

A RESERVE STUDY FOR

**ABC
CONDOMINIUM ASSOCIATION, INC.
ANYTOWN, USA
File #22920-01234**

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FOR PERIOD: JANUARY 1, 2010 – DECEMBER 31, 2010

PREPARED BY

**GAB ROBINS NORTH AMERICA, INC.
610 CRESCENT EXECUTIVE COURT
SUITE 212
LAKE MARY, FLORIDA 32746-3432
(800) 248-3376 ext 379 (FL only)
(407) 805-0086 ext. 379**



610 Crescent Executive Court
Suite 212
Lake Mary, FL 32746
T: 407-805-0086
F: 407-805-9921
EMAIL: service@gabvalue.com
On-line: www.gabvalue.com

November 18, 2009

ABC Condominium Association, Inc.
Attn: Board of Directors
1234 Main Street
Anytown, USA 12345

Dear Board of Directors:

On September 14, 2009, we completed an on-site inspection of ABC Condominium Association, Inc.'s common area reserve items. The intent of this report is to show cash reserves necessary for the future repair or replacement of expendable components incorporated into the subject property. The purpose of this report is to aid ABC Condominium Association, Inc. in making determinations for cash reserves that are needed to repair or replace short-lived building and/or site components.

The report identifies each component selected, its estimated useful life, adjusted life, scheduled replacement date, and current and future cost to replace. The useful and remaining lives of the building components in this study, as well as the current replacement costs, have been reconciled using industry standards, cost estimating services, and the association's actual historical costs as provided. This report is classified as a full reserve study under the guidelines of the National Reserve Study Standards of the Community Associations Institute, and conforms to the Community Associations Institute Professional Reserve Specialist Code of Ethics. The reserve specialist/GAB Robins have no relationships with the association that would result in actual or perceived conflicts of interest.

This report is our opinion and is based upon observed condition and state of repair. Items may not last as long as projected or may exceed their estimated lives. Influences such as weather, catastrophe, improper maintenance, physical abuse, or abnormal use can affect these lives and/or replacement costs. When such occurrences happen, another inspection should be made and a new revised study prepared. While we have attempted to create a useful tool for the associations to plan their needs, the actual reserves set aside are solely at the association's discretion. In the event an updated report were provided by GAB Robins in the future, such a report's accuracy would depend upon the validity of this original reserve study. The client would be responsible for ensuring the accuracy and reliability of the component quantities

included within this original report. The findings of this study are not for use in performing an audit, quality/forensic analyses, or background checks of historical records.

In conducting the study, the reserve specialist made the aforementioned physical on-site visit of the common areas. Appropriate measurements and counts were taken to determine quantities, based on field measurements and construction blueprints/site plans assumed to be complete and correct. No destructive testing methods were employed (i.e. roof core sampling, etc.) The reserve specialist estimated the repair or replacement cost taking into account contingencies inherent to this type of work. The report was prepared utilizing the information gathered in the field and the costs estimated by the reserve specialist. Current financial data and property histories provided by you were utilized in the completion of this report; this information was not audited, and was assumed to be completed and correct.

Definitions of Terms appear in the addendum.

Respectfully submitted,
GAB Robins North America, Inc.

Stephen F. Brubaker, RS, CCI
Reserve Specialist, Community Associations Institute

PROJECT OVERVIEW

The subject of this reserve study is the common areas within ABC Condominium Association, Inc. a 22 story, 230 unit luxury residential tower building located in Anytown USA. Originally constructed in 2000/2001, the building is of heavy concrete frame/superstructure construction, with painted stucco exteriors, high intensity fenestration, flat membrane roofing, and an attached 4 story parking garage with roof mounted pool/recreation deck. Floor 1 is the main lobby level, supporting a reception/security desk, administrative offices, grand lobby and elevator lobbies, restrooms, enclosed guest and owner's parking garage areas, and typical storage, trash and mechanical rooms. Floor 2 includes a common area social/meeting room mezzanine with residential grade kitchen and mailboxes, restrooms, and enclosed parking garage areas. Floors 3 and 4 support the remaining enclosed parking garage areas, as well as three dwelling units per floor. Floor 5 is the amenity level, with an exercise room, conference room, laundry room, restrooms, convenience store space (unoccupied), corridors/elevator lobbies, access to the decktop pool and spa, and nine dwelling units. Floors 6-22 support the remaining dwelling units. Access to the upper floors is via standard stairway cores and 4 traction elevators. The common area finish qualities are representative of a good quality property, with marble, ceramic/vinyl tile, wood, and carpet flooring, gypsum board and concrete walls with paint, wallpaper/covering and tile finishes, painted gypsum board/volume and drop acoustical tile ceilings, good quality built ins (finish carpentry/millwork, cabinetry/countertops, vanities & mirrors, plumbing and electrical fixtures, storefront glass, doors/frames, etc.), as well as inventories of good quality furniture/furnishings, health club quality exercise equipment, and residential grade kitchen appliances.

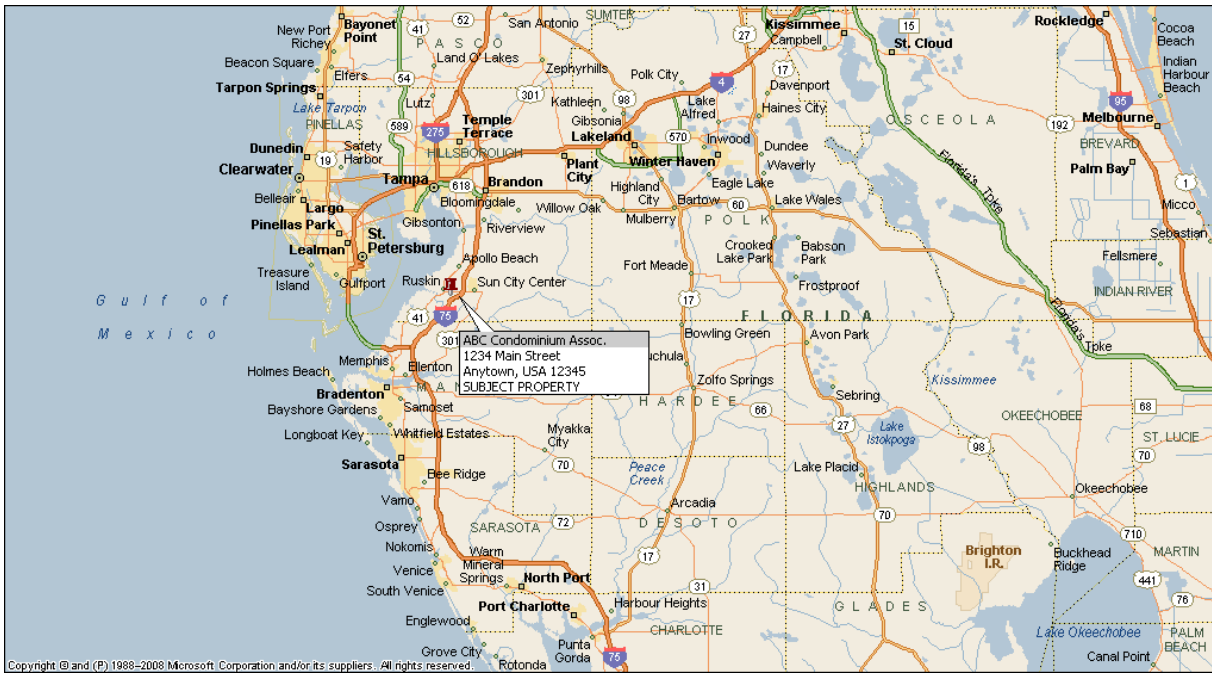
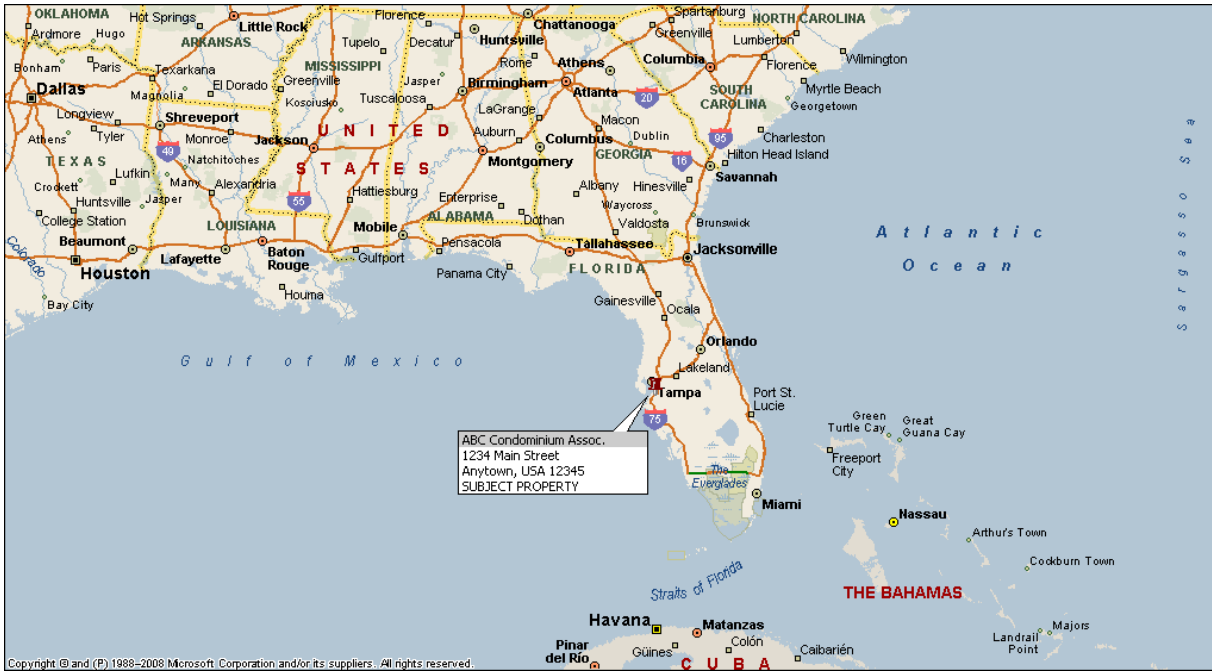
Air conditioning of the common areas is via a two cell roof mounted cooling tower with associated pumps, an inventory of common area/hallway heat pump units and typical exhaust fans. Additional major mechanical equipment includes an emergency generator, domestic water pumps/system, boiler, fire pump, fire safety/sprinkler systems, security access/video surveillance equipment, automatic garage gates/operators and trash chutes/doors.

