2022	25		21	1400	sq-ft	2047	\$ 23,450
46		Pool	Complex Pool	Fair	\$ 56,000	Actual Cost	\$ 107,302	2004	30		8	1	lump sum	2034	\$ 135,927
47		Spa	Jacuzzi/Spa	Fair	\$ 29,000	Actual Cost	\$ 55,567	2004	30		8	1	lump sum	2034	\$ 70,391
48		Pool	Heater	Fair	\$ 3,500	Actual Cost	\$ 3,939	2022	10		6	1	each	2032	\$ 4,704
49		Pool	Lights	Fair	\$ 7,500	Actual Cost	\$ 8,695	2021	10		5	5	each	2031	\$ 10,079
50		Pool	Lounges/Chairs	Fair	\$ 8,400	Actual Cost	\$ 11,628	2015	15		4	33	each	2030	\$ 13,087
51		Grounds	Benches & Tables	Fair	\$ 3,000	Actual Cost	\$ 5,581	2005	50		29	1	lump sum	2055	\$ 13,152

Structural Integrity Components Included in Analysis

If they were identified in the analysis as components which may affect the Structural Integrity, they are included and indicated in *Table 9: Reserve Component Inventory* on page 26 (above).



Components Not Included in Analysis

The components below have been excluded from analysis in this reserve study.

Table 10: Components Not Included in Funding

Item	Major Component	Reason Not Considered for Analysis	Comments
1	Windows	Not Part of Common Elements	HOA By-Laws
2	Ext Doors / Unit	Not Part of Common Elements	HOA By-Laws
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Income and Expenses

The funding plan of this reserve study will help the association's reserve account to be highly funded over the next 30 years. This requires a recommended allocation amount into the reserve account.

The following table summarizes each year's income and expenses and includes the following elements to derive the Annual Maintenance Assessments (or Fees) and Annual Reserve Contributions:

- Annual reserve balance
- The fully funded balance of all reserve components
- Total income
- Total expenses (reserve components, operational, and loans)

This funding plan considers four basic principles:

1. There are adequate reserves when needed.
2. The budget should remain stable but increasing to offset inflationary factors.
3. The costs are well distributed over time.
4. The funding plan must allow the Association to be fiscally responsible.

Note: The funding plan assumes that future income from assessments (or dues) is based upon the Uniform Rate method of assessment allocation. Refer to *Assessment Allocation* on page 4 for additional information. The Uniform Rate method is used for financial analysis as this ensures that minimum required income is assumed whereas using either the Variable Rate or Hybrid/Blended Rate methods is less predictable.



Table 11: Projected Income & Expenses Summary

				Incomes							Expenses									
Year	Start of Year Reserve Balance ^{1,2}	Fully Funded Balance ¹	Start Of Year Percent Funded ¹	Special Assessments	Total Annual Maintenance Assessment s (dues)	Loans	Reserve Balance Interest Income	Other Incomes	Total Annual Income	Operating Expenses	Loan Expenses (payments)	Special Projects	Non Structural Integrity (SI) Reserve Expenses ³	Structural Integrity (SI) Reserve Expenses ³	Total All Reserve Expenses	Estimated Annual Taxes	Total Expenses	Annual Reserve Contrib (less loans) ⁴	Reserve Contrib as Pct of Total Income	End of Year Reserve Balance ⁵
2026	\$ 170,708	\$ 960,007	18%		\$ 432,432		\$ 5,121		\$ 437,553	\$ 383,878	\$ 25,657		\$ 33,485		\$ 33,485		\$ 443,020	\$ 28,018	6%	\$ 165,241
2027	\$ 165,241	\$ 1,019,757	16%		\$ 463,783		\$ 4,957		\$ 468,741	\$ 395,394	\$ 25,657						\$ 421,051	\$ 47,689	10%	\$ 212,931
2028	\$ 212,931	\$ 1,117,753	19%		\$ 497,408		\$ 6,388		\$ 503,796	\$ 407,256	\$ 25,657		\$ 20,443		\$ 20,443		\$ 453,356	\$ 70,883	14%	\$ 263,370
2029	\$ 263,370	\$ 1,199,654	22%		\$ 533,470		\$ 7,901		\$ 541,371	\$ 419,474	\$ 25,657		\$ 13,400		\$ 13,400		\$ 458,531	\$ 96,240	18%	\$ 346,211
2030	\$ 346,211	\$ 1,293,349	27%		\$ 572,146		\$ 10,386		\$ 582,533	\$ 432,058	\$ 25,657		\$ 90,309		\$ 90,309		\$ 548,024	\$ 124,818	21%	\$ 380,719
2031	\$ 380,719	\$ 1,312,784	29%		\$ 613,627		\$ 11,422		\$ 625,048	\$ 445,020	\$ 25,657		\$ 39,844		\$ 39,844		\$ 510,521	\$ 154,372	25%	\$ 495,247
2032	\$ 495,247	\$ 1,386,991	36%		\$ 658,115		\$ 14,857		\$ 672,972	\$ 458,370	\$ 25,657		\$ 4,704		\$ 4,704		\$ 488,731	\$ 188,945	28%	\$ 679,488
2033	\$ 679,488	\$ 1,501,895	45%		\$ 671,277		\$ 20,385		\$ 691,662	\$ 472,121	\$ 25,657			\$ 260,960	\$ 260,960		\$ 758,738	\$ 193,883	28%	\$ 612,411
2034	\$ 612,411	\$ 1,358,642	45%		\$ 684,703		\$ 18,372		\$ 703,075	\$ 486,285	\$ 25,657		\$ 255,111		\$ 255,111		\$ 767,053	\$ 191,133	27%	\$ 548,433
2035	\$ 548,433	\$ 1,219,536	45%		\$ 698,397		\$ 16,453		\$ 714,850	\$ 500,874	\$ 25,657		\$ 361,163		\$ 361,163		\$ 887,693	\$ 188,319	26%	\$ 375,590
2036	\$ 375,590	\$ 969,509	39%		\$ 712,365		\$ 11,268		\$ 723,632	\$ 515,900	\$ 25,657		\$ 41,130		\$ 41,130		\$ 582,687	\$ 182,076	25%	\$ 516,535
2037	\$ 516,535	\$ 1,044,176	49%		\$ 726,612		\$ 15,496		\$ 742,108	\$ 531,377	\$ 25,657		\$ 463,515		\$ 463,515		\$ 1,020,549	\$ 185,074	25%	\$ 238,094
2038	\$ 238,094	\$ 688,664	35%		\$ 735,695		\$ 7,143		\$ 742,837	\$ 547,318	\$ 25,657						\$ 572,975	\$ 169,862	23%	\$ 407,957
2039	\$ 407,957	\$ 802,626	51%		\$ 744,891		\$ 12,239		\$ 757,129	\$ 563,738	\$ 25,657						\$ 589,395	\$ 167,735	22%	\$ 575,692
2040	\$ 575,692	\$ 922,805	62%		\$ 754,202		\$ 17,271		\$ 771,473	\$ 580,650	\$ 25,657		\$ 11,236		\$ 11,236		\$ 617,543	\$ 165,166	21%	\$ 729,621
2041	\$ 729,621	\$ 1,037,900	70%		\$ 763,629		\$ 21,889		\$ 785,518	\$ 598,069	\$ 25,657		\$ 13,546		\$ 13,546		\$ 637,272	\$ 161,792	21%	\$ 877,867
2042	\$ 877,867	\$ 1,157,038	76%		\$ 773,175		\$ 26,336		\$ 799,511	\$ 616,011	\$ 25,657		\$ 6,321		\$ 6,321		\$ 647,989	\$ 157,842	20%	\$ 1,029,389
2043	\$ 1,029,389	\$ 1,290,250	80%		\$ 782,839		\$ 30,882		\$ 813,721	\$ 634,492	\$ 25,657						\$ 660,149	\$ 153,572	19%	\$ 1,182,961
2044	\$ 1,182,961	\$ 1,437,119	82%		\$ 792,625		\$ 35,489		\$ 828,114	\$ 653,526	\$ 25,657						\$ 679,183	\$ 148,930	18%	\$ 1,331,892
2045	\$ 1,331,892	\$ 1,591,640	84%		\$ 802,533		\$ 39,957		\$ 842,489	\$ 673,132	\$ 25,657		\$ 145,540		\$ 145,540		\$ 844,329	\$ 143,700	17%	\$ 1,330,052
2046	\$ 1,330,052	\$ 1,604,232	83%		\$ 812,564		\$ 39,902		\$ 852,466	\$ 693,326	\$ 25,657		\$ 73,894		\$ 73,894		\$ 792,877	\$ 133,483	16%	\$ 1,389,641
2047	\$ 1,389,641	\$ 1,694,439	82%		\$ 822,721		\$ 41,689		\$ 864,411	\$ 714,126	\$ 25,657		\$ 23,450		\$ 23,450		\$ 763,233	\$ 124,628	14%	\$ 1,490,819
2048	\$ 1,490,819	\$ 1,842,856	81%		\$ 833,005		\$ 44,725		\$ 877,730	\$ 735,550	\$ 25,657						\$ 761,207	\$ 116,523	13%	\$ 1,607,342
2049	\$ 1,607,342	\$ 2,023,531	79%		\$ 843,418		\$ 48,220		\$ 891,638	\$ 757,616	\$ 25,657						\$ 783,273	\$ 108,365	12%	\$ 1,715,707
2050	\$ 1,715,707	\$ 2,213,388	78%		\$ 853,961		\$ 51,471		\$ 905,432	\$ 780,345	\$ 25,657						\$ 806,002	\$ 99,430	11%	\$ 1,815,137
2051	\$ 1,815,137	\$ 2,412,815	75%		\$ 864,635		\$ 54,454		\$ 919,089	\$ 803,755	\$ 25,657		\$ 136,042		\$ 136,042		\$ 965,454	\$ 89,677	10%	\$ 1,768,773
2052	\$ 1,768,773	\$ 2,482,093	71%		\$ 875,443		\$ 53,063		\$ 928,506	\$ 827,868	\$ 25,657		\$ 24,515		\$ 24,515		\$ 878,040	\$ 74,982	8%	\$ 1,819,239
2053	\$ 1,819,239	\$ 2,672,432	68%		\$ 886,386		\$ 54,577		\$ 940,963	\$ 852,704	\$ 25,657		\$ 26,304		\$ 26,304		\$ 904,665	\$ 62,603	7%	\$ 1,855,538
2054	\$ 1,855,538	\$ 2,870,873	65%		\$ 897,466		\$ 55,666		\$ 953,132	\$ 878,285			\$ 28,057		\$ 28,057		\$ 906,342	\$ 74,847	8%	\$ 1,902,328
2055	\$ 1,902,328	\$ 3,077,822	62%		\$ 908,684		\$ 57,070		\$ 965,754	\$ 904,633			\$ 138,725		\$ 138,725		\$ 1,043,358	\$ 61,121	6%	\$ 1,824,724

1. The values for the year 2026 in this table are based upon the date: As of 1 Jun 2026.
2. Start of Year Reserve balance includes operations fund account balance.
3. Refer to the reserve items inventory listing for the identification of the Non-Structural Integrity components and the Structural Integrity components.
4. Annual Reserve Contribution = Total Annual Income - Operating Expenses - Loan Expenses - Taxes. The reserve contribution is a target or a goal. Not an expense item. This value is a recommendation.
5. The EOY Reserve Balance is estimated based on total annual incomes and total annual expenses



Reserve Contribution

The reserve contribution is predominantly composed of money remaining after you deduct the operational expenses from the total income. Where total income is comprised of the total of maintenance and special assessments, interest income, loans and other miscellaneous incomes. Operational expenses are typically those expenses that are not reserve expenses such as utilities, landscaping, administrative and other general annual expenses.

$$\text{Reserve Contribution} = \text{Total Income} - \text{Operational Expenses}$$

The table below outlines the projected reserve contributions for the selected years for display. These contributions are intended as goals and should not be viewed as expenses or firm objectives. Actual contributions to the reserve fund will vary due to potential changes in circumstances, such as unexpected expenses or variations from the annual budget.

Table 12: Annual Reserve Contribution Summary

Annual Reserve Contribution Table					
Year	Reserve Contribution	Year	Reserve Contribution	Year	Reserve Contribution
2026	\$ 28,018	2036	\$ 182,076	2046	\$ 133,483
2027	\$ 47,689	2037	\$ 185,074	2047	\$ 124,628
2028	\$ 70,883	2038	\$ 169,862	2048	\$ 116,523
2029	\$ 96,240	2039	\$ 167,735	2049	\$ 108,365
2030	\$ 124,818	2040	\$ 165,166	2050	\$ 99,430
2031	\$ 154,372	2041	\$ 161,792	2051	\$ 89,677
2032	\$ 188,945	2042	\$ 157,842	2052	\$ 74,982
2033	\$ 193,883	2043	\$ 153,572	2053	\$ 62,603
2034	\$ 191,133	2044	\$ 148,930	2054	\$ 74,847
2035	\$ 188,319	2045	\$ 143,700	2055	\$ 61,121

Annual contributions to the reserve fund are estimated goals and should not be classified as expenses or firm objectives. Actual contributions will vary.

Note: Reserve Contributions include any excess incomes such as loans.

