

Serving Colorado

1301 Arapahoe Street, Suite #302
Golden, CO 80401
(303) 394-9181
www.reservestudy.com

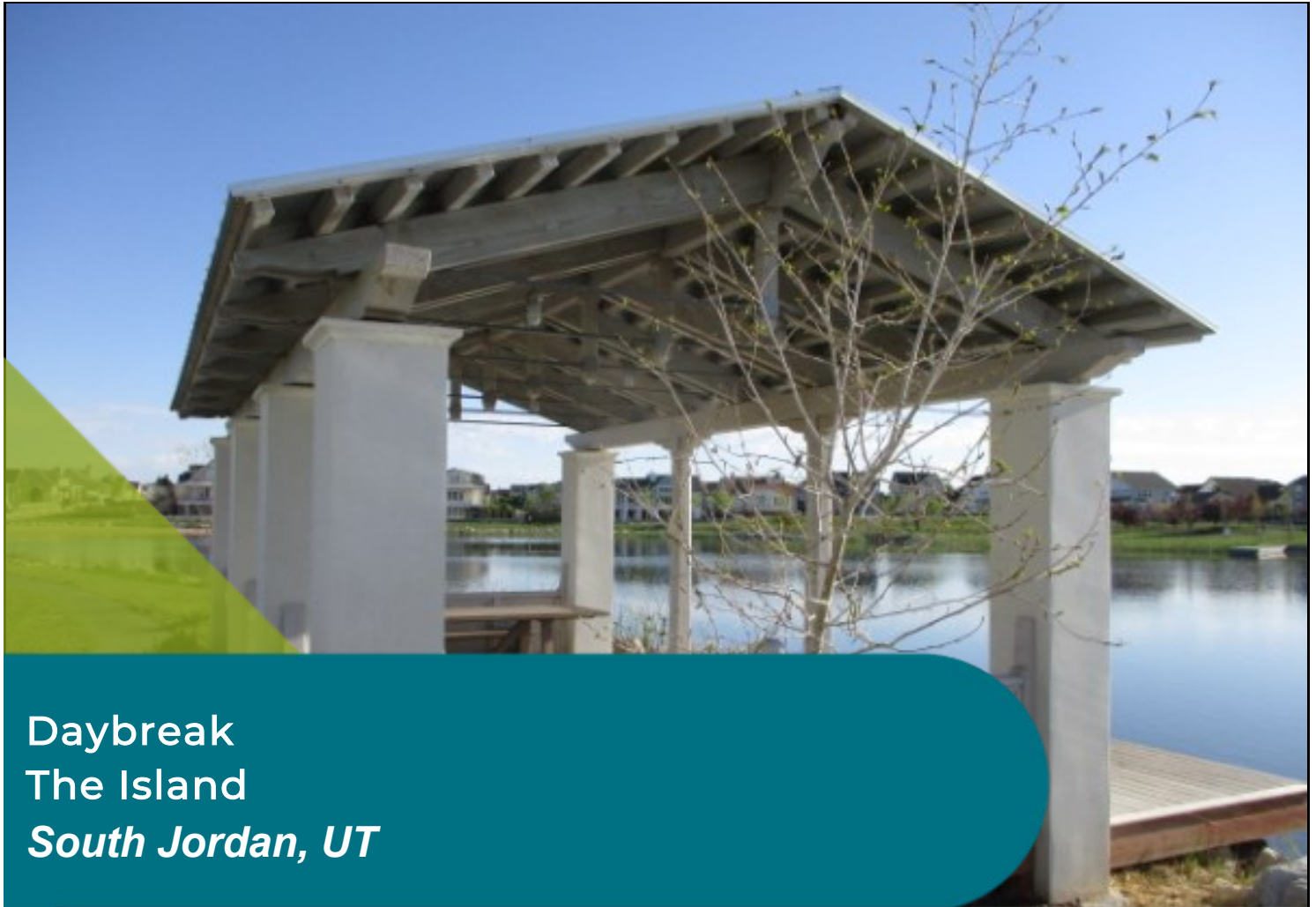


**ASSOCIATION
RESERVES™**

Planning For The Inevitable™

Serving Utah

159 West Broadway, Suite 200-147
Salt Lake City, UT 84101
(877) 344-8868
www.reservestudy.com



**Daybreak
The Island
*South Jordan, UT***



Report #: 41127-2
Beginning: January 1, 2024
Expires: December 31, 2024

**RESERVE STUDY
Update "No-Site-Visit"**

September 5, 2023

Welcome to your Reserve Study!

A Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

Regardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**
Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.
- **Reserve Fund Strength**
A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Reserve Funding Plan**
A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

Questions?

Please contact your Project Manager directly.



Est. 1986

ASSOCIATION
RESERVES™

Planning For The Inevitable™

www.reservestudy.com

Table of Contents

Executive Summary	4
Executive Summary (Component List)	5
Introduction, Objectives, and Methodology	6
Which Physical Assets are Funded by Reserves?	7
How do we establish Useful Life and Remaining Useful Life estimates?	7
How do we establish Current Repair/Replacement Cost Estimates?	7
How much Reserves are enough?	8
How much should we contribute?	9
What is our Recommended Funding Goal?	9
Projected Expenses	10
Annual Reserve Expenses Graph	10
Reserve Fund Status & Recommended Funding Plan	11
Annual Reserve Funding Graph	11
30-Yr Cash Flow Graph	12
Percent Funded Graph	12
Table Descriptions	13
Reserve Component List Detail	14
Fully Funded Balance	15
Component Significance	16
30-Year Reserve Plan Summary	17
30-Year Income/Expense Detail	18
Accuracy, Limitations, and Disclosures	24
Terms and Definitions	25
Component Details	26
The Island	27



Daybreak - The Island

Report #: 41127-2

South Jordan, UT

of Units: 1

Level of Service: Update "No-Site-Visit"

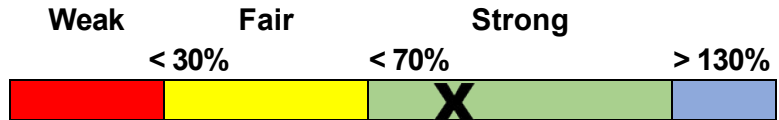
January 1, 2024 through December 31, 2024