As of the date of inspection, the common areas were observed to be in good overall condition for a property of the subject's age and design. No items of significant deferred maintenance were noted.

Reserves are only calculated for the replacement of short-lived building or site components. This includes components that require replacement prior to the overall estimated end life of the buildings or structures. This report is designed to provide reasonable, appropriate budgetary cost and useful life data based on market standards for the subject's property type and in compliance with Florida statutes. Florida Statutes require consideration for roofs, exterior paint and/or waterproofing, pavement and all items that have an estimated repair or replacement cost above \$10,000. We have included many reserve components below the \$10,000 threshold based on their predictability of cost and useful life, for the association's consideration; their inclusion in the association's fully funded reserve budget is not mandated by current statutory/code requirements, but they are sometimes included in reserve budgets in similar properties.

The following pages present a location map, photographic gallery of the common areas, and synopsis of the included reserve components.

PROPERTY LOCATION MAP



FINAL REPORT WILL INCLUDE FULL PHOTO GALLERY HERE

PROJECT OVERVIEW – Continued:

Common Area Interiors

This category was established in order to provide information for the association's consideration for cosmetic renovation of the common area interiors. In order to maximize property values, the association should expect to incur costs associated with periodic cosmetic upgrades to their common area interiors. Excluded from this analysis are major long term renovations associated with replacement of wall and ceiling millwork and finish carpentry, ceilings, and replacement of the lobby marble flooring. In our experience, due to the relative unpredictability of cost and useful life of this scope of renovation, and given that upgrades can sometimes involve reconfiguration of floor areas, etc., associations tend to fund this level of restoration via some measure of special assessment. As is the case with any cosmetic upgrade, expenses can vary from property to property due to individual association tastes and preferences.

Appliances, Social Room Kitchen – This reserve was included to provide monies for as needed replacement of the kitchen appliances in the mezzanine level kitchen; we have observed life cycles generally in the low to mid 10 year range. Based on their 2001 placed in service dates and observed condition, replacement of the refrigerator, microwave, dishwasher, TV, etc. was forecast for 2013. The current cost estimate of \$3,490 is based on the observed quality of the existing appliances.

Exercise Equipment – Separate line items were included for replacement of the cardiovascular exercise equipment (treadmills, 3, elliptical trainers, 2, recumbent bikes, 2, arc trainer), as their replacements are typically completed on an as needed basis, rather than as a single inventory. A life cycle in the 6-9 year range has been observed in better quality properties like the subject. The majority of this equipment is original to the property, reflecting an actual age of 8-9 years. The association expects to replace roughly ½ of this inventory in 2010 and the other ½ in 2012. These expenses were forecast accordingly. A single line item was included for replacement of the inventory of strength training stations/equipment (7 stations, dumbbells, benches, mats, etc.), which should be expected on a 12-15 year life cycle to insure modern equipment. This inventory was forecast for replacement in 2012. The current costs ranging from to \$3,220 to \$6,460 for the cardiovascular equipment and \$23,200 for the strength training equipment are based on known costs for this equipment, as gleaned from properties of similar quality.

Flooring, Carpet – Carpet replacement can be expected on a 7-15 year life cycle, depending on the association's tastes and preferences, location, and the amount of usage; these life cycles assume proper and routine cleaning. Better quality properties tend towards the lower end of that range. The majority of the common area carpeting is reportedly original to the property, suggesting an actual age of +/- 9 years; the hallway carpeting was replaced in 2004. Based on its observed condition, we have forecast replacement of the hallway carpeting in 2011 and exercise room carpeting in 2010. We do not anticipate the need to replace the carpeting in the conference room, administrative offices, or social room for the next 2-3 years. Their replacements were forecast in 2012, accordingly. The hallway carpeting was forecast for

PROJECT OVERVIEW – Continued:

replacement on a recurring 7 year life cycle, while the remaining carpeting was forecast for replacement on a recurring 10 year life cycle thereafter. The current costs which include removal and disposal of the existing carpet and replacement with like quality are summarized as follows:

<u>Floor Area</u>	<u>Size +/-</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Admin. Offices	112 sq.yds.	\$29.89/sq.yd.	\$ 3,348
Conference Room	42 sq.yds.	\$45.10/sq.yds.	\$ 1,894
Exercise Room	297 sq.yds.	\$29.89/sq.yd.	\$ 8,887
Hallways	2,735 sq.yds.	\$38.90/sq.yd.	\$106,392
Social Room	101 sq.yds.	\$29.89/sq.yd.	\$ 3,019

The floor areas include a 15% market waste allowance.

Flooring, Tile – Replacement of ceramic tile flooring is typically completed due to cosmetic dissatisfaction, rather than due to wear out/failure of the flooring itself. As such, useful life can vary. We have observed life cycles of less than 20 years, to 40+ years for this upgrade in primary floor areas such as social rooms, hallways, etc.; better quality properties tend toward the lower end of the range, to insure a modern cosmetic appeal. A 25 year life cycle estimate reflects 2026 expense dates for replacement of the tile flooring in the elevator lobbies. At a unit cost estimate of \$12.18/square foot, the total of +/- 6,400 square feet of tile flooring has a current replacement cost estimate of \$77,952.

Flooring, Vinyl Tile – A similar 25 year life cycle was assigned to the vinyl tile flooring at the recreation deck restrooms and laundry room. The current cost estimate of \$2,268 is reflective of a unit cost estimate of \$3.91/sq.ft and the total area of +/- 580 square feet.

Flooring, Wood – The wood flooring in the social room should last 20+ years under normal conditions. Replacement of this flooring was forecast in 2021; the current cost estimate of \$11,672 is based on the total of +/- 685 square feet of wood flooring and a \$17.04/square foot unit cost.

Furnishings/Finishes, Common Areas – Separate line items have been included for major furnishings/finishes upgrades in the common areas, including (but not necessarily limited to) benches, chests/armoires, mirrors, artwork/pictures, decorative lighting, upholstered sofas, chairs, and barstools, throw pillows, pool table, mirrors, plants/planters, window treatments, televisions, wall coverings, interior painting, etc. While miscellaneous upgrades and replacements can be expected on an ongoing, as needed basis, our experience in properties of similar quality indicate that major inventory replacements in more heavily utilized common rooms such as card rooms, social rooms, hallways, etc. are completed on a typical 12-15 year life cycle. A 14 year life suggests this expense in 2015 at the social room, lobby, and hallway elevator landings. A line item was also included for as needed replacements to the administrative office furnishings/finishes over a recurring 20 year life cycle. These costs do

PROJECT OVERVIEW – Continued:

not include any custom artwork/sculpture, etc., and are summarized as follows:

<u>Floor Area</u>	<u>Size +/-</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Admin. Offices	875 sq.ft.	\$16.00/sq.ft.	\$ 14,000
Conference Room	330 sq.ft.	\$21.50/sq.ft.	\$ 7,095
Hallways/Elevator Lobbies	28,300 sq.ft.	\$5.50/sq.ft.	\$ 155,650
Lobby	2,450 sq.ft.	\$12.00/sq.ft.	\$ 29,400
Social Room	1,775 sq.ft.	\$190/sq.ft.	\$ 33,725

The common area interiors at the amenity level store/convenience center were excluded, as these floor areas were not in use as of the date of our most recent inspection.

Light Sconces/Fixtures, Hallways – A life cycle of 20 years was forecast for the total of +/- 410 decorative light sconces/fixtures in the common area hallways and elevator lobbies, which were assumed to be original to the property. This expense was forecast in 2021; the current cost estimate of \$28,290 is reflective of a \$69.00/fixture unit cost. Discussions with the association president suggest that there may be design/failure issues with the existing fixtures, due to continuing problems with the light ballasts, etc. Typically, as needed repairs of this nature are funded through an association's annual operating budget, as a function of routine maintenance. A determination of whether or not design/installation problems, etc. exist at these fixtures that would otherwise limit the total useful life of this inventory is beyond the scope of this analysis.