Loans

Loans are considered an income source, and the loan payments are included in the annual operational expenses.

- The principal amount of **new** loans is considered a new, one-time income source.
- Loan payments are included in the annual operational expenses.
- Inflation is not applied to annual loan payments.



The following table summarizes both the current existing loans and any new loans that are planned.

Table 13: Loan Summary

Loan Summary								
Loan #	Loan Description	Loan Type	Loan Amount	Origination Year	Term of Loan	Current Balance	Annual Interest	Annual Payment
1	SBA	Existing	\$ 545,700	2023	30 Years	\$ 506,781	2.38%	\$ 25,657
2								
3								
4								
5								
6								

Taxes

. Within the United States, most associations will file Federal Tax Form 1120 or 1120-H. Managing the reserve fund is critical and every association should seek specific advice about their tax liability to minimize the amount of taxable income.

If estimated taxes are included in this analysis, refer to *Table 11: Projected Income & Expenses Summary* for the estimated annual tax liability.

Disclaimer: Any estimated annual taxes or tax rates used in this analysis are strictly estimates based on information provided by the association. The calculations used in this analysis do not capture final adjustments that may be made independently. This estimate must not be interpreted as financial or professional advice. If you require accounting, legal, or expert assistance and do not have the necessary qualifications, seek the counsel of a competent professional before taking any action based on the information presented



Maximum Reserve Fund Expenses

The most important aspect of preparing a financial plan is to have confidence that you can meet all anticipated expenses in the year of their occurrence. It is best not to focus on percent funding as the key indicator of your ability to meet those expenses. Instead, focus on each year's total expenses versus the total resources available to meet those expenses. In addition, the following criteria should be considered:

- Regular contributions to the reserve fund should be established and maintained to ensure that funding is available to meet future reserve expenses.
- Maintain a percent funding threshold high enough so that the association's consumers pay for the resources. Generally, this is in the range of 50% to 100%.
- Maintain the reserve fund balance at a level high enough to not only meet each year's expenses, but also minimize the risks of special assessments and deferred maintenance.
 - The annual reserve fund contribution required to support this analysis is shown in *Table 11: Projected Income & Expenses Summary* on page 31.
 - A graphical view of the monthly reserve fund contribution is displayed in *Figure 9: Average Monthly Reserve Fund Contribution Rate* on page 47.

The following table lists the year that the maximum reserve fund expenses (depreciable asset expenses) occurs and the financial state of the reserve fund in that year.



Table 14: Maximum Reserve Expenses and Contributions

Maximum Reserve Expenses & Reserve Contribution	
Year Maximum Reserve Expenses Occur:	2037
Min Req'd % FFB at Start of 2037:	44%
This analysis, Start of Year % Funding in 2037:	49%
Reserve Fund Balance at Start of 2037:	\$ 516,535
Estimated Reserve Contribution in 2037:	\$ 185,074
Total Available Reserve Funds in 2037: *	\$ 701,609
Total Reserve Expenses in 2037:	\$ 463,515

* Does not include funds from anticipated annual maintenance assessments in year 2037

Maximum Reserve Expenses & Reserve Contribution	
Year Maximum Reserve Expenses Occur:	2037
Min Req'd % FFB at Start of 2037:	44%
This analysis, Start of Year % Funding in 2037:	49%
Reserve Fund Balance at Start of 2037:	\$ 516,535
Estimated Reserve Contribution in 2037:	\$ 185,074
Total Available Reserve Funds in 2037: *	\$ 701,609
Total Reserve Expenses in 2037:	\$ 463,515

* Does not include funds from anticipated annual maintenance assessments in year 2037



Detailed Financial Analysis

Annual Projected Expenses

The annual projected reserve expenses are estimates based on the estimated useful life of the components, the current cost estimates, and adjustments for inflation.

Special Project Expenditures

Any special projects are shown in the following table.

Table 15: Special Projects Table

Year	Cost	ct or One-Time Expense
------	------	------------------------

First Year of Analysis Reserve Components Services Complete

At the time the financial analysis was performed, if any reserve components' services which may have been due in the first year of analysis have already been completed, then funding during the first year of analysis would not be required for those components. Any components which have been completed will appear in the following table. Structural Integrity (SI) components are indicated if applicable.

Table 16: Reserve Component Already Completed in First Year of Analysis Table

As of 01 June 2026, these components' scheduled services are complete.

Year	Cost	SI	Category	Component
Total:	\$ 0			

Annual Reserve Component Expenditures

The table below provides the reserve component expenditure for each year of the selected analysis years to display, including those components that were indicated as being complete at the time the financial analysis was performed. Structural Integrity (SI) components are indicated if applicable.

Table 17: Annual Reserve Component Expenditures Table

Reserve Component Expenditures for Years 2026 to 2055

Year	Cost	SI	Category	Component
2026	\$ 33,485		Clubhouse	Carpet-Furniture-Cabinets-Accessories
2026 Total:	\$ 33,485			
2027	No Reserve Expenses Anticipated			
2028	\$ 7,881		Electrical	LED Breezeways
	\$ 6,281		Grounds	Well
	\$ 6,281		Grounds	Fountain Well
2028 Total:	\$ 20,443			
2029	\$ 13,400		Clubhouse	Interior paint
2029 Total:	\$ 13,400			
2030	\$ 46,063		Clubhouse	Gym Equipment + Sauna
	\$ 31,159		Landscaping	Bldgs, Entrance, Clubhouse
	\$ 13,087		Pool	Lounges/Chairs



Year	Cost	SI	Category	Component
2030 Total:	\$ 90,309			
2031	\$ 29,765		Mailboxes	Common Mailboxes
	\$ 10,079		Pool	Lights
2031 Total:	\$ 39,844			
2032	\$ 4,704		Pool	Heater
2032 Total:	\$ 4,704			
2033	\$ 26,096	SI	Walls, Stucco	Bldg 1 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 2 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 3 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 4 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 5 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 7 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 8 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 9 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 10 Ext Plaster/Stucco/Paint
	\$ 26,096	SI	Walls, Stucco	Bldg 11 Ext Plaster/Stucco/Paint
2033 Total:	\$ 260,960			



Year	Cost	SI	Category	Component
2034	\$ 9,770		Paint/Waterproof	Clubhouse Exterior Paint
	\$ 29,613		Paint/Waterproof	Stairs + Flooring
	\$ 9,410		Electrical	LED Breezeways
	\$ 135,927		Pool	Complex Pool
	\$ 70,391		Spa	Jacuzzi/Spa
2034 Total:	\$ 255,111			

2035	\$ 7,282		Roads/Paving	Parking Stripes
	\$ 9,709		Roads/Paving	Parking Stops Paint
	\$ 70,391		Sidewalks/Curbs	Sidewalks
	\$ 70,391		Sidewalks/Curbs	Concrete Curbs
	\$ 16,127		Clubhouse	A/C Unit
	\$ 127,431		Electrical	Globe Light Poles
	\$ 32,525		Electrical	Driveway Illumn
	\$ 27,307		Fencing/Railings	Pool perimeter fence + gate
2035 Total:	\$ 361,163			

2036	\$ 41,130		Common Exterior	Wooden Bridge
2036 Total:	\$ 41,130			

2037	\$ 463,515		Roads/Paving	Asphalt Resurfacing
------	------------	--	--------------	---------------------



Year	Cost	SI	Category	Component
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2037 Total:	\$ 463,515			
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2038	No Reserve Expenses Anticipated			
------	---------------------------------	--	--	--

2039	No Reserve Expenses Anticipated			
------	---------------------------------	--	--	--

2040	\$ 11,236		Electrical	LED Breezeways
------	-----------	--	------------	----------------

2040 Total:	\$ 11,236			
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2041	\$ 13,546		Pool	Lights
------	-----------	--	------	--------

2041 Total:	\$ 13,546			
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2042	\$ 6,321		Pool	Heater
------	----------	--	------	--------

2042 Total:	\$ 6,321			
-------------	----------	--	--	--

2043	No Reserve Expenses Anticipated			
------	---------------------------------	--	--	--

2044	No Reserve Expenses Anticipated			
------	---------------------------------	--	--	--



Year	Cost	SI	Category	Component
2045	\$ 54,933		Grounds	Irrigation-Sprinkler
	\$ 21,673		Clubhouse	A/C Unit
	\$ 48,545		Landscaping	Bldgs,Entrance,Clubhouse
	\$ 20,389		Pool	Lounges/Chairs
2045 Total:	\$ 145,540			
2046	\$ 60,478		Clubhouse	Carpet-Furnit-Cab-Acces
	\$ 13,416		Electrical	LED Breezeways
2046 Total:	\$ 73,894			
2047	\$ 23,450		Grounds	Concrete Stairs Treads
2047 Total:	\$ 23,450			
2048No Reserve Expenses Anticipated				
2049	No Reserve Expenses Anticipated			
2050	No Reserve Expenses Anticipated			



Year	Cost	SI	Category	Component
2051	\$ 64,080		Common Exterior	Wooden Bridge
	\$ 53,758		Mailboxes	Common Mailboxes
	\$ 18,204		Pool	Lights
2051 Total:	\$ 136,042			
2052	\$ 16,020		Electrical	LED Breezeways
	\$ 8,495		Pool	Heater
2052 Total:	\$ 24,515			
2053	\$ 13,152		Grounds	Well
	\$ 13,152		Grounds	Fountain Well
2053 Total:	\$ 26,304			
2054	\$ 28,057		Clubhouse	Interior paint
2054 Total:	\$ 28,057			
2055	\$ 96,446		Clubhouse	Gym Equipment + Sauna
	\$ 29,127		Clubhouse	A/C Unit
	\$ 13,152		Grounds	Benches & Tables
2055 Total:	\$ 138,725			



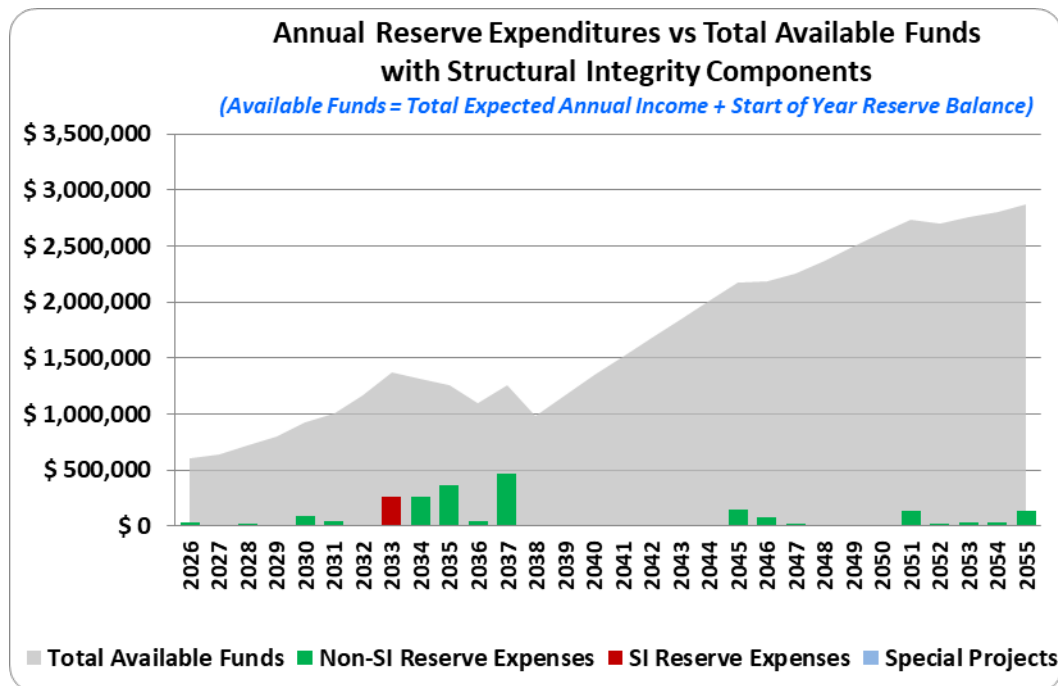
Reserve Fund Expenditures

The graph(s) below show(s) the projected future reserve expenses that the association is responsible for funding. As with all computations in this report, the estimates in this figure are based on the estimated expense projections which are a combination of historical expenditures and current estimates. All expenses are projected 30 years into the future, utilizing the inflation rate assumptions. However, for the sake of conciseness, the graphical results may display less than 30 years.

It is crucial to highlight peak years with substantial projected expenditures related to one or more component projects requiring repair or replacement. These infrequent but significant expenses during "peak" years are often challenging to budget for, as they are commonly overlooked or disregarded due to the perception that the expenses are distant and can be budgeted for later.

Out of a total of 51 reserve components in this analysis, 23 components have been identified as Structural Integrity (SI) Components. Refer to Structural Integrity Reserve Study – Definition on page 2 for more information about Structural Integrity (SI) components.