Findings & Recommendations

as of January 1, 2024

Starting Reserve Balance	\$21,061
Fully Funded Reserve Balance	\$24,190
Annual Rate (Cost) of Deterioration	\$5,098
Percent Funded	87.1 %
Recommended 2024 Annual "Fully Funding" Contributions	\$6,500
Alternate/Baseline Annual Minimum Contributions to Keep Reserves Above \$0	\$5,900
Recommended 2024 Special Assessments for Reserves	\$0
Most Recent Annual Reserve Contribution Rate	\$5,544

Reserve Fund Strength: 87.1%



Risk of Special Assessment:

High Medium Low

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves 1.00 %

Annual Inflation Rate 3.00 %

- This Update "No-Site-Visit", is based on a prior Reserve Study for your 2023 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- The Reserve Study was reviewed by a credentialed Reserve Specialist (RS).
- Your Reserve Fund is currently 87.1 % Funded. This means the client's special assessment & deferred maintenance risk is currently Low.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget the Annual Reserve contributions at \$6,500 with 3% annual increases in order to be within the 70% to 130% level as noted above. 100% "Full" contribution rates are designed to achieve these funding objectives by the end of our 30-year report scope.
- The goal of the Reserve Study is to help the client offset inevitable annual deterioration of the common area components. The Reserve Study will guide the client to establish an appropriate Reserve Contribution rate that offsets the annual deterioration of the components and 'keep pace' with the rate of ongoing deterioration. No assets appropriate for Reserve designation were excluded. See appendix for component details; the basis of our assumptions.
- We recommend that this Reserve Study be updated annually, with a With-Site-Visit Reserve Study every three years. Clients that update their Reserve Study annually with a No-Site-Visit Reserve Study reduce their risk of special assessment by ~ 35%.
- Please watch this 5-minute video to understand the key results of a Reserve Study - <https://youtu.be/u83t4BRRIRE>