Renovation Allowance, Elevator Cabs - The association should expect to eventually incur costs associated with cosmetic refurbishment of the elevator cabs (flooring, wall finishes, ceilings/lighting, etc.). A life cycle in the +/- 20 year range is indicated in the market, although we have observed life cycles +/- 5 years higher or lower than 20 years. At the association's request, this expense was forecast on a recurring 15 year life cycle, and the next major expense was forecast in 2010. The market reflects a probable current cost in the high \$10,00 to \$30,000+ range for primary passenger elevators in properties of similar overall quality. Utilizing a \$21,900 allowance for the 4 elevator cabs reflects a total current cost estimate of \$87,600.

Renovation Allowances, Kitchen and Restrooms – Life cycles of between 20 and 25 years have been observed for major kitchen and restroom renovations in better quality properties like the subject (tile flooring and wall coverings/finishes, cabinetry and countertops, vanities, mirrors, plumbing and electrical fixtures, sauna interiors, steam room interiors, etc.). Given the subject's high quality, a 20 year life cycle was estimated, suggesting major expenses at or near 2021. These costs are summarized as follows:

<u>Floor Area</u>	<u>Size +/-</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Kitchen, Social Room	45 sq.ft.	\$144.00/sq.ft.	\$ 6,480
Restrooms	830 sq.ft.	\$49.00/sq.ft.	\$ 40,670

PROJECT OVERVIEW – Continued:

Insurance Reserve

More and more associations are establishing and funding reserves to provide funds for the possibility of financial losses due to hurricane/storm damage and insurance deductibles. Unlike say painting or roof replacement, there is no market standard for this type of reserve; some associations choose to reserve very aggressively, while others more conservatively. On that basis, we include this type of reserve only when provided an association's funding goal in total dollars and time frame in which to reach that goal. At such time as the association provides a budgetary insurance reserve funding goal and time frame in which to reach that goal, this report can be amended to include this component.

Mechanical/HVAC

Boiler Repair/Replacement – The association's 3,000 MBH boiler should have a useful life in the mid 20 to low 30 year range with proper and routine maintenance. This expense was forecast in 2031, accordingly. The current cost estimate of \$79,980 is based on the boiler's size, and includes removal and disposal of the existing unit and replacement with one of similar size.

Domestic Water Pumps/Equipment – The common area include a standard domestic water pump and controller system, with 2 10 HP and 1 15 HP pumps. While pump rebuilds, motor rewinds, etc. will be necessary as a portion of the typical maintenance program, the market indicates that replacement of the pumps should be expected on a 10-13 year basis and the modernization of the controller panel and other equipment should be expected on +/- 25 year life cycle. The pumps were forecast for replacement on recurring 12 year life cycles, at current cost estimates of \$3,940, \$3,940 and \$5,670, respectively, while modernization of the remaining equipment was forecast in 2025 at a current cost estimate of \$15,330.

Elevator Mechanical Modernization – We have observed useful lives ranging from to low 20 to mid 30 year range for major modernization of the mechanical and electrical components within traction elevators (motors, controllers, door hardware, call stations, etc.). The useful life is often determined by an association's dissatisfaction with the elevators' speed, smoothness of ride, and noise. A 25 year life cycle suggests this expense at or near 2026. While older traction elevators with solid state systems can have modernization costs in the high \$100,000 to mid \$200,000 range per cab in buildings of similar height, discussions with area elevator consultants indicate that newer, computerized traction elevators can expect a lower current modernization cost due to improved technologies. To date, we have not encountered a property that has to modernize computerized traction elevator equipment to confirm this opinion. As such, we have tempered this data and utilized a \$220,000 per cab cost. The total current cost for modernization of the 4 traction elevators is therefore \$880,000.

Fire Alarm System Modernization - Due to improvements in technology and parts obsolescence, a useful life of 20-30 years has been observed for major modernization of fire alarm system components (panels, pull stations, horns/strobes, detectors, hoses). A mid range

PROJECT OVERVIEW – Continued:

useful life estimate of 25 years reflects a 2026 expense date. The current cost of \$252,000 is an order of magnitude estimate based on the size and design of the subject property.

Due to ever changing fire codes and technologies, we recommend that a qualified life safety engineer(s) assess the subject's fire alarm systems periodically to determine more specific remaining useful life and cost parameters. This report should then be amended accordingly.

Fire Pump Repair/Replacement – The subject's major mechanical equipment inventory also includes a 160 BHP, 3,000 RPM diesel fire pump. With routine maintenance, including periodic pump rebuilds, motor upgrades/replacements, etc., a life cycle of 35-40+ years should be expected. This expense was forecast in 2041, accordingly. The current replacement cost of \$88,160 includes the controller panel, fittings, valves, fuel tank, etc.

Under normal operating conditions, total replacement of the wet fire sprinkler systems and associated plumbing should not be necessary at any one given time. As such, reserving for replacement of these systems is not considered practical. It is our experience that associations typically fund these systems through an annual service contract, and that replacements and upgrades are completed on an incidental, as needed basis through the association's operating budget. As such, no line items for the wet fire sprinkler systems were included in this analysis.

Garage Doors/Gates Allowance – Barring any unforeseen vehicular damages, a life cycle in the high teen to low 20 year range is the market norm for replacement of automatic overhead garage doors/gates and operating systems. This fund is designed to provide monies for replacement of the four automatic entry/exit gates and operators accessing the parking areas (\$3,880 per) and the single roll up loading area garage door (\$8,900) over a 20 year life cycle. The total cost estimate equates to \$24,420.

Generator Repair/Replacement – The subject's 350 kW diesel generator also has an estimated useful life of 35-40+ years under normal operating conditions. The current replacement cost estimate of \$84,700 includes the transfer switch, fuel tank, and other associated equipment. This expense was forecast in 2041.

HVAC Cooling Towers Repair/Replacement – Data gleaned from both within and outside the subject's market area reflects a probable life cycle in the mid 20 year range for the subject's two roof mounted, 250 ton two cell stainless steel cooling towers, suggesting replacement at or near 2026. The current replacement cost estimate of \$229,500 is based on a \$459/ton unit cost, and includes removal and disposal of the existing towers, engineering costs, permitting, etc.

HVAC Exhaust Fans Allowance – Data gleaned from similar properties suggests that repairs/replacements to the inventory of common area exhaust fans can be expected on an as needed basis as a function of general maintenance, but that over a life cycle in the 30 year

PROJECT OVERVIEW – Continued:

range, total inventory replacement will have been completed. This reserve is designed to provide monies for as needed replacement of the +/- 25 exhaust fans over a 30 year life cycle. The current cost estimate of \$72,000 is reflective of an average \$/fan cost of \$2,880.

HVAC Pumps Repair/Replacement – Separate line items were included for each of the 3 30 HP HVAC pumps, which appear to be original to the property. The market suggests that with periodic pump rebuilds, motor rewinds/replacements, etc. as a function of ongoing maintenance, a life cycle in the low to mid 20 year range should be expected. Since they may not require replacement concurrently, separate line items were included for each, at a current cost estimate of \$7,320.

HVAC Units, Common Areas – The market suggests a probable life cycle in the low to mid 20 year range under normal operating conditions for replacement of the smaller heat pump units supporting the common area administrative offices, main lobby, exercise room, social room, etc., which range in size from roughly 1 to 5 tons. Since they will likely not require replacement concurrently, separate line items were included for each, with 2023 replacement dates. The current costs for these units range from \$3,340 to \$6,685, depending on the size. The three heat pump units supporting the common area hallways were forecast for replacement on 20 year life cycles. Based on their estimated sizes of 35 tons, 40 tons, and 80 tons, as gleaned from the mechanical blueprints, these replacements were assigned current replacement cost estimates of \$36,575, \$41,800 and \$78,240, respectively.

Security, Access/Entry System – Based on its 2001 installation date and a typical 10-12 year life cycle, modernization/replacement of the association's security access/entry FOB system is indicated in the next 1-3 years. The association expects to incur this cost in 2010. As such, we have forecast modernization of the access/entry systems in 2010, and on a recurring 10 year life cycle thereafter. This upgrade was assigned a current cost estimate of \$44,375, which is based on actual contract pricing.

Security, Video Surveillance System – While minor component replacements (cameras, monitors, software/hardware, etc.) will be necessary on an ongoing basis as a function of general maintenance, a life cycle in the 10-12 year range can be expected before major modernization/replacement of these systems is necessary. The association expects to incur this cost in fiscal year 2010, at a preliminary cost estimate of \$46,785. This figure falls within the range in cost we have observed on per system modernizations in the subject's market area, which reflect costs between roughly \$40,000 and \$100,000, depending on the type, size and quality of system chosen. This expense was forecast on a recurring 10 year life cycle.

Trash Chute/Doors Allowance – The market reflects a typical life cycle of 35-40 years for major trash chute restoration/replacement, under normal operating conditions. This expense was forecast in 2041, accordingly. The current cost estimate of \$41,817 is based on a total of 14 floors of trash chutes at \$2,440/floor and the total of 13 trash chute doors at a \$589/door unit cost. This analysis recognizes that some of the trash chute doors may require replacement

PROJECT OVERVIEW – Continued:

sooner than others, due to improper use, etc. Some associations prefer to fund as needed trash chute door replacements through their annual operating budgets.