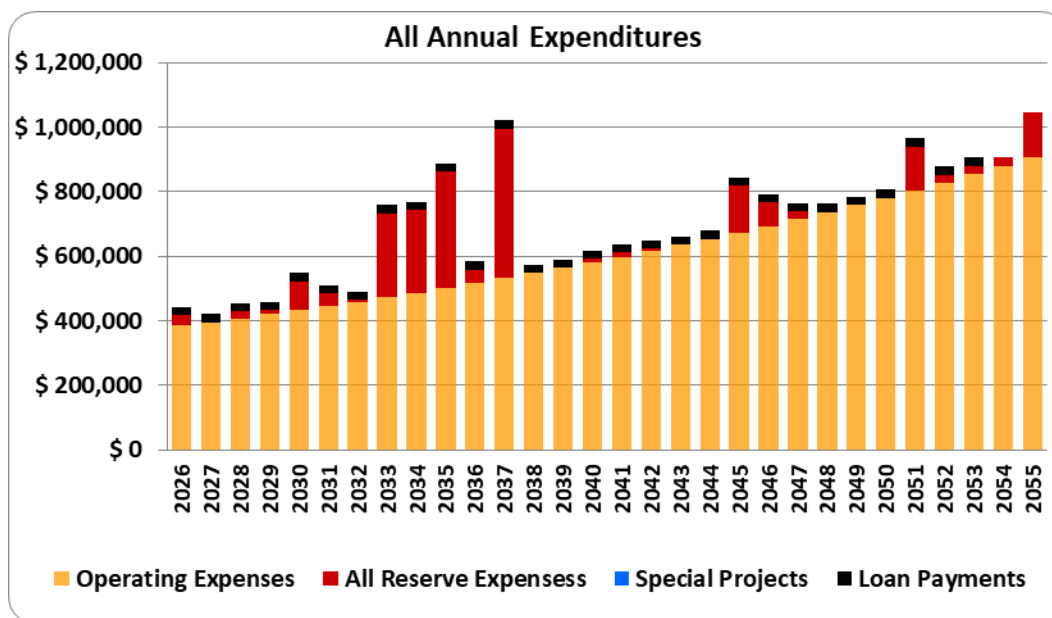
Figure 3: Reserve Fund Expenditures



All Expenses

In addition to reserve expenditures, the association needs to cover operational expenses, costs for special projects and any loan payments. The following graph depicts all the annual expenditure that the association can expect over the next 30 years.

Figure 4: All Annual Expenses

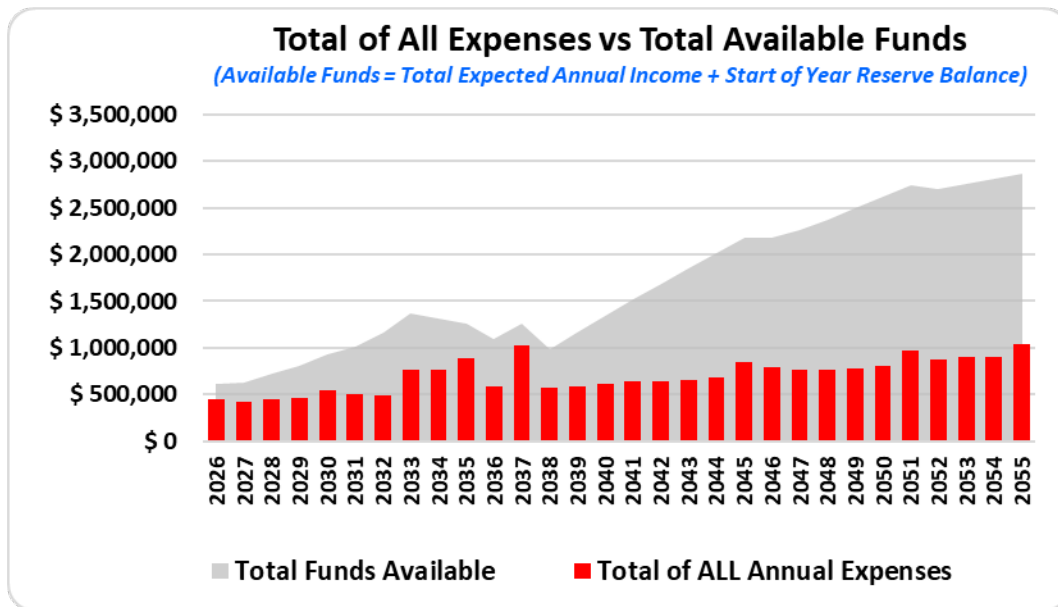


As with any projections of future expenditures, “near-term” projects will be more accurate than events in the future, especially events projected many years away.

The following graph illustrates each year’s anticipated expenses versus the available cash assets. The cash assets are assumed to be the total of the start-of-year reserve fund balance plus the anticipated annual income plus any additional income such as loans or other income types. In effect, this chart shows you the total expenses versus total available funds in each year.

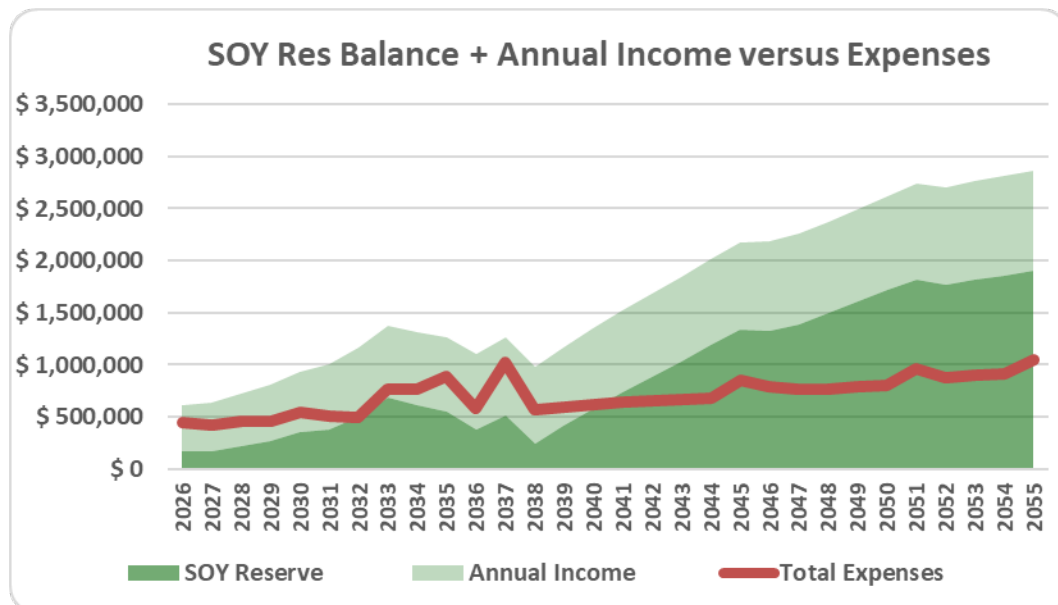


Figure 5: All Annual Expenses versus Available Funds



Another method of graphical representation is to view the annual reserve fund balance as a combination of the start of year reserve balance plus the anticipated annual income versus total annual expenses as the following graph illustrates.

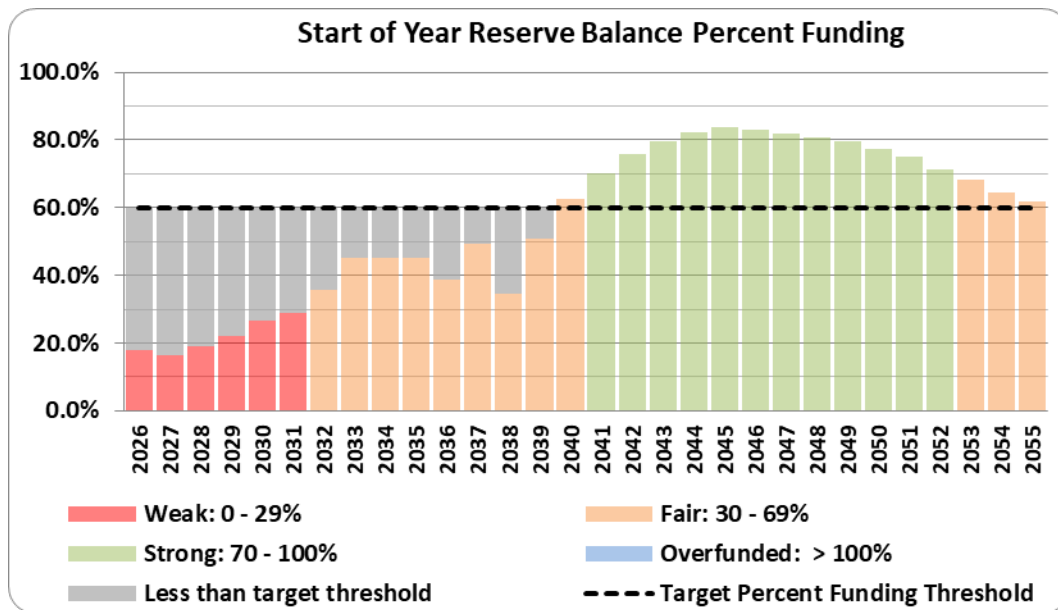
Figure 6: Start of the Year Reserve Balance plus Annual Income versus Expenses



Reserve Balance

This graph illustrates the key elements of the funding model proposed in this assessment. Over the timeframe of this reserve study, the allocation rates and the percent funding will fluctuate based on the expenditure projected in any given year.

Figure 7: Start of the Year Reserve Balance Percent Funding



Annual Income and Contribution to Reserve Fund

Based on the current percentage funded and the projected cash flow requirements, the recommended reserve contributions should be established per month this fiscal year. This represents the first year of a 30-year Funding Plan. The actual contribution to the reserve fund will vary year-to-year depending on the anticipated reserve expenses. To most fairly spread out the contribution burden on current and future owners in our inflationary economic environment, nominal annual increases should be expected in future years. Most authorities say that the annual reserve contribution should be at least 10% of the annual income. Associations with a contribution rate of less than 10% can expect future special assessments.



This recommended reserve contribution rate is depicted in the following two graphs.

Figure 8: Annual Income and Reserve Contribution

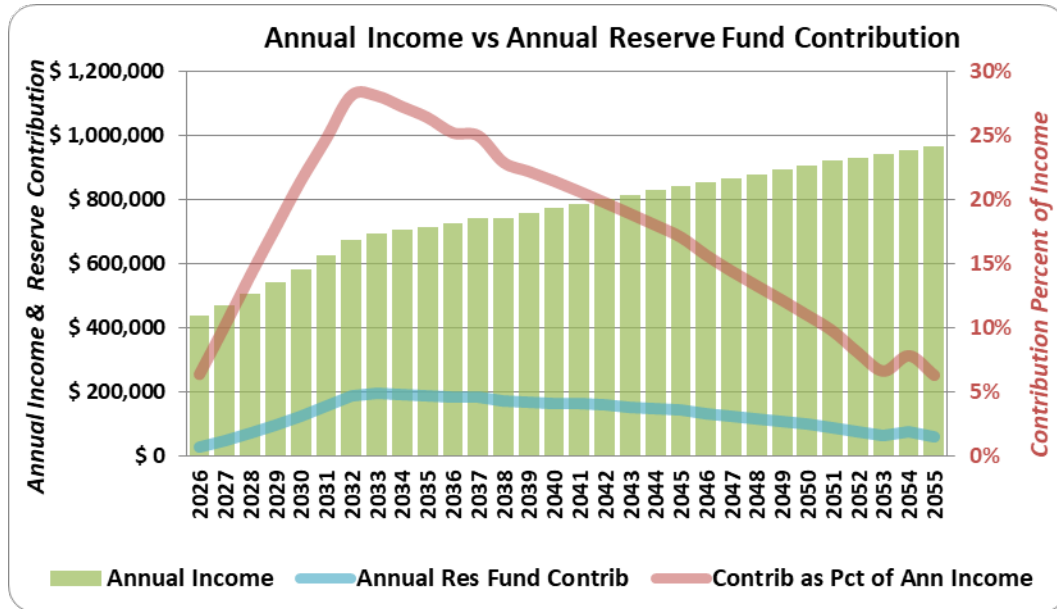
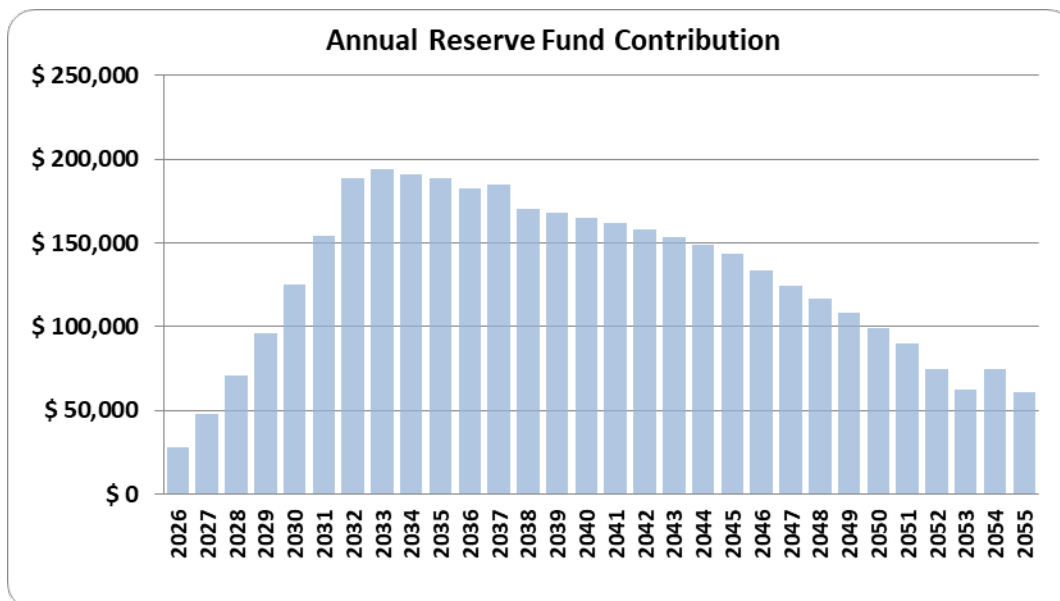