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
The Island			
21690 Island Furniture - Replace	25	21	\$27,000
23200 Island Float Wood Dock - Replace	25	20	\$69,500
23200 Island Wood Deck - Resurface	25	20	\$25,500
23600 Island Boat House Roof - Replace	40	36	\$8,700
4 Total Funded Components			

Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology



For this [Update No-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association

precedents. We updated and adjusted your Reserve Component List on the basis of time elapsed since the last Reserve Study and interviews with association representatives.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve



RESERVE COMPONENT "FOUR-PART TEST"

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

How do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

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

How much should we contribute?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses as defined by your Reserve Component List. A summary of these expenses are shown in the 30-Year Reserve Plan Summary Table, while details of the projects that make up these expenses are shown in the 30-Year Income/Expense Detail.

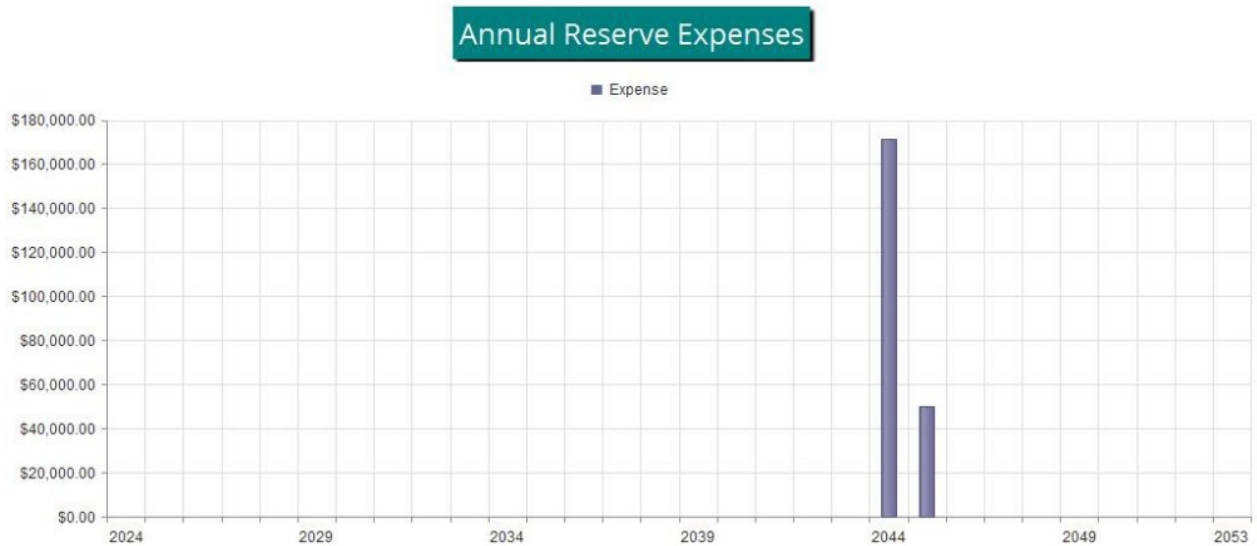


Figure 1

Reserve Fund Status

As of 1/1/2024 your Reserve Fund balance is projected to be \$21,061 and your Fully Funded Balance is computed to be \$24,190 (see the Fully Funded Balance Table). The Fully Funded Balance represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 87.1 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending Annual budgeted contributions of \$6,500. The overall 30-Year Plan, in perspective, is shown below in the Annual Reserve Funding (Fig. 2). This same information is shown numerically in both the 30-Year Reserve Plan Summary Table and the 30-Year Income/Expense Detail.