Painting & Waterproofing

Paint Stairway Interiors – Assuming routine in house touch ups, a life cycle in the 10-15 year range has been observed for third party painting of interior stairwells. This upgrade is often completed in conjunction with exterior painting and waterproofing, to minimize unit costs. This expense was forecast in 2013, and on a recurring 14 year life cycle thereafter, so that this upgrade is completed with the forecast exterior painting projects. The current cost estimate of \$9,516 is based on the total of +/- 39 stairway flights and a \$244/flight unit cost. This analysis assumes that painting of the storage room and other secondary interiors will be completed using in house labor, as a function of routine maintenance.

Paint/Waterproof Building Exteriors – This category refers to costs associated with repainting and waterproofing of the building exteriors. A maximum useful life of 6-7 years is reflected both within and outside the subject's local market area, to insure proper protection of the underlying concrete, stucco, metal, etc. surfaces. This upgrade was most recently completed in 2005/2006, post Hurricane Wilma. A 2013 expense date and recurring 7 year life cycle was forecast. The current cost estimate of \$291,600 includes surface preparation, typical incidental stucco and concrete repairs, as needed window/sliding glass door caulking, and repainting/refinishing of all exterior concrete, stucco, wood and metal surfaces at the tower and parking garage exteriors, including.

Of note is the association's indication that there may be structural/design/installation problems with the exterior window caulking systems. A determination of those circumstances is beyond the scope of this analysis. At such time as a professional assessment can provide budgetary costs and remaining useful life estimates to upgrade these systems, this report should be amended accordingly.

Restoration Allowance, Crown – This fund is designed to provide monies for periodic restoration of the decorative metal crown at the tower roof, to be completed in conjunction with the 7 year painting cycle. This expense was forecast again in 2013, accordingly. The \$20,000 current cost estimate is an order of magnitude estimate only, and is not reflective of total replacement. Under normal conditions, we do not anticipate the need for total replacement of this component in the foreseeable future.

Pavement

Brick Pavers, Entry – Some associations are of the opinion that brick paver drives, walkways, pool decks, etc. are effectively permanent, and chose to exclude replacement from their annual operating budgets. It is our opinion that reserving for eventual replacement is prudent, if only for cosmetic purposes. We have observed properties with older brick pavers that appear worn and dated, even with periodic pressure washing and/or sealing. Life cycles of 20-40 years have been observed in reserve budgets at properties that do reserve for replacement; given the

PROJECT OVERVIEW – Continued:

quality of the subject property, we estimate a 25 year useful life and 2026 replacement date for the +/- 2,500 square feet of brick pavers at the tower entry along Central Boulevard. At a unit cost of \$5.88/sq.ft., the total current cost for this upgrade equates to \$14,700.

Replacement of the common area concrete paving (curbing, sidewalks, parking, etc.) should not be necessary at any one given time under normal operating conditions. As such, reserving for total replacement is not considered practical or prudent. Typically, associations fund minor upgrades to these paving systems on an as needed, incidental basis as a function of their general operating budgets, given the unpredictability of cost and time frames. Therefore, no reserve was established for the common area concrete paving.

Parking Garage Striping – The association has not yet completed restoration/repainting of the parking garage striping/stalls. In our experience, a life cycle in the 3-5 year range should be expected for this upgrade, utilizing a third party contractor (some associations choose to complete this upgrade using in house labor, as a function of routine maintenance). This expense was forecast in 2010, accordingly, and on a recurring 4 year life cycle thereafter. The \$6,300 current cost estimate is based on recent contractor's bid.

Plumbing & Electric

Pipe Inspection Allowance – The association must reportedly complete third party inspection of the common area piping on a recurring 5 year life cycle, and expects to complete this upgrade prior to the beginning of fiscal year 2010. This upgrade was forecast again in fall 2014. The current cost estimate of \$7,500 is an order of magnitude estimate based on recent contractor's bids as reported by the association.

Under normal operating conditions, total replacement of the internal plumbing and electrical systems should not be necessary. These systems are considered to be within the “bone structure” of the building, and we have rarely encountered an association that reserves for total replacement of these systems. Those that do establish and fund reserves for common area plumbing and electrical systems often do so on a contingency basis only, to provide monies for as needed repairs. Costs and useful lives can vary widely from property to property. If the association chose to establish reserve funds for as needed repairs to the common area plumbing and electrical systems, and provided budgetary cost and useful life estimates, this report could be updated to include these reserves.

Pool & Spa

Pavers/Membranes, Pool Deck - This reserve refers to costs associated with major restoration of the garage roof mounted pool paver decking, underlying waterproof membranes and expansion joints. Without proper waterproofing, moisture intrusion can occur into the underlying concrete systems, which can cause premature deterioration of those systems and the need for costly concrete restoration. It has been our experience that major deck restoration is typically necessary on a +/- 25 year life cycle, with a +/- 5 year difference higher or lower (range +/- 20-30 years). For the purposes of this analysis, we have forecast this expense on a

PROJECT OVERVIEW – Continued:

25 year life cycle, suggesting a major expense again at or near 2026. The current cost estimate of \$498,800 is based on the approximate paver deck area of 17,200 square feet and a \$29.00/sq.ft. current cost allowance, and includes removal and disposal of the decking/pavers, restoration/replacement of the underling waterproof membranes/systems and expansion joints, typical minor concrete repairs, and installation of new paver decking.

Pool & Spa Equipment Allowance – Under normal conditions, total replacement of the inventory of pool and spa equipment (pumps, filters, chlorination systems, heaters, etc.) should not be necessary at any one given time. As such, reserving for total replacement is not considered practical. Some associations prefer to fund as needed pool and spa equipment replacements through their annual operating budgets, while others do establish and fund pool and spa equipment reserves. For the association’s consideration, we have included a line item to provide \$10,000 for as needed pool and spa equipment replacements over a recurring 10 year life cycle. This fund is a projection only; actual costs and time frames may vary from our estimates.

Pool & Spa Interior Resurfacing – Assuming proper installation, chemical balancing, and routine maintenance, interior resurfacing of the pool and spa should be necessary on a +/- 10 year life cycle. According to the property manager, the association has a construction defect claim involving the pool and spa; a determination of the design/installation quality of these structures is beyond the scope of this analysis, as well as the effects these conditions might have on remaining useful life. For the purposes of this analysis, this expense was forecast on a recurring 10 year life cycle, and the next expense date forecast in 2011 accordingly. The current cost estimate of \$22,100 includes minor tank/structural repairs, tile upgrades, and installation of new aggregate surface materials (i.e. “diamond brite”, “pebble crete”, etc.), and is based on the approximate surface area of 1,200 square feet at the pool and known costs for decktop pool and spa interior resurfacing on both average \$/square foot of surface area and lump sum bases.

Pool Deck Furniture/Furnishings – While minor replacements/additions can be expected from time to time, a life cycle in the 10 year range is the market norm for major pool deck furniture inventory replacement in better quality properties like the subject. This fund refers to replacement of the tables, chairs, chaise lounges, shade canopies, etc. at the pool deck, as well as the sofas, chairs, area rug, cushions, drapes, etc. at the covered deck area over a 10 year life cycle. The existing inventory is largely original to the property, suggesting an actual age of 8-9 years. This expense was forecast in 2011, accordingly. This upgrade was assigned a current cost estimate of \$25,200. A line item was also included for replacement of the pool deck area canvas awning, on a recurring 6 year life cycle. Based on its 2005 install date and observed condition, this expense was forecast in 2011, at a current cost estimate of \$4,900.

Roof Replacement

Roofing, Flat – The flat membrane roofing systems have a market indicated useful life in the +/- 20 year range, assuming proper installation and routine maintenance. As no professional

PROJECT OVERVIEW – Continued:

roofing studies were completed that would suggest that physical conditions exist at any of the common area roofs that would otherwise limit their useful lives, replacements were forecast in 2021. Since they may not require replacement concurrently, we have included separate line items for replacement of the separate roofs areas at the 20th and 22nd floors. The current cost estimates, which include tear off and disposal of the existing roof covers, typical minor repairs to the underlying roof structures, flashing, scuppers, etc. and installation of like roofing, are summarized as follows:

<u>Roof</u>	<u>Size +/-</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Tower 20 th Floor	174 squares*	\$1,414/square	\$246,036
Tower 22 th Floor	44.5 squares	\$1,414/square	\$ 62,923

*one square = 100 square feet

FUNDING ANALYSIS

RESERVE STUDY FUNDING ANALYSIS

There are two generally accepted means of estimating reserves; the Component Funding Analysis and the Cash Flow Analysis methodologies. The **Component Funding Analysis** (or Straight Line Method) calculates the annual contribution amount for each individual line item component by dividing the component's unfunded balance by its remaining useful life. A component's unfunded balance is its replacement cost less the reserve balance in the component at the beginning of the analysis period. The annual contribution rate for each individual line item component is then summed to calculate the total annual contribution rate for this analysis.

The **Cash Flow Analysis** (or Pooling Method) is a method of calculating reserve contributions where contributions to the reserve funds are designed to offset the variable annual expenditures from the reserve fund. This analysis calculates the future replacement cost for reserve components when they are due for replacement, and recognizes increases in construction costs, as well as interest income attributable to reserve accounts. Funds from the beginning balances are pooled together and a yearly contribution rate is calculated to arrive at a positive cash flow and reserve account balance to adequately fund the future projected expenditures throughout the period of the analysis.