Figure 9: Average Monthly Reserve Fund Contribution Rate



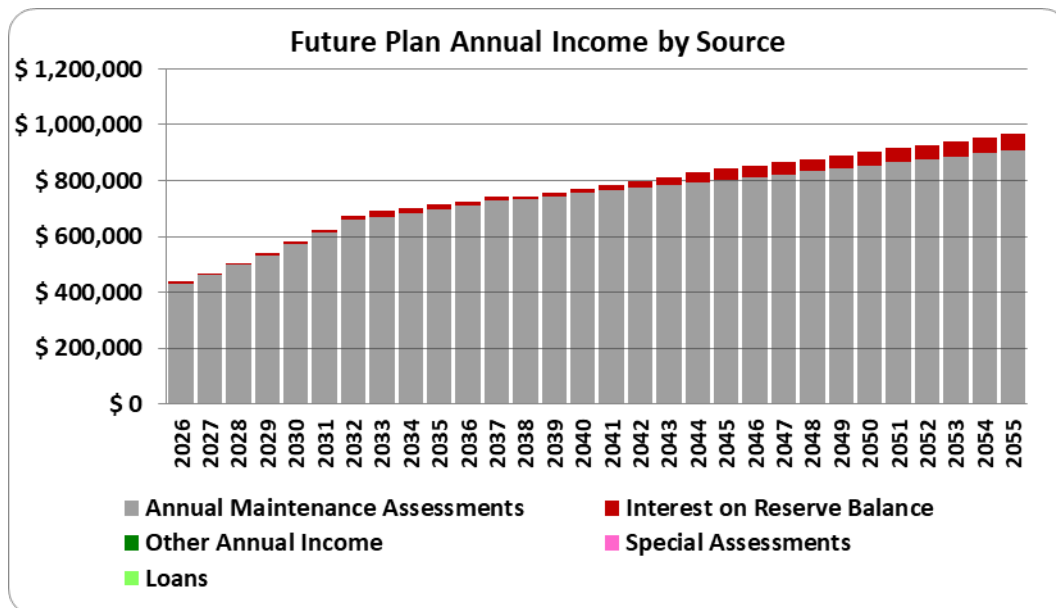
Income Sources

Income is derived from several potential sources:

- Annual maintenance assessments (or fees)
- Special assessments
- Interest on reserve account
- Interest in other bank accounts
- One-time income (e.g., Loans)
- Other annual income sources (e.g., rentals and fees)

The future annual incomes are depicted in the following graph.

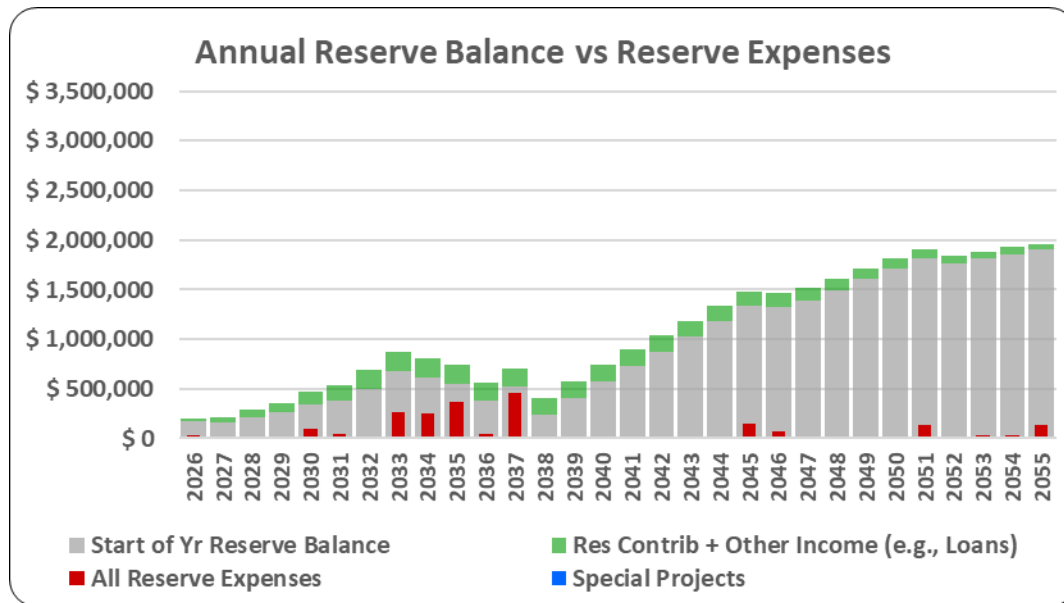
Figure 10: Annual Income by Source



Annual Reserve Balance and Reserve Expenses

The following graph is often cited as the most important statistics for the Association’s financial analysis. This graph depicts the estimated reserve expenses compared to the estimated reserve fund balance in each year of the analysis. The Association’s key responsibility is to ensure that the Reserve Fund is adequate to provide for the maintenance or replacement of depreciable components. This graph provides a quick and vivid view.

Figure 11: Annual Reserve Balance vs Reserve Expenses



Current Funding versus Recommend Funding Plans

The following two graphs compare the current funding plan to the proposed funding plan for this reserve study. The comparisons shown here illustrate both the Start of Year Reserve Balances and the Percent Funding comparisons. The term, “current plan”, as used here is simplified in that it accounts for planned maintenance assessments (fees) increases and special assessments that the Association could levy. Refer to each graph’s notes for details.

Figure 12: Reserve Account Comparison

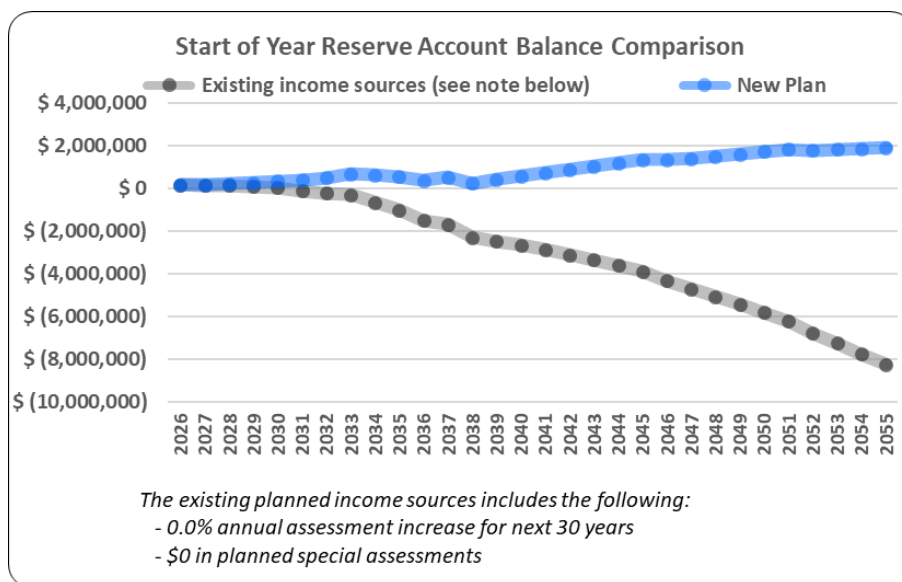
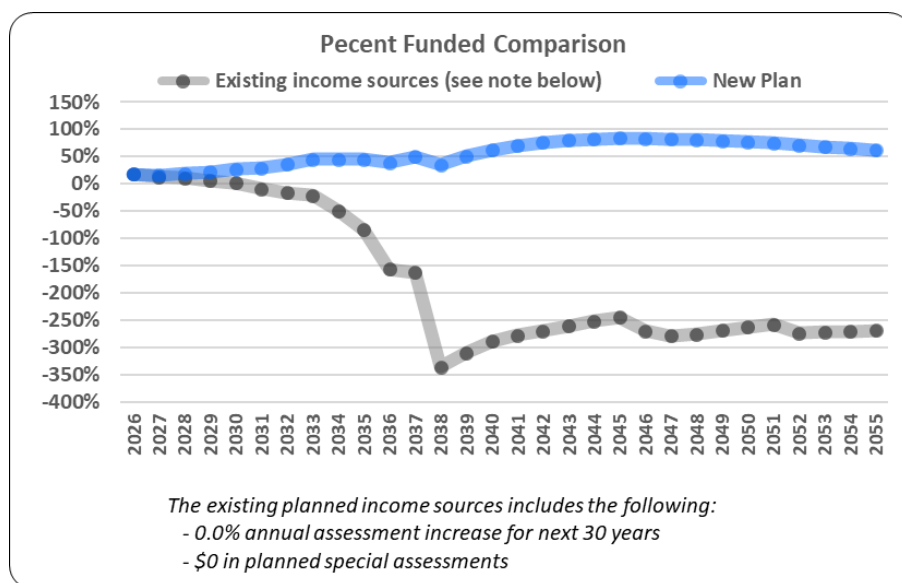


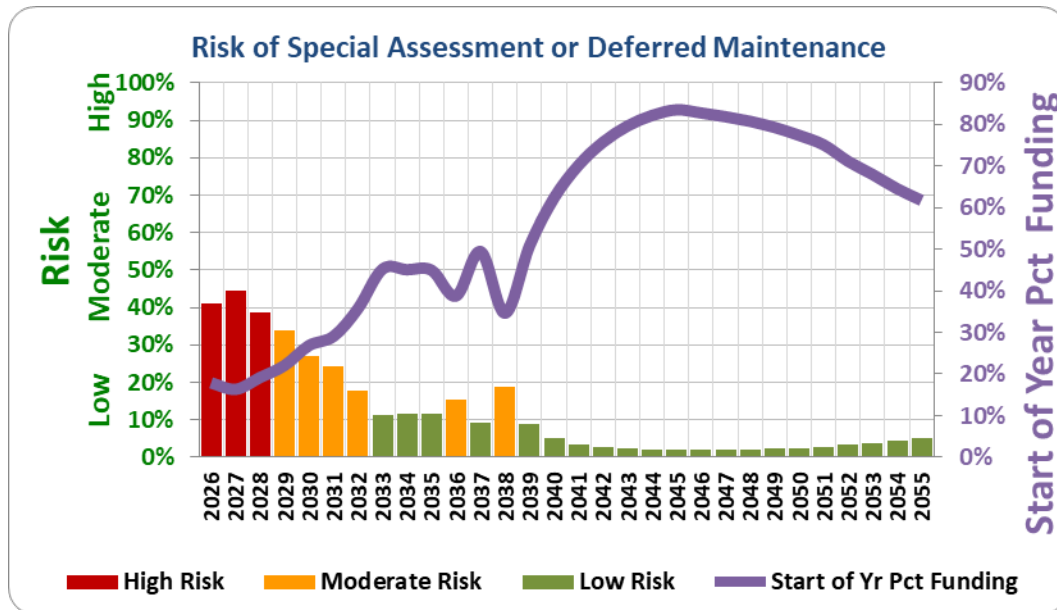
Figure 13: Percent Funded Comparison



Risk of Special Assessment or Deferred Maintenance

Calculating the risk of a special assessment is not an exact science. However, it is well understood that percent funding is a reliable predictor of the likelihood of a special assessment or the deferral of maintenance of reserve components. Associations above 70% funded have less than a 4% chance of ever needing a special assessment, whereas associations less than 30% funded are likely to need a special assessment every 2 to 4 years. The following chart represents an estimate of the risk of a special assessment or deferred maintenance.

Figure 14: Risk of Special Assessment or Deferred Maintenance



Comparison of Cash-Flow Funding and Component Funding

In reserve studies, Cash Flow Funding and Component Funding are two primary approaches to reserve funding, each with different strategies and implications for planning and budgeting.

Component Funding Method

This method allocates funds to each individual component separately. Every asset (e.g., roof, elevators, HVAC, etc.) in an association's reserve inventory has its own timeline and projected replacement cost. Reserve contributions are calculated specifically for each component based on its expected life and cost.

Pros:

- Precise targeting of funds, as each component's funding is managed individually.
- Simplifies planning for associations with large assets where separate funding is preferred.

Cons:

- Less flexible. If an unanticipated expense arises or a component fails prematurely, funds allocated to other components might not be easily redirected.
- Potentially results in the need for frequent analysis or adjustments to ensure adequate funding which can lead to higher administrative efforts and costs.
- Some assets may end up overfunded if replacement or repair costs decrease or if components last longer than expected.
- Without proactive measures, the component method may overlook expenses for special projects and one-time expenditures.



- Does not consider earned interest on the reserve account or annual inflation.

Cash Flow Funding Method

Under the cash flow method, funds are pooled together and managed collectively rather than separately. A schedule of contributions is developed to ensure that the overall reserve balance remains sufficient over time to meet the anticipated expenses as they arise.