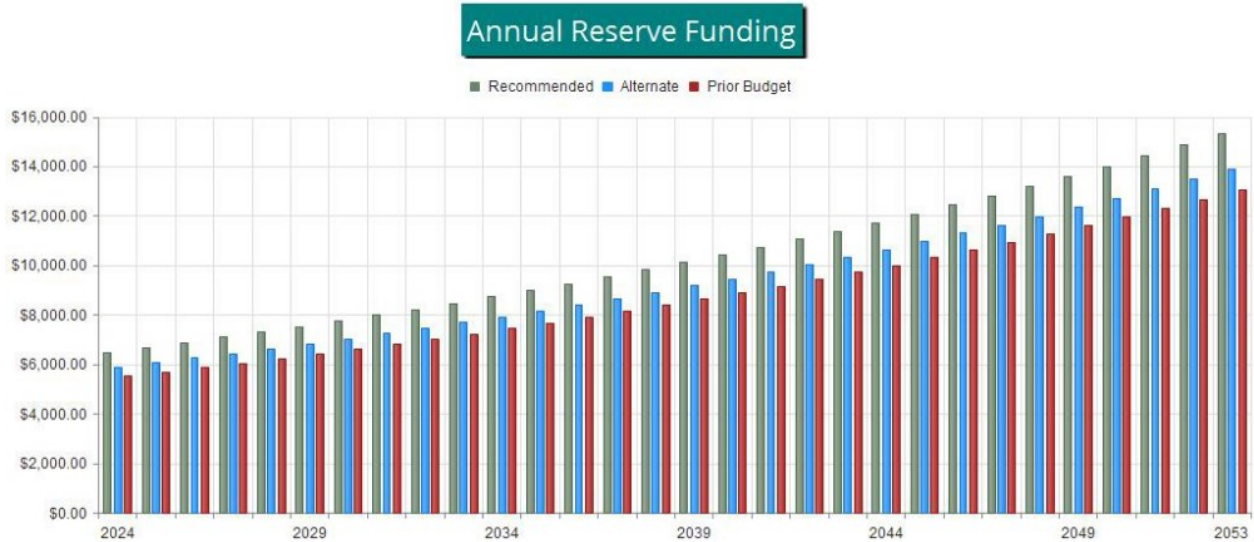


Figure 2

The reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate, compared to your always—changing Fully Funded Balance target is shown in the 30-Yr Cash Flow (Fig. 3).