EXECUTIVE SUMMARY

PROPERTY DATA

Property Name:	ABC Condominium	Report Run Date:	11/18/09
Property Location:	Anytown, USA	Budget Year Begins:	01/01/10
Property Type:	Condominium Association	Budget Year Ends:	12/31/10
Total Units:	230 units		

PROJECTED COMPONENT CATEGORIES AND PARAMETERS

Component Categories in Reserve Analysis:

1. Common Area Interiors
2. Mechanical/HVAC
3. Painting & Waterproofing
4. Pavement
5. Plumbing
6. Pool & Spa
7. Roof Replacement

Total current cost of all reserve components in reserve analysis:	\$ 4,024,864
Estimated beginning reserve fund balance for reserve analysis:	\$ 850,000
Total number of components scheduled for replacement in the 2010 budget year:	11
Total cost of components scheduled for replacement in the 2010 budget year:	\$ 225,682

ANALYSIS RESULTS – COMPONENT FUNDING ANALYSIS

Current estimated fully funded reserve contribution amount (2009 Budget):	\$ 324,412
Recommended annual reserve funding contribution amount:	\$ 750,515
Increase (decrease) between current and recommended annual contributions amounts:	\$ 426,103
Increase (decrease) between current and recommended annual contribution amounts:	131%

ANALYSIS RESULTS – CASH FLOW ANALYSIS

Current estimated fully funded reserve contribution amount (2009 Budget):	\$ 324,412
Recommended annual reserve funding contributions amount:	\$ 239,365
Increase (decrease) between current and recommended annual contributions amounts:	\$ (85,047)
Increase (decrease) between current and recommended annual contribution amounts:	(26.2%)

RESERVE BUDGET COMPARISON

The previous page provides a comparison between ABC Condominium Association, Inc.'s estimate of full reserve funding for fiscal year 2009 and the results from our reserve study analyses for fiscal year 2010. The funding requirement estimated for fiscal year 2010 using the Component Funding Analysis methodology is significantly higher, while the funding requirement estimated for fiscal year 2010 using the Cash Flow Analysis methodology is appreciably lower than the association's estimate of full reserve funding for fiscal year 2009.

Based on our Component Funding Analysis estimates, the reserves as analyzed in this report suggest that in order to fully fund in fiscal year 2010, the contribution should be \$750,515. It should be noted that if the association chose to allocate funds from their Reserves Pooled, roof reserve overfunding balance, and unallocated interest funds to specific reserves included in this analysis, the funding level could be decreased significantly. It should be noted that a condominium association in Florida can only re-allocate/use reserve funds for purposes other than which they were authorized for by getting approval in advance by a vote of the majority of the voting interests. The Component Funding Analysis is a straight-line accounting procedure that was previously mandated by the State of Florida. Until December 2002, funding at less than this amount was considered partial funding by the state and required approval by the association members. As stated previously in this report, changes to the administrative code now allow the implementation/use of a pooling, or cash flow method of reserve analysis.

Based on the Cash Flow Analysis method, the association can fully fund reserves in fiscal year 2010 at \$239,365. As of fiscal year 2011, the funding levels could be increased by a stable 3% per year over the remainder of the 32 year study period. This funding plan would provide adequate funds to offset planned reserve expenditures, and maintain a minimum annual reserve balance of +/- \$100,000 (in fiscal year 2027). The \$100,000 threshold was included based on the observation that most properties would rather not approach a \$0 reserve fund balance at any one given time. If the association chose to fully fund the reserves as analyzed in this study at a level annual contribution over the entirety of the 32 year study period, the fiscal year 2010 contribution level would be \$334,260. Spreadsheets illustrating these cash flows were also included, for the association's review and consideration.

The Cash Flow Analysis utilizes a pooling effect with reserve funds by pooling all funds together and distributing these funds to individual components as their replacement comes due. Funds that are pooled together in the cash flow analysis include the beginning balance, contributions to the reserve funds and interest earned on reserve funds. These pooled funds are matched against reserve expenditures throughout the period of the analysis by using our reserve analysis software program to ensure that the available funds are always greater than expenditures.

COMPONENT FUNDING ANALYSIS

ABC CONDOMINIUM ASSOCIATION, INC.
COMPONENT FUNDING ANALYSIS - SUMMARY
CURRENT COST BASIS

FOR PERIOD 1/1/10 THRU 12/31/10

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/09 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2010 CONTRIBUTION
COMMON AREA INTERIORS	7--25	1--16	(\$8,180)	\$686,447	\$694,627	\$321,638
MECHANICAL/HVAC	10--40	1--31	\$0	\$2,118,842	\$2,118,842	\$219,613
PAINTING & WATERPROOFING	7--14	3	\$0	\$321,116	\$321,116	\$107,039
PAVEMENT	4--25	1--16	\$0	\$21,000	\$21,000	\$7,219
PLUMBING	5	5	\$0	\$7,500	\$7,500	\$1,500
POOL & SPA	10--25	1--16	\$0	\$561,000	\$561,000	\$93,375
ROOF REPLACEMENT	20	11	\$252,821	\$308,959	\$56,138	\$0
RESERVES POOLED			\$600,582			
RESERVES GENERAL			(\$132)			\$132
RESERVES INTEREST			\$2,875			
RESERVES INTEREST POOLED			\$2,034			

TOTAL	\$850,000	\$4,024,864	\$3,780,223	\$750,515
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Annual Contribution	\$750,515
Monthly Contribution	\$62,543
Monthly per Unit Contribution	\$271.93
(# of Units)	230

ABC CONDOMINIUM ASSOCIATION, INC.
COMPONENT FUNDING ANALYSIS - DETAIL
CURRENT COST BASIS

FOR PERIOD 1/1/10 THRU 12/31/10

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/09 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2010 CONTRIBUTION
COMMON AREA INTERIORS						
Appliances, Social Room Kitchen	12	3	\$0	\$3,490	\$3,490	\$1,163
Exercise Equipment, Arc Trainer	7	5	\$0	\$6,460	\$6,460	\$1,292
Exercise Equipment, Elliptical	7	1	\$0	\$5,540	\$5,540	\$5,540
Exercise Equipment, Elliptical	7	1	\$0	\$5,540	\$5,540	\$5,540
Exercise Equipment, Recumbent Bike	7	1	\$0	\$3,220	\$3,220	\$3,220
Exercise Equipment, Recumbent Bike	7	2	\$0	\$3,220	\$3,220	\$1,610
Exercise Equipment, Strength	12	2	\$0	\$23,200	\$23,200	\$11,600
Exercise Equipment, Treadmill	7	1	\$0	\$5,815	\$5,815	\$5,815
Exercise Equipment, Treadmill	7	1	\$0	\$5,815	\$5,815	\$5,815
Exercise Equipment, Treadmill	7	1	\$0	\$5,815	\$5,815	\$5,815
Exercise Room 2009 shortfall fund		1	(\$8,180)	\$0	\$8,180	\$8,180
Flooring, Carpet - Admin. Offices	10	2	\$0	\$3,348	\$3,348	\$1,674
Flooring, Carpet - Conference Room	10	2	\$0	\$1,894	\$1,894	\$947
Flooring, Carpet - Exercise Room	10	1	\$0	\$8,877	\$8,877	\$8,877
Flooring, Carpet - Hallways	7	1	\$0	\$106,392	\$106,392	\$106,392
Flooring, Carpet - Social Room	10	2	\$0	\$3,019	\$3,019	\$1,510
Flooring, Tile	25	16	\$0	\$77,952	\$77,952	\$4,872
Flooring, Vinyl Tile	25	16	\$0	\$2,268	\$2,268	\$142
Flooring, Wood	25	16	\$0	\$11,672	\$11,672	\$730
Furnishings/Finishes, Admin. Offices	20	11	\$0	\$14,000	\$14,000	\$1,273

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/09 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2010 CONTRIBUTION
Furnishings/Finishes, Conference Room	14	5	\$0	\$7,095	\$7,095	\$1,419
Furnishings/Finishes, Hallways	14	5	\$0	\$155,650	\$155,650	\$31,130
Furnishings/Finishes, Lobby	14	5	\$0	\$29,400	\$29,400	\$5,880
Furnishings/Finishes, Social Room	14	5	\$0	\$33,725	\$33,725	\$6,745
Light Sconces/Fixtures, Hallways	20	11	\$0	\$28,290	\$28,290	\$2,572
Renovation Allowance, Elevator Cabs	20	1	\$0	\$87,600	\$87,600	\$87,600
Renovation Allowance, Kitchen	20	11	\$0	\$6,480	\$6,480	\$589
Renovation Allowance, Restrooms	20	11	\$0	\$40,670	\$40,670	\$3,697
TOTAL COMMON AREA INTERIORS			(\$8,180)	\$686,447	\$694,627	\$321,638
MECHANICAL/HVAC						
Boiler Repair/Replacement	30	21	\$0	\$79,980	\$79,980	\$3,809
Domestic Water Panel/Equipment	24	15	\$0	\$15,330	\$15,330	\$1,022
Domestic Water Pump (10HP)	12	3	\$0	\$3,940	\$3,940	\$1,313
Domestic Water Pump (10HP)	12	3	\$0	\$3,940	\$3,940	\$1,313
Domestic Water Pump (15HP)	12	3	\$0	\$5,670	\$5,670	\$1,890
Elevator Mechanical Modernization	25	16	\$0	\$880,000	\$880,000	\$55,000
Fire Alarm System Modernization	25	16	\$0	\$252,000	\$252,000	\$15,750
Fire Pump Repair/Replacement	40	31	\$0	\$88,160	\$88,160	\$2,844
Garage Doors/Gates Allowance	20	11	\$0	\$24,420	\$24,420	\$2,220
Generator Repair/Replacement	40	31	\$0	\$84,700	\$84,700	\$2,732
HVAC Cooling Towers Repair/Replace	25	16	\$0	\$229,500	\$229,500	\$14,344
HVAC Exhaust Fans Allowance	30	21	\$0	\$72,000	\$72,000	\$3,429
HVAC Pump 1 Repair/Replace	20	11	\$0	\$7,320	\$7,320	\$665