Pros:

- More Flexible. Funds are available to address any reserve component, making it easier to handle unexpected repairs or replacements.
- Aggregates all reserve contributions, making it simpler to manage and administer.
- This approach often leads to lower reserve contributions by strategically leveraging the timing of expenses and the collective reserve balance to optimize funding.
- Considers interest earned on the reserve account and inflation on all items.

Cons:

- Less precise in tracking individual component needs, which may complicate long-term planning if not managed carefully.
- Requires diligent reserve study updates to ensure that overall funding levels remain adequate, as underfunding could become a risk if projections change, or unexpected expenses arise.

Key Differences

- Funding Precision: Component funding is highly precise but can be restrictive, while cash flow funding provides flexibility by pooling resources.
- Contribution Levels: Cash flow funding often leads to lower contribution levels compared to component funding, due to the pooling effect and optimized use of available reserves.
- Administrative Complexity: Component funding can be more complex to administer due to the individual tracking of each asset. Cash flow funding requires more holistic and ongoing monitoring to ensure overall financial health.

Which Method Is Better?

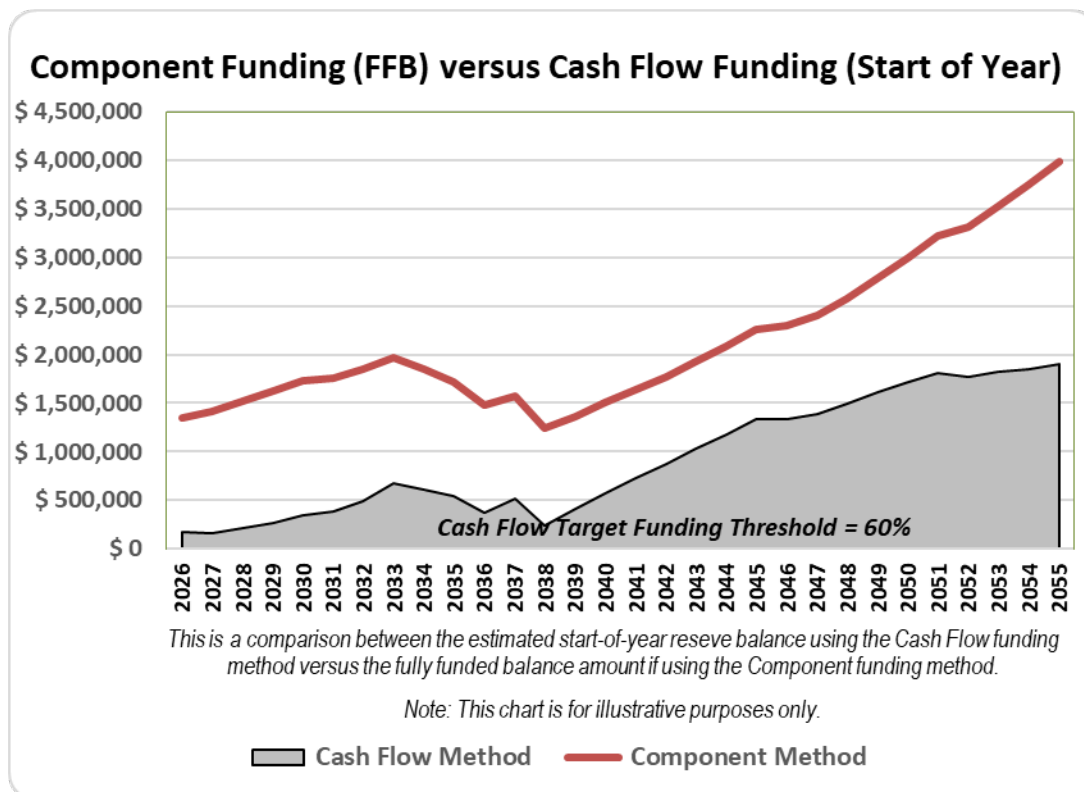
In most situations, the cash flow method is considered a better funding method compared to the component method, as it offers more flexibility, typically results in lower reserve contributions, and is better suited to managing fluctuations in major repair costs over time, making it the preferred choice for most associations and communities.

- Component Funding would be preferred for Associations that want more detailed, conservative planning, or if members want clarity on where funds are allocated.
- Cash Flow Funding is more practical for Associations or communities with stable, predictable expenses, though it requires diligent monitoring to ensure future liabilities are covered. Keep in mind that if the target funding threshold is 100%, Cash Flow funding effectively mirrors the Component funding method.



The chart below visually compares the total available funds calculated using two distinct methodologies: the cash flow funding method with the chosen target threshold and the component funding method using 100% of the fully funded balance. It illustrates how overall funding can vary depending on the chosen calculation approach. Please note, this comparison is for illustrative purposes only and should not be construed as a financial recommendation.

Figure 15: Cash Flow vs Component Funding



The preferred method of funding for a reserve study is typically the Cash Flow Method. This method is favored because it handles funding more efficiently, offers greater flexibility and simplifies the funding process by focusing on overall cash flow compared to the Component Method. This financial analysis was created targeting a threshold funding of 60% and using the Cash Flow funding methodology.

Contingency Fund

A contingency fund serves as a financial cushion to address unexpected expenses or unforeseen circumstances that aren't covered by planned reserve allocations. These funds help associations deal with emergencies, fluctuations in maintenance costs, or other financial risks without needing to impose special assessments or increase regular dues. The use of a contingency fund helps keep the financial health of the association stable by reducing the need for sudden, burdensome financial contributions from members.



Should the Association decide to create a contingency fund, the following guidelines are recommended:

- Maintain your contingency fund in a separate account from reserve and operational expenses.
- Set a policy for maintenance of the contingency fund. For example, a minimum and/or maximum balance, a percentage of the annual operational expense budget or a percentage of the annual reserve fund balance.
- Document all deposits and withdrawals from the contingency fund.



Income and Expense Summaries

Income and expenses summaries are presented on the following pages.

NOTE: This report may display less than 30 years of analysis in the charts, tables, and graphics in some instances. This is intentionally concise to emphasize a shorter analysis. A thorough financial analysis spanning 30 years has been conducted, and the comprehensive results are presented on the following pages.



Years 2026 to 2035

Income Years 2026 to 2035

Estimated Incomes	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Maintenance Assessments Including Sched Increases	\$ 432,432	\$ 463,783	\$ 497,408	\$ 533,470	\$ 572,146	\$ 613,627	\$ 658,115	\$ 671,277	\$ 684,703	\$ 698,397	\$ 5,825,357
Interest Income Reserve Balance	\$ 5,121	\$ 4,957	\$ 6,388	\$ 7,901	\$ 10,386	\$ 11,422	\$ 14,857	\$ 20,385	\$ 18,372	\$ 16,453	\$ 116,243
Other Annual Income											\$ 0
Special Assessments											
Loans											
Total Income	\$ 437,553	\$ 468,741	\$ 503,796	\$ 541,371	\$ 582,533	\$ 625,048	\$ 672,972	\$ 691,662	\$ 703,075	\$ 714,850	\$ 5,941,599

Expenses Years 2026 to 2035

Operating and Loan Expenses	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Estimated Operating Expenses	\$ 383,878	\$ 395,394	\$ 407,256	\$ 419,474	\$ 432,058	\$ 445,020	\$ 458,370	\$ 472,121	\$ 486,285	\$ 500,874	\$ 4,400,730
Estimated Annual Loan Payments	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 256,569

Special Projects	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
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Estimated Tax Liability	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Tax Liability not Included in Analysis											

Totals	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total Operating Expenses	\$ 409,535	\$ 421,051	\$ 432,913	\$ 445,131	\$ 457,715	\$ 470,677	\$ 484,027	\$ 497,778	\$ 511,942	\$ 526,530	\$ 4,657,299
Special Projects											
Total Reserve Fund Expenses	\$ 33,485		\$ 20,443	\$ 13,400	\$ 90,309	\$ 39,844	\$ 4,704	\$ 260,960	\$ 255,111	\$ 361,163	\$ 1,079,419



Reserve Fund Years 2026 to 2035

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Start of Year Fully Funded Reserve	\$ 960,007	\$ 1,019,757	\$ 1,117,753	\$ 1,199,654	\$ 1,293,349	\$ 1,312,784	\$ 1,386,991	\$ 1,501,895	\$ 1,358,642	\$ 1,219,536
Start of Year Reserve Fund Balance *	\$ 170,708	\$ 165,241	\$ 212,931	\$ 263,370	\$ 346,211	\$ 380,719	\$ 495,247	\$ 679,488	\$ 612,411	\$ 548,433
Percent Funded at Start of Year	18%	16%	19%	22%	27%	29%	36%	45%	45%	45%
Annual Reserve Fund Contributions	\$ 28,018	\$ 47,689	\$ 70,883	\$ 96,240	\$ 124,818	\$ 154,372	\$ 188,945	\$ 193,883	\$ 191,133	\$ 188,319
Net Reserve Withdrawals	\$ (33,485)		\$ (20,443)	\$ (13,400)	\$ (90,309)	\$ (39,844)	\$ (4,704)	\$ (260,960)	\$ (255,111)	\$ (361,163)
EOY Reserve Fund Balance	\$ 165,241	\$ 212,931	\$ 263,370	\$ 346,211	\$ 380,719	\$ 495,247	\$ 679,488	\$ 612,411	\$ 548,433	\$ 375,590

* 2026 balance as of 01-June-2026. Includes any balance in the operations fund account



Type	Reserve Fund Withdrawals	Original Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
SI	Bldg 1 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 2 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 3 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 4 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 5 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 7 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 8 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 9 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 10 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
SI	Bldg 11 Ext Plaster/Stucco/Paint	\$ 8,000								\$ 26,096			\$ 26,096
	Clubhouse Exterior Paint	\$ 4,025									\$ 9,770		\$ 9,770
	Stairs + Flooring	\$ 12,200									\$ 29,613		\$ 29,613
	Asphalt Resurfacing	\$ 180,000											\$ 0
	Parking Stripes	\$ 3,000										\$ 7,282	\$ 7,282
	Parking Stops Paint	\$ 4,000										\$ 9,709	\$ 9,709
	Sidewalks	\$ 29,000										\$ 70,391	\$ 70,391
	Concrete Curbs	\$ 29,000										\$ 70,391	\$ 70,391
	Wooden Bridge	\$ 26,400											\$ 0
	Common Mailboxes	\$ 16,480						\$ 29,765					\$ 29,765
	Irrigation-Sprinkler	\$ 16,840											\$ 0
	Interior paint	\$ 6,400				\$ 13,400							\$ 13,400



Type	Reserve Fund Withdrawals	Original Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
	Carpet-Furnit-Cab-Access	\$ 18,000	\$ 33,485										\$ 33,485
	Gym Equipment + Sauna	\$ 22,000					\$ 46,063						\$ 46,063
	A/C Unit	\$ 12,000										\$ 16,127	\$ 16,127
	Bldgs,Entrance,Clubhouse	\$ 20,000					\$ 31,159						\$ 31,159
	Globe Light Poles	\$ 52,500										\$ 127,431	\$ 127,431
	Driveway Illumn	\$ 13,400										\$ 32,525	\$ 32,525
	LED Breezeways	\$ 6,600			\$ 7,881						\$ 9,410		\$ 17,291
	Pool perimeter fence + gate	\$ 11,250										\$ 27,307	\$ 27,307
	Well	\$ 3,000			\$ 6,281								\$ 6,281
	Fountain Well	\$ 3,000			\$ 6,281								\$ 6,281
	Concrete Stairs Treads	\$ 11,200											\$ 0
	Complex Pool	\$ 56,000									\$ 135,927		\$ 135,927
	Jacuzzi/Spa	\$ 29,000									\$ 70,391		\$ 70,391
	Heater	\$ 3,500							\$ 4,704				\$ 4,704
	Lights	\$ 7,500						\$ 10,079					\$ 10,079
	Lounges/Chairs	\$ 8,400					\$ 13,087						\$ 13,087
	Benches &Tables	\$ 3,000											\$ 0
Total Reserve Expenses			\$ 33,485	\$ 0	\$ 20,443	\$ 13,400	\$ 90,309	\$ 39,844	\$ 4,704	\$ 260,960	\$ 255,111	\$ 361,163	\$ 1,079,419



Years 2036 to 2045

Income Years 2036 to 2045

Estimated Incomes	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	Total
Maintenance Assessments Including Sched Increases	\$ 712,365	\$ 726,612	\$ 735,695	\$ 744,891	\$ 754,202	\$ 763,629	\$ 773,175	\$ 782,839	\$ 792,625	\$ 802,533	\$ 7,588,565
Interest Income Reserve Balance	\$ 11,268	\$ 15,496	\$ 7,143	\$ 12,239	\$ 17,271	\$ 21,889	\$ 26,336	\$ 30,882	\$ 35,489	\$ 39,957	\$ 217,968
Other Annual Income											\$ 0
Special Assessments											
Loans											
Total Income	\$ 723,632	\$ 742,108	\$ 742,837	\$ 757,129	\$ 771,473	\$ 785,518	\$ 799,511	\$ 813,721	\$ 828,114	\$ 842,489	\$ 7,806,533