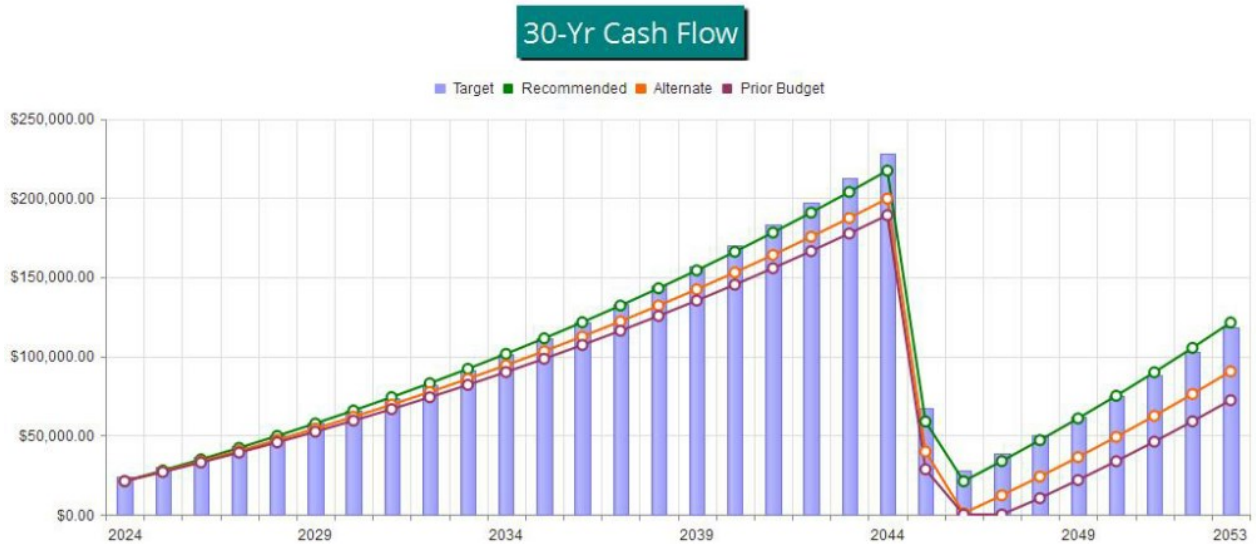


Figure 3

The information from Figure 3 is plotted on a Percent Funded scale in Figure 4. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan. A client that has a percent funded level of <30% may experience an ~ 20%-60% chance risk of special assessment. A client that is between 30% and 70% may experience an ~ 20%-5% chance risk of special assessment. A client that has a percent funded of >70% may experience an ~ <1% chance risk of special assessment.

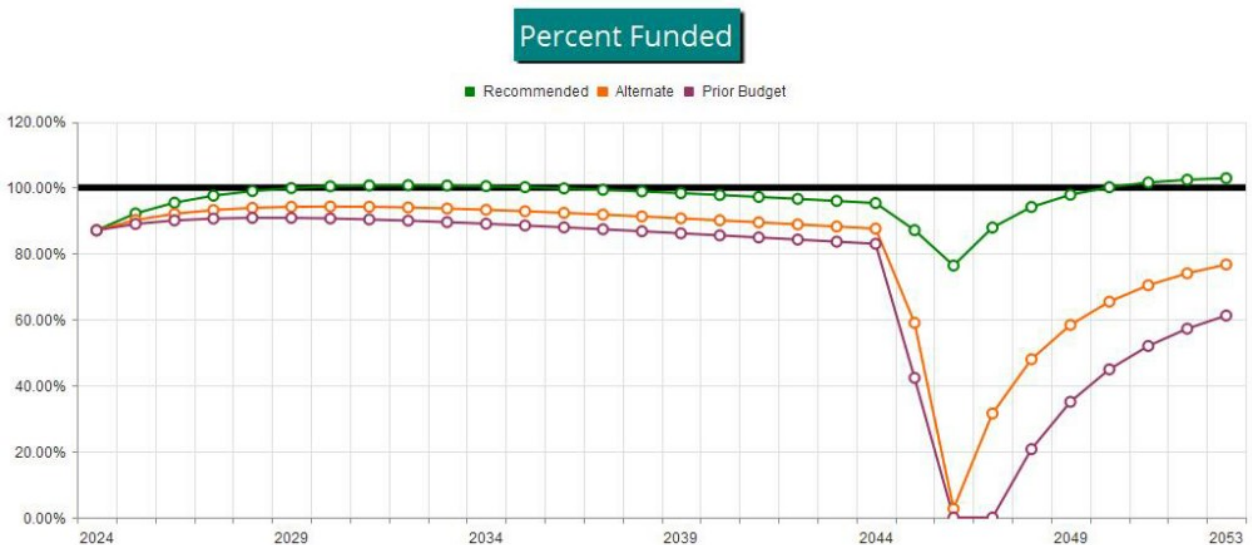


Figure 4



Executive Summary is a summary of your Reserve Components

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.