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/09 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2010 CONTRIBUTION
HVAC Pump 2 Repair/Replace	20	11	\$0	\$7,320	\$7,320	\$665
HVAC Pump 3 Repair/Replace	20	11	\$0	\$7,320	\$7,320	\$665
HVAC Unit, Admin. Offices (5T)	22	13	\$0	\$6,685	\$6,685	\$514
HVAC Unit, Electrical/Storage Rms. (2T)	22	13	\$0	\$4,578	\$4,578	\$352
HVAC Unit, Electrical/Trash Rooms (3T)	22	13	\$0	\$5,130	\$5,130	\$395
HVAC Unit, Exercise Room (3.5T)	22	13	\$0	\$5,985	\$5,985	\$460
HVAC Unit, Exercise Room (4T)	22	13	\$0	\$5,348	\$5,348	\$411
HVAC Unit, Exercise Room (4T)	22	13	\$0	\$5,348	\$5,348	\$411
HVAC Unit, Fire Command Room (1T)	22	13	\$0	\$3,345	\$3,345	\$257
HVAC Unit, Hallways (35T)	20	11	\$0	\$36,575	\$36,575	\$3,325
HVAC Unit, Hallways (40T)	20	11	\$0	\$41,800	\$41,800	\$3,800
HVAC Unit, Hallways (80T)	20	11	\$0	\$78,240	\$78,240	\$7,113
HVAC Unit, Lobby (2T)	22	13	\$0	\$4,578	\$4,578	\$352
HVAC Unit, Lobby (5T)	22	13	\$0	\$6,685	\$6,685	\$514
HVAC Unit, Pool RRs/Laundry (2T)	22	13	\$0	\$4,578	\$4,578	\$352
HVAC Unit, Social Room (3T)	22	13	\$0	\$5,130	\$5,130	\$395
HVAC Unit, Social Room/RRs (3T)	22	13	\$0	\$5,130	\$5,130	\$395
HVAC Unit, Store (3T)	22	13	\$0	\$5,130	\$5,130	\$395
Security, Access/Entry Systems	10	1	\$0	\$44,375	\$44,375	\$44,375
Security, Video Surveillance Systems	10	1	\$0	\$46,785	\$46,785	\$46,785
Trash Chute/Doors Allowance	40	31	\$0	\$41,817	\$41,817	\$1,349
TOTAL MECHANICAL/HVAC			\$0	\$2,118,842	\$2,118,842	\$219,613

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/09 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2010 CONTRIBUTION
PAINTING & WATERPROOFING						
Paint Stairway Interiors	14	3	\$0	\$9,516	\$9,516	\$3,172
Paint/Waterproof Building Exteriors	7	3	\$0	\$291,600	\$291,600	\$97,200
Restoration Allowance, Crown	7	3	\$0	\$20,000	\$20,000	\$6,667
TOTAL PAINTING & WATERPROOFING			\$0	\$321,116	\$321,116	\$107,039
PAVEMENT						
Brick Pavers, Entry	25	16	\$0	\$14,700	\$14,700	\$919
Parking Garage Restriping	4	1	\$0	\$6,300	\$6,300	\$6,300
TOTAL PAVEMENT			\$0	\$21,000	\$21,000	\$7,219
PLUMBING						
Pipe Inspection Allowance	5	5	\$0	\$7,500	\$7,500	\$1,500
TOTAL PLUMBING			\$0	\$7,500	\$7,500	\$1,500
POOL & SPA						
Pavers/Membranes, Pool Deck	25	16	\$0	\$498,800	\$498,800	\$31,175
Pool & Spa Equipment Allowance	10	1	\$0	\$10,000	\$10,000	\$10,000
Pool & Spa Interior Resurfacing	10	1	\$0	\$22,100	\$22,100	\$22,100
Pool Deck Awning	6	1	\$0	\$4,900	\$4,900	\$4,900

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/09 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2010 CONTRIBUTION
Pool Deck Furniture/Furnishings	10	1	\$0	\$25,200	\$25,200	\$25,200
TOTAL POOL & SPA			\$0	\$561,000	\$561,000	\$93,375
ROOF REPLACEMENT						
Roofing, Flat - Tower 20th Floor	20	11	\$201,331	\$246,036	\$44,705	\$0
Roofing, Flat - Tower 22nd Floor	20	11	\$51,490	\$62,923	\$11,433	\$0
TOTAL ROOF REPLACEMENT			\$252,821	\$308,959	\$56,138	\$0
RESERVES POOLED			\$600,582			
RESERVES GENERAL			(\$132)			\$132
RESERVES INTEREST			\$2,875			
RESERVES INTEREST (POOLED)			\$2,034			
TOTAL			\$850,000	\$4,024,864	\$3,780,223	\$750,515
				Annual Contribution	\$750,515	
				Monthly Contribution	\$62,543	
				Monthly per Unit Contribution	\$271.93	
				(# of Units)	230	

CASH FLOW ANALYSIS,
3% ANNUAL INCREASES

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ABC Condominium Tower

ANALYSIS DEFINITION REPORT

Cash Flow Analysis - 3% Annual Increases

Project Information

Project: ABC Condominium Tower
Address: 1234 Main Street
City: Anytown
State: FL
Zip: 12340-0000

Project Date: 1/01/2001
Analysis Date: 1/01/2010
Number of Phases: 1
Number of Units: 230
Number of Models: 1

Analysis Parameters

Rate of Inflation: (CCI)
Rate of Return on Investment: 2.4%
Beginning Funds: \$850,000.00
Loan/Special Assessment: No

Deferred Expenditures: No
Contingency: 0%
Contingency Time: None

Annual Contribution Factors

		2020:	3%	2030:	3%	2040:	3%
2011:	3%	2021:	3%	2031:	3%	2041:	3%
2012:	3%	2022:	3%	2032:	3%		
2013:	3%	2023:	3%	2033:	3%		
2014:	3%	2024:	3%	2034:	3%		
2015:	3%	2025:	3%	2035:	3%		
2016:	3%	2026:	3%	2036:	3%		
2017:	3%	2027:	3%	2037:	3%		
2018:	3%	2028:	3%	2038:	3%		
2019:	3%	2029:	3%	2039:	3%		

Additional Analysis Information

The Cash Flow Analysis (or Pooling Method) calculates the minimum annual contributions necessary to fund reserves under the above stated parameters. The analysis date is January 1, 2010 and the reporting period utilized is 32 years to include all reserve components. Based on our analysis of annual economic conditions, we estimate that construction costs will increase at an average of 3% per year and the rate of return on funds invested will remain at 2.4% per year over the study period. The reserve balance as of December 31, 2009 is projected at \$850,000, based on information provided by the property manager. No loan, special assessments or deferred expenditures were included in this analysis. The above 3% annual contribution factors are designed to help offset future construction cost increases and/or inflationary influences.

ABC Condominium Tower
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Cash Flow Analysis - 3% Annual Increases

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2010	850,000.00	239,365.00	86.73	18,284.25	225,682.00	881,967.25
2011	881,967.25	246,545.95	89.33	21,564.02	175,047.00	975,030.22
2012	975,030.22	253,942.33	92.01	26,092.62	36,794.00	1,218,271.17
2013	1,218,271.17	261,560.60	94.77	24,021.14	369,512.00	1,134,340.91
2014	1,134,340.91	269,407.42	97.61	30,847.04	15,745.00	1,418,850.37
2015	1,418,850.37	277,489.64	100.54	31,527.82	269,335.00	1,458,532.83
2016	1,458,532.83	285,814.33	103.56	39,135.39	0.00	1,783,482.55
2017	1,783,482.55	294,388.76	106.66	47,046.90	6,102.00	2,118,816.21
2018	2,118,816.21	303,220.42	109.86	52,293.94	184,664.00	2,289,666.57
2019	2,289,666.57	312,317.03	113.16	59,610.40	10,032.00	2,651,562.00
2020	2,651,562.00	321,686.54	116.55	55,021.94	557,699.00	2,470,571.48
2021	2,470,571.48	331,337.14	120.05	42,157.69	912,056.00	1,932,010.31
2022	1,932,010.31	341,277.25	123.65	50,623.60	29,978.00	2,293,933.16
2023	2,293,933.16	351,515.57	127.36	57,753.35	106,663.00	2,596,539.08
2024	2,596,539.08	362,061.04	131.18	66,850.15	46,732.00	2,978,718.27
2025	2,978,718.27	372,922.87	135.12	70,264.11	354,789.00	3,067,116.25
2026	3,067,116.25	384,110.56	139.17	1,942.71	3,218,287.00	234,882.52
2027	234,882.52	395,633.88	143.35	401.74	530,913.00	100,005.14
2028	100,005.14	407,502.90	147.65	7,630.24	5,483.00	509,655.28
2029	509,655.28	419,727.99	152.08	7,798.70	429,700.00	507,481.97
2030	507,481.97	432,319.83	156.64	13,314.23	192,114.00	761,002.03