Expenses Years 2036 to 2045

Operating and Loan Expenses	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	Total
Estimated Operating Expenses	\$ 515,900	\$ 531,377	\$ 547,318	\$ 563,738	\$ 580,650	\$ 598,069	\$ 616,011	\$ 634,492	\$ 653,526	\$ 673,132	\$ 5,914,213
Estimated Annual Loan Payments	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 256,569

Special Projects	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	Total
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Estimated Tax Liability	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	Total
Tax Liability not Included in Analysis											

Totals	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	Total
Total Operating Expenses	\$ 541,557	\$ 557,034	\$ 572,975	\$ 589,395	\$ 606,307	\$ 623,726	\$ 641,668	\$ 660,149	\$ 679,183	\$ 698,789	\$ 6,170,782
Special Projects											
Total Reserve Fund Expenses	\$ 41,130	\$ 463,515			\$ 11,236	\$ 13,546	\$ 6,321			\$ 145,540	\$ 681,288



Reserve Fund Years 2036 to 2045

Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Start of Year Fully Funded Reserve	\$ 969,509	\$ 1,044,176	\$ 688,664	\$ 802,626	\$ 922,805	\$ 1,037,900	\$ 1,157,038	\$ 1,290,250	\$ 1,437,119	\$ 1,591,640
Start of Year Reserve Fund Balance	\$ 375,590	\$ 516,535	\$ 238,094	\$ 407,957	\$ 575,692	\$ 729,621	\$ 877,867	\$ 1,029,389	\$ 1,182,961	\$ 1,331,892
Percent Funded at Start of Year	39%	49%	35%	51%	62%	70%	76%	80%	82%	84%
Annual Reserve Fund Contributions	\$ 182,076	\$ 185,074	\$ 169,862	\$ 167,735	\$ 165,166	\$ 161,792	\$ 157,842	\$ 153,572	\$ 148,930	\$ 143,700
Net Reserve Withdrawals	\$ (41,130)	\$ (463,515)			\$ (11,236)	\$ (13,546)	\$ (6,321)			\$ (145,540)
EOY Reserve Fund Balance	\$ 516,535	\$ 238,094	\$ 407,957	\$ 575,692	\$ 729,621	\$ 877,867	\$ 1,029,389	\$ 1,182,961	\$ 1,331,892	\$ 1,330,052



Type	Reserve Fund Withdrawals	Original Cost	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	Total
SI	Bldg 1 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 2 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 3 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 4 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 5 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 7 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 8 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 9 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 10 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
SI	Bldg 11 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0
	Clubhouse Exterior Paint	\$ 4,025											\$ 0
	Stairs + Flooring	\$ 12,200											\$ 0
	Asphalt Resurfacing	\$ 180,000		\$ 463,515									\$ 463,515
	Parking Stripes	\$ 3,000											\$ 0
	Parking Stops Paint	\$ 4,000											\$ 0
	Sidewalks	\$ 29,000											\$ 0
	Concrete Curbs	\$ 29,000											\$ 0
	Wooden Bridge	\$ 26,400	\$ 41,130										\$ 41,130
	Common Mailboxes	\$ 16,480											\$ 0
	Irrigation-Sprinkler	\$ 16,840										\$ 54,933	\$ 54,933
	Interior paint	\$ 6,400											\$ 0



Type	Reserve Fund Withdrawals	Original Cost	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	Total
	Carpet-Furnit-Cab-Acces	\$ 18,000											\$ 0
	Gym Equipment + Sauna	\$ 22,000											\$ 0
	A/C Unit	\$ 12,000										\$ 21,673	\$ 21,673
	Bldgs,Entrance,Clubhouse	\$ 20,000										\$ 48,545	\$ 48,545
	Globe Light Poles	\$ 52,500											\$ 0
	Driveway Illumn	\$ 13,400											\$ 0
	LED Breezeways	\$ 6,600					\$ 11,236						\$ 11,236
	Pool perimeter fence + gate	\$ 11,250											\$ 0
	Well	\$ 3,000											\$ 0
	Fountain Well	\$ 3,000											\$ 0
	Concrete Stairs Treads	\$ 11,200											\$ 0
	Complex Pool	\$ 56,000											\$ 0
	Jacuzzi/Spa	\$ 29,000											\$ 0
	Heater	\$ 3,500							\$ 6,321				\$ 6,321
	Lights	\$ 7,500						\$ 13,546					\$ 13,546
	Lounges/Chairs	\$ 8,400										\$ 20,389	\$ 20,389
	Benches &Tables	\$ 3,000											\$ 0
Total Reserve Expenses			\$ 41,130	\$ 463,515	\$ 0	\$ 0	\$ 11,236	\$ 13,546	\$ 6,321	\$ 0	\$ 0	\$ 145,540	\$ 681,288



Years 2046 to 2056

Income Years 2046 to 2055

Estimated Incomes	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	30 Yrs Total
Maintenance Assessments Including Sched Increases	\$ 812,564	\$ 822,721	\$ 833,005	\$ 843,418	\$ 853,961	\$ 864,635	\$ 875,443	\$ 886,386	\$ 897,466	\$ 908,684	\$ 8,598,285	\$ 22,012,206
Interest Income Reserve Balance	\$ 39,902	\$ 41,689	\$ 44,725	\$ 48,220	\$ 51,471	\$ 54,454	\$ 53,063	\$ 54,577	\$ 55,666	\$ 57,070	\$ 500,837	\$ 835,048
Other Annual Income											\$ 0	\$ 0
Special Assessments												
Loans												
Total Income	\$ 852,466	\$ 864,411	\$ 877,730	\$ 891,638	\$ 905,432	\$ 919,089	\$ 928,506	\$ 940,963	\$ 953,132	\$ 965,754	\$ 9,099,122	\$ 22,847,254

Expenses Years 2046 to 2055

Operating and Loan Expenses	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	30 Yrs Total
Estimated Operating Expenses	\$ 693,326	\$ 714,126	\$ 735,550	\$ 757,616	\$ 780,345	\$ 803,755	\$ 827,868	\$ 852,704	\$ 878,285	\$ 904,633	\$ 7,948,208	\$ 18,263,151
Estimated Annual Loan Payments	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657	\$ 25,657			\$ 179,598	\$ 692,736
Special Projects												
Estimated Tax Liability												
Tax Liability not Included in Analysis												
Total Operating Expenses	\$ 718,983	\$ 739,783	\$ 761,207	\$ 783,273	\$ 806,002	\$ 829,412	\$ 853,525	\$ 878,361	\$ 878,285	\$ 904,633	\$ 8,153,463	\$ 18,981,544
Special Projects												
Total Reserve Fund Expenses	\$ 73,894	\$ 23,450				\$ 136,042	\$ 24,515	\$ 26,304	\$ 28,057	\$ 138,725	\$ 450,987	\$ 2,211,694

Reserve Fund Years 2046 to 2055

Description	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Start of Year Fully Funded Reserve	\$ 1,604,232	\$ 1,694,439	\$ 1,842,856	\$ 2,023,531	\$ 2,213,388	\$ 2,412,815	\$ 2,482,093	\$ 2,672,432	\$ 2,870,873	\$ 3,077,822
Start of Year Reserve Fund Balance	\$ 1,330,052	\$ 1,389,641	\$ 1,490,819	\$ 1,607,342	\$ 1,715,707	\$ 1,815,137	\$ 1,768,773	\$ 1,819,239	\$ 1,855,538	\$ 1,902,328
Percent Funded at Start of Year	83%	82%	81%	79%	78%	75%	71%	68%	65%	62%
Annual Reserve Fund Contributions	\$ 133,483	\$ 124,628	\$ 116,523	\$ 108,365	\$ 99,430	\$ 89,677	\$ 74,982	\$ 62,603	\$ 74,847	\$ 61,121
Net Reserve Withdrawals	\$ (73,894)	\$ (23,450)				\$ (136,042)	\$ (24,515)	\$ (26,304)	\$ (28,057)	\$ (138,725)
EOY Reserve Fund Balance	\$ 1,389,641	\$ 1,490,819	\$ 1,607,342	\$ 1,715,707	\$ 1,815,137	\$ 1,768,773	\$ 1,819,239	\$ 1,855,538	\$ 1,902,328	\$ 1,824,724



Type	Reserve Fund Withdrawals	Original Cost	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	30 Yrs Total
SI	Bldg 1 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 2 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 3 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 4 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 5 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 7 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 8 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 9 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 10 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
SI	Bldg 11 Ext Plaster/Stucco/Paint	\$ 8,000											\$ 0	\$ 26,096
	Clubhouse Exterior Paint	\$ 4,025											\$ 0	\$ 9,770
	Stairs + Flooring	\$ 12,200											\$ 0	\$ 29,613
	Asphalt Resurfacing	\$ 180,000											\$ 0	\$ 463,515
	Parking Stripes	\$ 3,000											\$ 0	\$ 7,282
	Parking Stops Paint	\$ 4,000											\$ 0	\$ 9,709
	Sidewalks	\$ 29,000											\$ 0	\$ 70,391
	Concrete Curbs	\$ 29,000											\$ 0	\$ 70,391
	Wooden Bridge	\$ 26,400						\$ 64,080					\$ 64,080	\$ 105,210
	Common Mailboxes	\$ 16,480						\$ 53,758					\$ 53,758	\$ 83,523
	Irrigation-Sprinkler	\$ 16,840											\$ 0	\$ 54,933
	Interior paint	\$ 6,400									\$ 28,057		\$ 28,057	\$ 41,457



Type	Reserve Fund Withdrawals	Original Cost	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	30 Yrs Total
	Carpet-Furnit-Cab-Access	\$ 18,000	\$ 60,478										\$ 60,478	\$ 93,963
	Gym Equipment + Sauna	\$ 22,000										\$ 96,446	\$ 96,446	\$ 142,509
	A/C Unit	\$ 12,000										\$ 29,127	\$ 29,127	\$ 66,927
	Bldgs,Entrance,Clubhouse	\$ 20,000											\$ 0	\$ 79,704
	Globe Light Poles	\$ 52,500											\$ 0	\$ 127,431
	Driveway Illumn	\$ 13,400											\$ 0	\$ 32,525
	LED Breezeways	\$ 6,600	\$ 13,416						\$ 16,020				\$ 29,436	\$ 57,963
	Pool perimeter fence + gate	\$ 11,250											\$ 0	\$ 27,307
	Well	\$ 3,000								\$ 13,152			\$ 13,152	\$ 19,433
	Fountain Well	\$ 3,000								\$ 13,152			\$ 13,152	\$ 19,433
	Concrete Stairs Treads	\$ 11,200		\$ 23,450									\$ 23,450	\$ 23,450
	Complex Pool	\$ 56,000											\$ 0	\$ 135,927
	Jacuzzi/Spa	\$ 29,000											\$ 0	\$ 70,391
	Heater	\$ 3,500							\$ 8,495				\$ 8,495	\$ 19,520
	Lights	\$ 7,500						\$ 18,204					\$ 18,204	\$ 41,829
	Lounges/Chairs	\$ 8,400											\$ 0	\$ 33,476
	Benches & Tables	\$ 3,000										\$ 13,152	\$ 13,152	\$ 13,152
	Total Reserve Expenses		\$ 73,894	\$ 23,450	\$ 0	\$ 0	\$ 0	\$ 136,042	\$ 24,515	\$ 26,304	\$ 28,057	\$ 138,725	\$ 450,987	\$ 2,211,694



Reserve Fund Disclosure Summary



*This form is provided as a means of disclosing the level of deficiencies (if any) in the Association's reserves expressed on a per unit basis.
This form meets the requirements of the State of California Davis-Stirling Act (Civil Code §§ 4000 – 6150) requiring that a reserve summary accompany the Association's annual budget report.*

Indigo Pines Condo

Assessment and Reserve Funding Disclosure Summary — Fiscal Year 2026

- For the year 2025, the regular assessment per ownership interest is \$5,040. The current number of units or owners in the association is 80. The Operations Expenses (OpEx) annual inflation is estimated to be 3.00% per year. The Reserve or Capital Expenditure (CapEx) annual inflation is estimated to be 3.00% per year.
- If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found within the attached report or summary.
- If approved by the board or members, the following annual maintenance assessments will assure adequate income to meet current and future expenses.