#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
					Best Case	Worst Case
The Island						
21690	Island Furniture - Replace	~ (28) Pieces	25	21	\$24,000	\$30,000
23200	Island Float Wood Dock - Replace	~ 2340 GSF	25	20	\$64,000	\$75,000
23200	Island Wood Deck - Resurface	~ 630 GSF	25	20	\$24,000	\$27,000
23600	Island Boat House Roof - Replace	~ 650 GSF	40	36	\$7,700	\$9,700

4 Total Funded Components



#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
The Island								
21690	Island Furniture - Replace	\$27,000	X	4	/	25	=	\$4,320
23200	Island Float Wood Dock - Replace	\$69,500	X	5	/	25	=	\$13,900
23200	Island Wood Deck - Resurface	\$25,500	X	5	/	25	=	\$5,100
23600	Island Boat House Roof - Replace	\$8,700	X	4	/	40	=	\$870
								\$24,190



#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
The Island					
21690	Island Furniture - Replace	25	\$27,000	\$1,080	21.19 %
23200	Island Float Wood Dock - Replace	25	\$69,500	\$2,780	54.54 %
23200	Island Wood Deck - Resurface	25	\$25,500	\$1,020	20.01 %
23600	Island Boat House Roof - Replace	40	\$8,700	\$218	4.27 %
4	Total Funded Components			\$5,098	100.00 %

30-Year Reserve Plan Summary

Report # 41127-2
No-Site-Visit

Fiscal Year Start: 2024

Interest: 1.00 %

Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date	Projected Reserve Balance Changes
---	-----------------------------------

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	In Annual Reserve Funding					
2024	\$21,061	\$24,190	87.1 %	Low	17.24 %	\$6,500	\$0	\$244	\$0		
2025	\$27,806	\$30,166	92.2 %	Low	3.00 %	\$6,695	\$0	\$313	\$0		
2026	\$34,814	\$36,479	95.4 %	Low	3.00 %	\$6,896	\$0	\$384	\$0		
2027	\$42,094	\$43,144	97.6 %	Low	3.00 %	\$7,103	\$0	\$459	\$0		
2028	\$49,655	\$50,175	99.0 %	Low	3.00 %	\$7,316	\$0	\$536	\$0		
2029	\$57,507	\$57,590	99.9 %	Low	3.00 %	\$7,535	\$0	\$616	\$0		
2030	\$65,657	\$65,404	100.4 %	Low	3.00 %	\$7,761	\$0	\$699	\$0		
2031	\$74,117	\$73,636	100.7 %	Low	3.00 %	\$7,994	\$0	\$785	\$0		
2032	\$82,896	\$82,302	100.7 %	Low	3.00 %	\$8,234	\$0	\$874	\$0		
2033	\$92,004	\$91,422	100.6 %	Low	3.00 %	\$8,481	\$0	\$967	\$0		
2034	\$101,452	\$101,015	100.4 %	Low	3.00 %	\$8,735	\$0	\$1,063	\$0		
2035	\$111,251	\$111,102	100.1 %	Low	3.00 %	\$8,998	\$0	\$1,163	\$0		
2036	\$121,411	\$121,703	99.8 %	Low	3.00 %	\$9,267	\$0	\$1,266	\$0		
2037	\$131,945	\$132,840	99.3 %	Low	3.00 %	\$9,545	\$0	\$1,373	\$0		
2038	\$142,864	\$144,536	98.8 %	Low	3.00 %	\$9,832	\$0	\$1,485	\$0		
2039	\$154,180	\$156,813	98.3 %	Low	3.00 %	\$10,127	\$0	\$1,600	\$0		
2040	\$165,907	\$169,698	97.8 %	Low	3.00 %	\$10,431	\$0	\$1,719	\$0		
2041	\$178,056	\$183,214	97.2 %	Low	3.00 %	\$10,744	\$0	\$1,843	\$0		
2042	\$190,643	\$197,389	96.6 %	Low	3.00 %	\$11,066	\$0	\$1,971	\$0		
2043	\$203,679	\$212,249	96.0 %	Low	3.00 %	\$11,398	\$0	\$2,103	\$0		
2044	\$217,180	\$227,823	95.3 %	Low	3.00 %	\$11,740	\$0	\$1,379	\$171,581		
2045	\$58,718	\$67,412	87.1 %	Low	3.00 %	\$12,092	\$0	\$398	\$50,228		
2046	\$20,981	\$27,467	76.4 %	Low	3.00 %	\$12,455	\$0	\$273	\$0		
2047	\$33,709	\$38,352	87.9 %	Low	3.00 %	\$12,828	\$0	\$403	\$0		
2048	\$46,940	\$49,864	94.1 %	Low	3.00 %	\$13,213	\$0	\$538	\$0		
2049	\$60,691	\$62,033	97.8 %	Low	3.00 %	\$13,610	\$0	\$678	\$0		
2050	\$74,979	\$74,888	100.1 %	Low	3.00 %	\$14,018	\$0	\$824	\$0		
2051	\$89,820	\$88,457	101.5 %	Low	3.00 %	\$14,438	\$0	\$975	\$0		
2052	\$105,233	\$102,774	102.4 %	Low	3.00 %	\$14,872	\$0	\$1,132	\$0		
2053	\$121,237	\$117,870	102.9 %	Low	3.00 %	\$15,318	\$0	\$1,295	\$0		