ABC Condominium Tower
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Cash Flow Analysis - 3% Annual Increases

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2031	761,002.03	445,289.42	161.34	14,847.72	389,437.00	831,702.17
2032	831,702.17	458,648.10	166.18	22,896.15	222,298.00	1,090,948.42
2033	1,090,948.42	472,407.54	171.16	32,659.27	0.00	1,596,015.23
2034	1,596,015.23	486,579.77	176.30	27,780.87	726,810.00	1,383,565.87
2035	1,383,565.87	501,177.16	181.59	39,990.25	10,391.00	1,914,342.28
2036	1,914,342.28	516,212.47	187.03	51,491.55	70,951.00	2,411,095.30
2037	2,411,095.30	531,698.84	192.64	64,551.09	37,873.00	2,969,472.23
2038	2,969,472.23	547,649.81	198.42	78,878.49	14,422.00	3,581,578.53
2039	3,581,578.53	564,079.30	204.38	90,647.89	272,050.00	3,964,255.72
2040	3,964,255.72	581,001.68	210.51	92,746.15	455,714.00	4,182,289.55
2041	4,182,289.55	598,431.73	216.82	36,640.59	3,000,490.00	1,816,871.87
Totals:		12,567,322.87		1,277,312.00	12,877,763.00	

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Appliances, Social Room Kitchen				3,814						
Domestic Water Pump (10HP)				4,305						
Domestic Water Pump (10HP)				4,305						
Domestic Water Pump (15HP)				6,196						
Exercise Equipment, Arc Trainer						7,489				
Exercise Equipment, Elliptical	5,540								7,020	
Exercise Equipment, Elliptical	5,540								7,020	
Exercise Equipment, Recumbent Bike	3,220								4,080	
Exercise Equipment, Recumbent Bike			3,416							
Exercise Equipment, Strength			24,613							
Exercise Equipment, Treadmill	5,815								7,368	
Exercise Equipment, Treadmill	5,815								7,368	
Exercise Equipment, Treadmill	5,815								7,368	
Flooring, Carpet - Admin. Offices			3,552							
Flooring, Carpet - Conference Room			2,010							
Flooring, Carpet - Exercise Room	8,877									
Flooring, Carpet - Hallways		110,919							136,457	
Flooring, Carpet - Social Room			3,203							
Furnishings/Finishes, Conference						8,225				
Furnishings/Finishes, Hallways						180,441				
Furnishings/Finishes, Lobby						34,083				
Furnishings/Finishes, Social Room						39,097				
Paint Stairway Interiors				10,398						
Paint/Waterproof Building Exteriors				318,639						
Parking Garage Restriping	6,300				7,091				7,983	
Pipe Inspection Allowance					8,654					10,032
Pool & Spa Equipment Allowance		10,300								
Pool & Spa Interior Resurfacing		22,763								
Pool Deck Awning		5,109						6,102		

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Pool Deck Furniture/Furnishings		25,956								
Renovation Allowance, Elevator Cabs	87,600									
Restoration Allowance, Crown				21,855						
Security, Access/Entry Systems	44,375									
Security, Video Surveillance Sys.	46,785									
Totals	225,682	175,047	36,794	369,512	15,745	269,335		6,102	184,664	10,032

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Appliances, Social Room Kitchen						5,439				
Brick Pavers, Entry							23,596			
Domestic Water Panel/Equipment						23,891				
Domestic Water Pump (10HP)						6,140				
Domestic Water Pump (10HP)						6,140				
Domestic Water Pump (15HP)						8,836				
Elevator Mechanical Modernization							1412559			
Exercise Equipment, Arc Trainer			9,213							11,331
Exercise Equipment, Elliptical							8,893			
Exercise Equipment, Elliptical							8,893			
Exercise Equipment, Recumbent Bike							5,169			
Exercise Equipment, Recumbent Bike	4,329								5,483	
Exercise Equipment, Strength					35,102					
Exercise Equipment, Treadmill							9,334			
Exercise Equipment, Treadmill							9,334			
Exercise Equipment, Treadmill							9,334			
Fire Alarm System Modernization							404,506			
Flooring, Carpet - Admin. Offices			4,774							
Flooring, Carpet - Conference Room			2,701							
Flooring, Carpet - Exercise Room	11,934									
Flooring, Carpet - Hallways						167,825				
Flooring, Carpet - Social Room			4,305							
Flooring, Tile							125,127			
Flooring, Vinyl Tile							3,640			
Flooring, Wood							18,736			
Furnishings/Finishes, Admin.		19,385								
Furnishings/Finishes, Conference										12,445
Furnishings/Finishes, Hallways										273,014
Furnishings/Finishes, Lobby										51,568

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Furnishings/Finishes, Social Room										59,154
Garage Doors/Gates Allowance		33,813								
HVAC Cooling Towers Repair/Replace							368,389			
HVAC Pump 1 Repair/Replace		10,136								
HVAC Pump 2 Repair/Replace		10,136								
HVAC Pump 3 Repair/Replace		10,136								
HVAC Unit, Admin. (5T)				9,820						
HVAC Unit, Elec./Storage (2T)				6,725						
HVAC Unit, Elec./Trash Room (3T)				7,536						
HVAC Unit, Exercise Room (3.5T)				8,792						
HVAC Unit, Exercise Room (4T)				7,856						
HVAC Unit, Exercise Room (4T)				7,856						
HVAC Unit, Fire Command (1T)				4,914						
HVAC Unit, Hallways (35T)		50,643								
HVAC Unit, Hallways (40T)		57,878								
HVAC Unit, Hallways (80T)		108,334								
HVAC Unit, Lobby (2T)				6,725						
HVAC Unit, Lobby (5T)				9,820						
HVAC Unit, Pool RRs/Laundry (2T)				6,725						
HVAC Unit, Social Room (3T)				7,536						
HVAC Unit, Social Room/RRs (3T)				7,536						
HVAC Unit, Store (3T)				7,536						
Light Sconces/Fixtures, Hallways		39,172								
Paint Stairway Interiors								15,733		
Paint/Waterproof Building Exteriors	392,002							482,113		
Parking Garage Restriping			8,985				10,113			
Pavers/Membranes, Pool Deck							800,664			
Pipe Inspection Allowance					11,630					13,486
Pool & Spa Equipment Allowance		13,846								

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pool & Spa Interior Resurfacing		30,601								
Pool Deck Awning				7,286						8,702
Pool Deck Furniture/Furnishings		34,893								
Renovation Allowance, Elevator Cabs						136,518				
Renovation Allowance, Kitchen		8,972								
Renovation Allowance, Restrooms		56,313								
Restoration Allowance, Crown	26,886							33,067		
Roofing, Flat - Tower 20th Floor		340,672								
Roofing, Flat - Tower 22th Floor		87,126								
Security, Access/Entry Systems	59,654									
Security, Video Surveillance Sys.	62,894									
Totals	557,699	912,056	29,978	106,663	46,732	354,789	3218287	530,913	5,483	429,700

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Appliances, Social Room Kitchen								7,757		
Boiler Repair/Replacement		148,830								
Domestic Water Pump (10HP)								8,757		
Domestic Water Pump (10HP)								8,757		
Domestic Water Pump (15HP)								12,602		
Exercise Equipment, Arc Trainer							13,940			
Exercise Equipment, Elliptical					11,268					
Exercise Equipment, Elliptical					11,268					
Exercise Equipment, Recumbent Bike					6,549					
Exercise Equipment, Recumbent Bike							6,948			
Exercise Equipment, Strength							50,063			
Exercise Equipment, Treadmill					11,828					
Exercise Equipment, Treadmill					11,828					
Exercise Equipment, Treadmill					11,828					
Flooring, Carpet - Admin. Offices			6,416							
Flooring, Carpet - Conference Room			3,631							
Flooring, Carpet - Exercise Room	16,038									
Flooring, Carpet - Hallways			206,465							253,926
Flooring, Carpet - Social Room			5,786							
HVAC Exhaust Fans Allowance		133,981								
Paint/Waterproof Building Exteriors					593,113					
Parking Garage Restriping	11,382				12,814				14,422	
Pipe Inspection Allowance					15,634					18,124
Pool & Spa Equipment Allowance		18,608								
Pool & Spa Interior Resurfacing		41,125								
Pool Deck Awning						10,391				
Pool Deck Furniture/Furnishings		46,893								
Restoration Allowance, Crown					40,680					
Security, Access/Entry Systems	80,170									

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Security, Video Surveillance Sys.	84,524									
Totals	192,114	389,437	222,298		726,810	10,391	70,951	37,873	14,422	272,050