In addition to annual maintenance or special assessments, the following new or existing loans will supplement annual income to meet current or future

Year	Total Amt of Annual Maintenance (Dues)	Percent Increase from Prior Year	Amount of Ownership Interest
2026	\$ 432,432	7.3%	\$ 5,405
2027	\$ 463,783	7.3%	\$ 5,797
2028	\$ 497,408	7.3%	\$ 6,218
2029	\$ 533,470	7.2%	\$ 6,668
2030	\$ 572,146	7.3%	\$ 7,152

Origin Year	Loan Amount	Term of Loan	Annual Payment
2023	\$ 545,700	30 Years	\$ 25,657

- If they have been approved by the board and/or members, regardless of purpose, the following table are special assessments that have been scheduled to be imposed or charged:

Assessment Date (Year)	Total Amount of Assessment	Amount of Ownership Interest	Purpose

- Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes ☒ X

No ☐

- If the answer to Number 5 (above) is 'No', these additional assessments or other contributions to reserves are necessary to ensure that sufficient reserve funds will be available each year during the next 30 years:

Assessment Date (Year)	Total Amount of Assessment	Amount of Ownership Interest	Purpose

- All major components are included in the reserve study and are included in its calculations.
- Based on the method of calculation described in Number 9. b) ... below ... the estimated reserve fund balances for each of the next five budget years is shown in the following table:

Year	Start of Year Reserve Fund Balance	Percent Funded at Start of Year	Estimated Operations Expenses	Estimated Structural Integrity (SI) Reserve Expenses	Est Non-Structural Integrity (Non-SI) Reserve Expenses	Total Estimate of All Reserve Expenses	Estimated Contribution to Reserve Fund	End of Year Reserve Fund Balance
2026	\$ 170,708	18%	\$ 383,878	\$ 0	\$ 33,485	\$ 33,485	\$ 28,018	\$ 165,241
2027	\$ 165,241	16%	\$ 395,394	\$ 0	\$ 0	\$ 0	\$ 47,689	\$ 212,931
2028	\$ 212,931	19%	\$ 407,256	\$ 0	\$ 20,443	\$ 20,443	\$ 70,883	\$ 263,370
2029	\$ 263,370	22%	\$ 419,474	\$ 0	\$ 13,400	\$ 13,400	\$ 96,240	\$ 346,211
2030	\$ 346,211	27%	\$ 432,058	\$ 0	\$ 90,309	\$ 90,309	\$ 124,818	\$ 380,719

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance for each of the next five years will be as shown in this table.

- For the purposes of preparing this summary:

- "Major component" means those components that the association is obligated to repair, replace, restore, or maintain. Unless otherwise indicated in the reserve study, the major components, as of the date of the study, have a remaining useful life of less than 30 years.
- The amount of reserves needed to be accumulated for a component at a given time is computed as the current cost of replacement or repair, multiplied by (1 + the CapEx inflation rate), multiplied by the number of years the component has been in service, divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.
- "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require repair, service or



Component Details

Note: If the Last Service Year is greater than the start year entered for analysis (2026), this indicates that the item is a future scheduled item. In which case the Last Service Year will be the same as the Next Service Year.

If a component has been identified as a Structural Integrity component, it will have the notation (SI) and be highlighted in pink.

The following key is used as an indicator for Remaining Useful Life and General Asset Condition.

Remaining Useful Life Key	Condition Key
Less than 30% Life Remaining	Good No Deterioration Observed — And — No Dangerous Condition Exists
30% to 70% Life Remaining	Fair Some Indication of Deterioration Observed — And — No Dangerous Condition Exists
Greater than 70% Life Remaining	Poor Substantial Deterioration Observed — Or — A Dangerous Condition Exists

Item 1: Bldg 1 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 2: Bldg 2 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 3: Bldg 3 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 4: Bldg 4 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	



Item 5: Bldg 5 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 6: Bldg 7 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 7: Bldg 8 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 8: Bldg 9 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 9: Bldg 10 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 10: Bldg 11 Ext Plaster/Stucco/Paint (SI) Category: Walls, Stucco

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$21,219
Estimated Future Cost (at next svc yr): \$26,096		Current General Condition: Fair
Estimated Useful Life (yrs)	40	Useful Life Adjustment (yrs)
Service Year	1993	
Next Service Year	2033	
Remaining Useful Life (yrs)	7	

Item 11: Bldg 1 Painted Metal Roof (SI) Category: Roofing

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$73,513
Estimated Future Cost (at next svc yr): \$294,927		Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	



Item 12: Bldg 2 Painted Metal Roof (SI)		Category: Roofing
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$73,513
Estimated Future Cost (at next svc yr):	\$294,927	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 13: Bldg 3 Painted Metal Roof (SI)		Category: Roofing
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$73,513
Estimated Future Cost (at next svc yr):	\$294,927	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 14: Bldg 4 Painted Metal Roof (SI)		Category: Roofing
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$73,513
Estimated Future Cost (at next svc yr):	\$294,927	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 15: Bldg 5 Painted Metal Roof (SI)		Category: Roofing
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$73,513
Estimated Future Cost (at next svc yr):	\$294,927	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 16: Bldg 7 Painted Metal Roof (SI)		Category: Roofing
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$73,513
Estimated Future Cost (at next svc yr):	\$294,927	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 17: Bldg 8 Painted Metal Roof (SI)		Category: Roofing
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$86,517
Estimated Future Cost (at next svc yr):	\$347,096	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 18: Bldg 9 Painted Metal Roof (SI)		Category: Roofing
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$86,517
Estimated Future Cost (at next svc yr):	\$347,096	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	



Item 19: Bldg 10 Painted Metal Roof (SI) Category: Roofing		
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$55,893
Estimated Future Cost (at next svc yr):	\$224,237	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 20: Bldg 11 Painted Metal Roof (SI) Category: Roofing		
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$73,513
Estimated Future Cost (at next svc yr):	\$294,927	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 21: Clubhouse Painted Metal Roof (SI) Category: Roofing		
Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$35,978
Estimated Future Cost (at next svc yr):	\$144,340	Current General Condition: Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2023	
Next Service Year	2073	
Remaining Useful Life (yrs)	47	

Item 22: Clubhouse Exterior Paint Category: Paint/Waterproof		
Component Qty: 3220	Unit of Measure: sq-ft	Estimated Current Cost: \$7,712
Estimated Future Cost (at next svc yr):	\$9,770	Current General Condition: Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)
Service Year	2004	
Next Service Year	2034	
Remaining Useful Life (yrs)	8	

Item 23: Stairs + Flooring Category: Paint/Waterproof		
Component Qty: 12200	Unit of Measure: sq-ft	Estimated Current Cost: \$23,376
Estimated Future Cost (at next svc yr):	\$29,613	Current General Condition: Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)
Service Year	2004	
Next Service Year	2034	
Remaining Useful Life (yrs)	8	

Item 24: Asphalt Resurfacing Category: Roads/Paving		
Component Qty: 60000	Unit of Measure: sq-ft	Estimated Current Cost: \$334,853
Estimated Future Cost (at next svc yr):	\$463,515	Current General Condition: Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs) + 2 years
Service Year	2005	
Next Service Year	2037	
Remaining Useful Life (yrs)	11	

Item 25: Parking Stripes Category: Roads/Paving		
Component Qty: 134	Unit of Measure: each	Estimated Current Cost: \$5,581
Estimated Future Cost (at next svc yr):	\$7,282	Current General Condition: Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)
Service Year	2005	
Next Service Year	2035	
Remaining Useful Life (yrs)	9	



Item 26: Parking Stops Paint **Category: Roads/Paving**

Component Qty: 134	Unit of Measure: each	Estimated Current Cost: \$7,441
Estimated Future Cost (at next svc yr): \$9,709		Current General Condition: Fair
Estimated Useful Life (yrs) 30		Useful Life Adjustment (yrs)
Service Year 2005		
Next Service Year 2035		
Remaining Useful Life (yrs) 9		

Item 27: Sidewalks **Category: Sidewalks/Curbs**

Component Qty: 5800	Unit of Measure: sq-ft	Estimated Current Cost: \$53,949
Estimated Future Cost (at next svc yr): \$70,391		Current General Condition: Fair
Estimated Useful Life (yrs) 30		Useful Life Adjustment (yrs)
Service Year 2005		
Next Service Year 2035		
Remaining Useful Life (yrs) 9		

Item 28: Concrete Curbs **Category: Sidewalks/Curbs**

Component Qty: 5800	Unit of Measure: sq-ft	Estimated Current Cost: \$53,949
Estimated Future Cost (at next svc yr): \$70,391		Current General Condition: Fair
Estimated Useful Life (yrs) 30		Useful Life Adjustment (yrs)
Service Year 2005		
Next Service Year 2035		
Remaining Useful Life (yrs) 9		

Item 29: Wooden Bridge **Category: Common Exterior**

Component Qty: 88	Unit of Measure: ft	Estimated Current Cost: \$30,605
Estimated Future Cost (at next svc yr): \$41,130		Current General Condition: Fair
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs)
Service Year 2021		
Next Service Year 2036		
Remaining Useful Life (yrs) 10		

Item 30: Common Mailboxes **Category: Mailboxes**

Component Qty: 8	Unit of Measure: lump sum	Estimated Current Cost: \$25,675
Estimated Future Cost (at next svc yr): \$29,765		Current General Condition: Fair
Estimated Useful Life (yrs) 20		Useful Life Adjustment (yrs)
Service Year 2011		
Next Service Year 2031		
Remaining Useful Life (yrs) 5		

Item 31: Irrigation-Sprinkler **Category: Grounds**

Component Qty: 3	Unit of Measure: acre	Estimated Current Cost: \$31,327
Estimated Future Cost (at next svc yr): \$54,933		Current General Condition: Fair
Estimated Useful Life (yrs) 40		Useful Life Adjustment (yrs)
Service Year 2005		
Next Service Year 2045		
Remaining Useful Life (yrs) 19		

Item 32: Interior paint **Category: Clubhouse**

Component Qty: 1	Unit of Measure: lump sum	Estimated Current Cost: \$12,263
Estimated Future Cost (at next svc yr): \$13,400		Current General Condition: Fair
Estimated Useful Life (yrs) 25		Useful Life Adjustment (yrs)
Service Year 2004		
Next Service Year 2029		
Remaining Useful Life (yrs) 3		



Item 33: Carpet-Furnit-Cab-Acces **Category: Clubhouse**

Component Qty: 1	Unit of Measure: lump sum	Estimated Current Cost: \$33,485
Estimated Future Cost (at next svc yr): \$33,485	Current General Condition: Fair	
Estimated Useful Life (yrs) 20	Useful Life Adjustment (yrs)	
Service Year 2005		
Next Service Year 2026		
Remaining Useful Life (yrs) 0		

Item 34: Gym Equipment + Sauna **Category: Clubhouse**

Component Qty: 1	Unit of Measure: lump sum	Estimated Current Cost: \$40,926
Estimated Future Cost (at next svc yr): \$46,063	Current General Condition: Fair	
Estimated Useful Life (yrs) 25	Useful Life Adjustment (yrs)	
Service Year 2005		
Next Service Year 2030		
Remaining Useful Life (yrs) 4		

Item 35: A/C Unit **Category: Clubhouse**

Component Qty: 2	Unit of Measure: each	Estimated Current Cost: \$12,360
Estimated Future Cost (at next svc yr): \$16,127	Current General Condition: Good	
Estimated Useful Life (yrs) 10	Useful Life Adjustment (yrs)	
Service Year 2025		
Next Service Year 2035		
Remaining Useful Life (yrs) 9		

Item 36: Meter Box Replcmnt (SI) Category: Electrical

Component Qty: 9	Unit of Measure: lump sum	Estimated Current Cost: \$44,275
Estimated Future Cost (at next svc yr): \$117,433	Current General Condition: Fair	
Estimated Useful Life (yrs) 40	Useful Life Adjustment (yrs)	
Service Year 2019		
Next Service Year 2059		
Remaining Useful Life (yrs) 33		

Item 37: Meter Box Replcmnt (SI) Category: Plumbing

Component Qty: 17	Unit of Measure: lump sum	Estimated Current Cost: \$17,254
Estimated Future Cost (at next svc yr): \$47,136	Current General Condition: Fair	
Estimated Useful Life (yrs) 40	Useful Life Adjustment (yrs)	
Service Year 2020		
Next Service Year 2060		
Remaining Useful Life (yrs) 34		

Item 38: Bldgs,Entrance,Clubhouse **Category: Landscaping**

Component Qty: 1	Unit of Measure: lump sum	Estimated Current Cost: \$27,685
Estimated Future Cost (at next svc yr): \$31,159	Current General Condition: Fair	
Estimated Useful Life (yrs) 15	Useful Life Adjustment (yrs)	
Service Year 2015		
Next Service Year 2030		
Remaining Useful Life (yrs) 4		

Item 39: Globe Light Poles **Category: Electrical**

Component Qty: 15	Unit of Measure: each	Estimated Current Cost: \$97,665
Estimated Future Cost (at next svc yr): \$127,431	Current General Condition: Fair	
Estimated Useful Life (yrs) 30	Useful Life Adjustment (yrs)	
Service Year 2005		
Next Service Year 2035		
Remaining Useful Life (yrs) 9		



Item 40: Driveway Illumn **Category: Electrical**

Component Qty: 134	Unit of Measure: each	Estimated Current Cost: \$24,928
Estimated Future Cost (at next svc yr): \$32,525		Current General Condition: Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)
Service Year	2005	
Next Service Year	2035	
Remaining Useful Life (yrs)	9	

Item 41: LED Breezeways **Category: Electrical**

Component Qty: 22	Unit of Measure: each	Estimated Current Cost: \$7,428
Estimated Future Cost (at next svc yr): \$7,881		Current General Condition: Fair
Estimated Useful Life (yrs)	6	Useful Life Adjustment (yrs)
Service Year	2022	
Next Service Year	2028	
Remaining Useful Life (yrs)	2	

Item 42: Pool perimeter fence + gate **Category: Fencing/Railings**

Component Qty: 250	Unit of Measure: ft	Estimated Current Cost: \$20,928
Estimated Future Cost (at next svc yr): \$27,307		Current General Condition: Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)
Service Year	2005	
Next Service Year	2035	
Remaining Useful Life (yrs)	9	