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$21,061	\$27,806	\$34,814	\$42,094	\$49,655
Annual Reserve Funding	\$6,500	\$6,695	\$6,896	\$7,103	\$7,316
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$244	\$313	\$384	\$459	\$536
Total Income	\$27,806	\$34,814	\$42,094	\$49,655	\$57,507
# Component					
The Island					
21690 Island Furniture - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Float Wood Dock - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Wood Deck - Resurface	\$0	\$0	\$0	\$0	\$0
23600 Island Boat House Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance	\$27,806	\$34,814	\$42,094	\$49,655	\$57,507

Fiscal Year	2029	2030	2031	2032	2033
Starting Reserve Balance	\$57,507	\$65,657	\$74,117	\$82,896	\$92,004
Annual Reserve Funding	\$7,535	\$7,761	\$7,994	\$8,234	\$8,481
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$616	\$699	\$785	\$874	\$967
Total Income	\$65,657	\$74,117	\$82,896	\$92,004	\$101,452
# Component					
The Island					
21690 Island Furniture - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Float Wood Dock - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Wood Deck - Resurface	\$0	\$0	\$0	\$0	\$0
23600 Island Boat House Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance	\$65,657	\$74,117	\$82,896	\$92,004	\$101,452

Fiscal Year	2034	2035	2036	2037	2038
Starting Reserve Balance	\$101,452	\$111,251	\$121,411	\$131,945	\$142,864
Annual Reserve Funding	\$8,735	\$8,998	\$9,267	\$9,545	\$9,832
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,063	\$1,163	\$1,266	\$1,373	\$1,485
Total Income	\$111,251	\$121,411	\$131,945	\$142,864	\$154,180
# Component					
The Island					
21690 Island Furniture - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Float Wood Dock - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Wood Deck - Resurface	\$0	\$0	\$0	\$0	\$0
23600 Island Boat House Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance	\$111,251	\$121,411	\$131,945	\$142,864	\$154,180

Fiscal Year	2039	2040	2041	2042	2043
Starting Reserve Balance	\$154,180	\$165,907	\$178,056	\$190,643	\$203,679
Annual Reserve Funding	\$10,127	\$10,431	\$10,744	\$11,066	\$11,398
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,600	\$1,719	\$1,843	\$1,971	\$2,103
Total Income	\$165,907	\$178,056	\$190,643	\$203,679	\$217,180
# Component					
The Island					
21690 Island Furniture - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Float Wood Dock - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Wood Deck - Resurface	\$0	\$0	\$0	\$0	\$0
23600 Island Boat House Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance	\$165,907	\$178,056	\$190,643	\$203,679	\$217,180

Fiscal Year	2044	2045	2046	2047	2048
Starting Reserve Balance	\$217,180	\$58,718	\$20,981	\$33,709	\$46,940
Annual Reserve Funding	\$11,740	\$12,092	\$12,455	\$12,828	\$13,213
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,379	\$398	\$273	\$403	\$538
Total Income	\$230,299	\$71,209	\$33,709	\$46,940	\$60,691
# Component					
The Island					
21690 Island Furniture - Replace	\$0	\$50,228	\$0	\$0	\$0
23200 Island Float Wood Dock - Replace	\$125,525	\$0	\$0	\$0	\$0
23200 Island Wood Deck - Resurface	\$46,056	\$0	\$0	\$0	\$0
23600 Island Boat House Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$171,581	\$50,228	\$0	\$0	\$0
Ending Reserve Balance	\$58,718	\$20,981	\$33,709	\$46,940	\$60,691

Fiscal Year	2049	2050	2051	2052	2053
Starting Reserve Balance	\$60,691	\$74,979	\$89,820	\$105,233	\$121,237
Annual Reserve Funding	\$13,610	\$14,018	\$14,438	\$14,872	\$15,318
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$678	\$824	\$975	\$1,132	\$1,295
Total Income	\$74,979	\$89,820	\$105,233	\$121,237	\$137,849
# Component					
The Island					
21690 Island Furniture - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Float Wood Dock - Replace	\$0	\$0	\$0	\$0	\$0
23200 Island Wood Deck - Resurface	\$0	\$0	\$0	\$0	\$0
23600 Island Boat House Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance	\$74,979	\$89,820	\$105,233	\$121,237	\$137,849



Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Bryan Farley, R.S., president of the Colorado LLC, is a credentialed Reserve Specialist (#260). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.



Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	Linear Feet (length)
Effective Age	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
Fully Funded Balance (FFB)	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
Inflation	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
Interest	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.



Component Details

The primary purpose of the photographic appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The photographs herein represent a wide range of elements that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding:

- 1) Common are maintenance, repair & replacement reasonability
- 2) Components must have a limited life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of annual operating expenses).

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair or replacement cycles to the left of the photo (UL = Useful Life or how often the project is expected to occur, RUL = Remaining Useful Life or how many years from our reporting period) and a representative market cost range termed “Best Cost” and “Worst Cost” below the photo. There are many factors that can result in a wide variety of potential cost; we are attempting to represent a market average for budget purposes. Where there is no UL, the component is expected to be a one-time expense. Where no pricing, the component deemed inappropriate for Reserve Funding.

The Island

Comp #: 21690 Island Furniture - Replace**Quantity: ~ (28) Pieces**

Location: Common Areas

Funded?: Yes.

History:

Comments:

Useful Life: 25 years

Remaining Life: 21 years

Best Case: \$ 24,000

Worst Case: \$30,000

Cost Source: ARI Cost Database: Similar Project

Cost History

Comp #: 23200 Island Float Wood Dock - Replace**Quantity: ~ 2340 GSF**

Location: Building Exteriors

Funded?: Yes.

History:

Comments:

Useful Life: 25 years

Remaining Life: 20 years

Best Case: \$ 64,000

Worst Case: \$75,000

Cost Source: ARI Cost Database: Similar Project

Cost History

Comp #: 23200 Island Wood Deck - Resurface**Quantity: ~ 630 GSF**

Location: Building Exteriors

Funded?: Yes.

History:

Comments:

Useful Life: 25 years

Remaining Life: 20 years

Best Case: \$ 24,000

Worst Case: \$27,000

Cost Source: ARI Cost Database: Similar Project

Cost History

Comp #: 23600 Island Boat House Roof - Replace**Quantity: ~ 650 GSF**

Location: Common Areas

Funded?: Yes.

History:

Comments:

Useful Life: 40 years

Remaining Life: 36 years

Best Case: \$ 7,700

Worst Case: \$9,700

Cost Source: ARI Cost Database: Similar Project

Cost History