Item 43: Well **Category: Grounds**

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$5,921
Estimated Future Cost (at next svc yr): \$6,281		Current General Condition: Fair
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)
Service Year	2003	
Next Service Year	2028	
Remaining Useful Life (yrs)	2	

Item 44: Fountain Well **Category: Grounds**

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$5,921
Estimated Future Cost (at next svc yr): \$6,281		Current General Condition: Fair
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)
Service Year	2003	
Next Service Year	2028	
Remaining Useful Life (yrs)	2	

Item 45: Concrete Stairs Treads **Category: Grounds**

Component Qty: 1400	Unit of Measure: sq-ft	Estimated Current Cost: \$12,606
Estimated Future Cost (at next svc yr): \$23,450		Current General Condition: Fair
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)
Service Year	2022	
Next Service Year	2047	
Remaining Useful Life (yrs)	21	

Item 46: Complex Pool **Category: Pool**

Component Qty: 1	Unit of Measure: lump sum	Estimated Current Cost: \$107,302
Estimated Future Cost (at next svc yr): \$135,927		Current General Condition: Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)
Service Year	2004	
Next Service Year	2034	
Remaining Useful Life (yrs)	8	



Item 47: Jacuzzi/Spa **Category: Spa**

Component Qty: 1	Unit of Measure: lump sum	Estimated Current Cost: \$55,567
Estimated Future Cost (at next svc yr): \$70,391	Current General Condition:	Fair
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)
Service Year	2004	
Next Service Year	2034	
Remaining Useful Life (yrs)	8	

Item 48: Heater **Category: Pool**

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$3,939
Estimated Future Cost (at next svc yr): \$4,704	Current General Condition:	Fair
Estimated Useful Life (yrs)	10	Useful Life Adjustment (yrs)
Service Year	2022	
Next Service Year	2032	
Remaining Useful Life (yrs)	6	

Item 49: Lights **Category: Pool**

Component Qty: 5	Unit of Measure: each	Estimated Current Cost: \$8,695
Estimated Future Cost (at next svc yr): \$10,079	Current General Condition:	Fair
Estimated Useful Life (yrs)	10	Useful Life Adjustment (yrs)
Service Year	2021	
Next Service Year	2031	
Remaining Useful Life (yrs)	5	

Item 50: Lounges/Chairs **Category: Pool**

Component Qty: 33	Unit of Measure: each	Estimated Current Cost: \$11,628
Estimated Future Cost (at next svc yr): \$13,087	Current General Condition:	Fair
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)
Service Year	2015	
Next Service Year	2030	
Remaining Useful Life (yrs)	4	

Item 51: Benches & Tables **Category: Grounds**

Component Qty: 1	Unit of Measure: lump sum	Estimated Current Cost: \$5,581
Estimated Future Cost (at next svc yr): \$13,152	Current General Condition:	Fair
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)
Service Year	2005	
Next Service Year	2055	
Remaining Useful Life (yrs)	29	



Appendix

Analysis Class

Four classes (or levels) of reserve studies are defined:

- Class I: A comprehensive study
 - Component Inventory established
 - Component quantities and measurements established
 - Condition Assessments performed
 - Life and Valuation Estimates
 - Funding Status Statement
 - Develop a Funding Plan
- Class II: **An updated study based on a site inspection**
 - **Verifies Component Inventory from Previous Study**
 - **Verifies Component quantities and measurements from Previous Study**
 - **Condition Assessments performed**
 - **Life and Valuation Estimates**
 - **Funding Status Statement**
 - **Develop a Funding Plan**
- Class III: An updated study that does not include a site inspection.
 - Verifies Component Inventory from Previous Study
 - Verifies Component quantities and measurements from Previous Study
 - Condition Assessments estimated
 - Life and Valuation Estimates
 - Funding Status Statement
 - Develop a Funding Plan
- Class IV: Preliminary study for communities not yet constructed.
 - Component inventory based on site plans
 - Life and Valuation Estimates based on industry standards
 - Funding Status Statement
 - Develop a Funding Plan for budgeting purposes



Terms and Definitions

A reserve study contains several industry-related terms and phrases. The following are definitions for the most used terms.



- Annual Reserve Contribution
 - A regular amount of money that is set aside or is a line item in the Association's budget to add to the reserve fund to cover the depreciation expenses associated with the reserve components.
- Annual Reserve Fund Contribution
 - The amount that should be saved during the current year for future component replacements. Provided for each component and summed for all components.
- Baseline Funding
 - Establishing a reserve funding goal of keeping the reserve cash balance above zero. See Funding Models.
- Cash Flow Funding Method
 - The preferred method of developing a reserve funding plan where the contributions to the reserve fund are pooled together allowing money to be used for any necessary reserve expense as needed.
- Component
 - Also referred to as an "Asset." 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. Have limited useful life expectancies
 3. Have predictable remaining life expectancies
 4. Are above a minimum threshold cost
 5. Required by local codes.
- Component Funding Method
 - Refers to a method where each individual component (like roofs, pools, or elevators) is assigned to its own separate reserve account, meaning funds are calculated and tracked individually for each component, rather than being pooled together. This approach is sometimes referred to as "straight-line" funding where each component is treated independently.
- 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, review of established association precedents and discussion with appropriate association representative(s) of the association or cooperative.
- Contingency
 - An allowance for miscellaneous components, unpredictable expenses and/or costs that were higher than expected.
- Deficit
 - An actual (or projected reserve balance), which is less than the fully funded balance.
- Fully Funded Balance Percent
 - The reserve balance expressed as a percentage of the total fully funded balance of all components.



- Fully Funded Balance
 - The Fully Funded Balance as used in reserve studies is an indicator against which the 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 of a reserve component. This number is calculated for each component and then summed together for an association total and represents the total depreciation over the life of the components. In other words, the amount that should have been saved during the life of the components. Without considering the effect of inflation, the calculation for FFB is:
$$FFB = \frac{\text{Current Cost} \times \text{Effective Age}}{\text{Useful Life}}$$
 - A 100% FFB does not imply that the association or the reserve fund is fully funded.
- Fully Funded Reserve
 - A fully funded reserve is one in which the funding goal is set to consistently maintain reserves, ensuring a stable cash flow to replace each common element when it reaches the end of its life without waiving or deferring maintenance or funding. Achieving this level of funding indicates that an association (and its reserve fund) is fully funded. It's important to note that this differs from the concept of Fully Funded Balance (see above).
- Funding Methods
 - Two methods of funding are Cash Flow and Component (or Straight Line).
 1. Cash Flow: The reserve fund is considered one large pool of money. Expenses for any individual component are withdrawn from the single, shared reserve fund.
 2. Component (or Straight Line): A simple calculation that calculates a reserve contribution based on each individual component. Expenses for any individual component are withdrawn only from that component's fund. Funds are not shared across multiple components.
- Funding Models
 - The four funding models are:
 1. Fully Funding Model: Setting a reserve funding goal of keeping the reserves at or near 100% of FFB. This is the same as Threshold Funding if the threshold is set at 100%.
 2. Threshold Funding Model: Setting a Reserve funding goal of keeping the Reserve balance near some threshold, generally less than the Fully Funding Strategy.
 3. Baseline Funding Model: Setting a reserve funding goal of keeping the reserve cash balance at the end of each year in the overall reserve funding projection at or above \$ 0.
 4. Statutory Funding Model: Based on local statutes where associations set aside specific cash amounts, or specific thresholds are set, as required by statutes.
- Funding Plan
 - An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.



- Inflation

Inflation is the decline of purchasing power of a given currency over time. A quantitative estimate of the rate at which the decline in purchasing power occurs can be reflected in the increase of the average price level of a basket of selected goods and services in an economy over some period. The rise in the general level of prices, often expressed as a percentage, means that a unit of currency effectively buys less than it did in prior periods.

Two types of inflation are used in this analysis:

1. Reserve Item Expense Inflation: Sometimes referred to as CapEx (Capital Expenditures) inflation. CapEx inflation generally runs higher than OpEx inflation and is commonly tied to the Construction Cost Index (CCI). This index is published by various major construction firms and is a good measure for long-term construction and capital equipment costs. Reserve Item expenses tend to be related to capital equipment.
2. Operating Expense Inflation: Generally referred to as OpEx (Operating Expenses) inflation. OpEx inflation is commonly tied to the Core Inflation Rate which is part of the Consumer Price Index but excludes unstable costs such as food and energy. Operating expenses tend to be service related.

- 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 fully funded balance, expressed as a percentage. Percent funding is used a measure of the “health” of the reserve fund. As one of several key performance indicators, the percent funding must be viewed considering other indicators, such as available funds to meet expenses.

The measures of strength for percent funded of the FFB are:

- 0% – 30% Funded: Generally considered to be a “weak” financial position. Associations that fall into this category are subject to higher frequencies of special assessments and deferred maintenance.
- 31% – 69% Funded: Considered a “fair” financial position. Compared to the “weak” position, the likelihood of special assessments and deferred maintenance is diminished. Associations that find themselves in this position should be taking measures to strengthen their position.
- 70% – 99% Funded: This range is considered a “strong” financial position. Associations should strive to maintain their percentage funded in this range.
- 100% Funded: If the association is 100% funded, theoretically they have the exact amount of funds equal to the Fully Funded Balance
- Greater than 100% Funded: If in this situation, the association has more than the Fully Funded Balance. The impact on the community is that the members’ annual payments are likely more than is required to meet annual expenses.

- Projected Start-of-Year or End-of-Year Reserve Balance

- Projected reserve balance at the start of the fiscal year or end of the fiscal year. Calculated using the estimated reserve balance, contributions to reserves before year-end, and planned expenses before year-end.

- Recommended Reserve Contribution

- Recommended amount that the association should allocate into reserves to offset future expenses. This is frequently and incorrectly classified as an expense item in the association’s budget. This is not an expense item. It should be considered a goal or objective.

- Remaining Useful Life

- Expected remaining useable life of component. (0 years remaining life means the component will be serviced in the upcoming fiscal year)



- **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.
- **Replacement Year** • The year that a component is projected to be replaced or repaired.
- **Reserve Balance** • Actual or projected funds as of a particular point in time (typically the beginning or end of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon the information provided and is not audited.
- **Reserve Contribution** • A regular amount of money that is set aside or is a line item in the Association’s budget to add to the reserve fund to cover the depreciation expenses associated with the reserve components.
- **Reserve Study** • A long-term capital budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset ongoing deterioration, resulting in sufficient funds when those anticipated major common area expenditures actually occur. A reserve study is in essence a planning tool designed to help the board anticipate, and prepare for, the property's major repair and replacement projects.
- **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.
- **Statutory Funding** • Establishing a reserve funding goal of setting aside specific minimum amounts of reserves required by local statutes
- **Structural Integrity Reserve Study (SIRS)** • A Structural Integrity Reserve Study (SIRS) is a form of reserve study, required by Florida Statute that is designed to ensure that Condo Owners Associations are reserving funds for the long-term maintenance and necessary replacement of critical structural elements in their buildings.
- **Threshold Funding** • Used with the Cash-Flow Methodology. Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.
- **Useful Life** • Typical useable life for a component.



Funding Methodologies

Cash Flow Methodology

The Cash Flow Reserve Funding methodology is used in this analysis as it allows reserve funds to be used efficiently and evenly spread costs among the community owners over the years.

- The reserve fund is considered one large pool of money.
- Contributions are established by testing and retesting different contribution rates until the desired funding objective is achieved.
- Encourages the use of threshold levels to test various funding strategies with respect to funding requirements.
- May increase risk of underfunding and special assessments, but this is mitigated by understanding of component costs and useful life, setting reasonable threshold funding levels and careful analysis of annual cash flows
- Typically, it results in a lower rate of reserve contributions as the funds can be used more efficiently; and the contributions are more evenly spread over the years.

Threshold Funding Model

The Threshold Funding strategy is employed with a threshold, or goal, of keeping the reserve balance above a specified percent funded amount. Use of this strategy requires examining the estimated annual reserve component costs against the anticipated reserve balance to ensure that costs do not exceed available funds. The Threshold Funding Strategy consists of setting a funding goal of keeping the reserve balance above some threshold, generally less than the Fully Funding Model.

- The Threshold Funding strategy reduces the annual contribution (compared to Full Funding) for maintaining the reserve. The threshold funding strategy must be used rationally to ensure that under funding does not occur in any years. It also requires careful analysis of expenses and funding over all the years. A key benefit is that it reduces the annual contribution to the reserve fund compared to the Full Funding strategy.

Performance Indicators

Two key performance indicators used in this analysis are “Fully Funded Balance” and “Percent Funded”.

The Fully Funded Balance of all reserve components is individually determined and summed together. Each component’s FFB is determined for each year using the following formula:

$$FFB = \frac{\text{Current Cost} \times \text{Effective Age}}{\text{Useful Life}} \times (1 + \text{Inflation Rate})^{\text{Effective Age}}$$

Where: $\text{Effective Age} = \text{Useful Life} - \text{Remaining Useful Life}$

The Percent Funding for each year in the analysis is computed using the following formula:

$$\% \text{ Funded} = \frac{\text{Estimated Reserve Fund Balance}}{\text{Estimated Fully Funded Balance}}$$

All future cost estimates are based on the current costs with provision for inflation. The reserve fund and contingency fund balance is assumed to earn interest at the rate provided by the association.