PROJECTED EXPENDITURES

Cash Flow Analysis - 3% Annual Increases

	2040	2041
Fire Pump Repair/Replacement		220,537
Flooring, Carpet - Exercise Room	21,560	
Furnishings/Finishes, Admin.		35,022
Garage Doors/Gates Allowance		61,088
Generator Repair/Replacement		211,882
HVAC Pump 1 Repair/Replace		18,311
HVAC Pump 2 Repair/Replace		18,311
HVAC Pump 3 Repair/Replace		18,311
HVAC Unit, Hallways (35T)		91,495
HVAC Unit, Hallways (40T)		104,565
HVAC Unit, Hallways (80T)		195,722
Light Sconces/Fixtures, Hallways		70,769
Paint Stairway Interiors		23,805
Paint/Waterproof Building Exteriors		729,455
Pool & Spa Equipment Allowance		25,016
Pool & Spa Interior Resurfacing		55,284
Pool Deck Awning		12,411
Pool Deck Furniture/Furnishings		63,039
Renovation Allowance, Elevator Cabs	212,754	
Renovation Allowance, Kitchen		16,210
Renovation Allowance, Restrooms		101,738
Restoration Allowance, Crown		50,031
Roofing, Flat - Tower 20th Floor		615,474
Roofing, Flat - Tower 22th Floor		157,406
Security, Access/Entry Systems	107,773	
Security, Video Surveillance Sys.	113,627	

PROJECTED EXPENDITURES

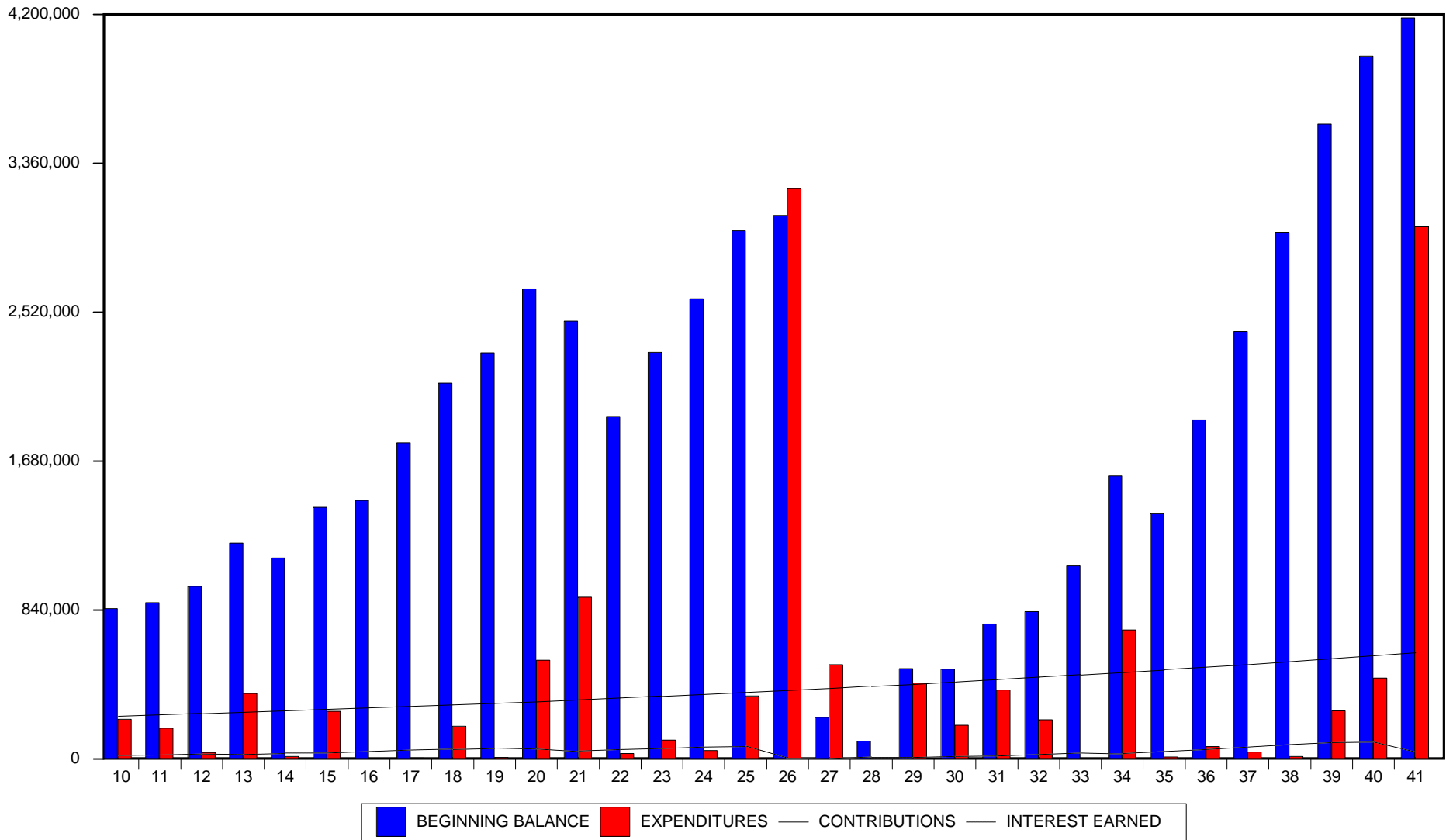
Cash Flow Analysis - 3% Annual Increases

	2040	2041
Trash Chute/Doors Allowance		104,608
Totals	455,714	3000490

ABC Condominium Tower

CASHFLOW PROJECTIONS GRAPH

Cash Flow Analysis - 3% Annual Increases



ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - 3% Annual Increases

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Common Area Interiors</u>							
Appliances, Social Room Kitchen	1/01/2001	12/00	00/00	01/13	Y	3,490	3,814
Exercise Equipment, Arc Trainer	1/01/2008	07/00	00/00	01/15	Y	6,460	7,489
Exercise Equipment, Elliptical	1/01/2001	08/00	+01/00	01/10	Y	5,540	5,540
Exercise Equipment, Elliptical	1/01/2001	08/00	+01/00	01/10	Y	5,540	5,540
Exercise Equipment, Recumbent Bike	1/01/2001	08/00	+01/00	01/10	Y	3,220	3,220
Exercise Equipment, Recumbent Bike	1/01/2001	08/00	+03/00	01/12	Y	3,220	3,416
Exercise Equipment, Strength	1/01/2001	12/00	-01/00	01/12	Y	23,200	24,613
Exercise Equipment, Treadmill	1/01/2001	08/00	+01/00	01/10	Y	5,815	5,815
Exercise Equipment, Treadmill	1/01/2001	08/00	+01/00	01/10	Y	5,815	5,815
Exercise Equipment, Treadmill	1/01/2001	08/00	+01/00	01/10	Y	5,815	5,815
Flooring, Carpet - Admin. Offices	1/01/2001	10/00	+01/00	01/12	Y	3,348	3,552
Flooring, Carpet - Conference Room	1/01/2001	10/00	+01/00	01/12	Y	1,894	2,009
Flooring, Carpet - Exercise Room	1/01/2001	10/00	-01/00	01/10	Y	8,877	8,877
Flooring, Carpet - Hallways	6/01/2004	07/00	00/00	06/11	Y	106,392	110,920
Flooring, Carpet - Social Room	1/01/2001	10/00	+01/00	01/12	Y	3,019	3,203
Flooring, Tile	1/01/2001	25/00	00/00	01/26	Y	77,952	125,127
Flooring, Vinyl Tile	1/01/2001	25/00	00/00	01/26	Y	2,268	3,641
Flooring, Wood	1/01/2001	25/00	00/00	01/26	Y	11,672	18,736
Furnishings/Finishes, Admin.	1/01/2001	20/00	00/00	01/21	Y	14,000	19,385
Furnishings/Finishes, Conference	1/01/2001	14/00	00/00	01/15	Y	7,095	8,225
Furnishings/Finishes, Hallways	1/01/2001	14/00	00/00	01/15	Y	155,650	180,441

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - 3% Annual Increases

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Furnishings/Finishes, Lobby	1/01/2001	14/00	00/00	01/15	Y	29,400	34,083
Furnishings/Finishes, Social Room	1/01/2001	14/00	00/00	01/15	Y	33,725	39,097
Light Sconces/Fixtures, Hallways	1/01/2001	20/00	00/00	01/21	Y	28,290	39,172
Renovation Allowance, Elevator Cabs	1/01/2001	15/00	-06/00	01/10	Y	87,600	87,600
Renovation Allowance, Kitchen	1/01/2001	20/00	00/00	01/21	Y	6,480	8,972
Renovation Allowance, Restrooms	1/01/2001	20/00	00/00	01/21	Y	40,670	56,313
Sub Total:						686,447	820,430
<u>Mechanical/HVAC</u>							
Boiler Repair/Replacement	1/01/2001	30/00	00/00	01/31	Y	79,980	148,830
Domestic Water Panel/Equipment	1/01/2001	24/00	00/00	01/25	Y	15,330	23,891
Domestic Water Pump (10HP)	1/01/2001	12/00	00/00	01/13	Y	3,940	4,305
Domestic Water Pump (10HP)	1/01/2001	12/00	00/00	01/13	Y	3,940	4,305
Domestic Water Pump (15HP)	1/01/2001	12/00	00/00	01/13	Y	5,670	6,196
Elevator Mechanical Modernization	1/01/2001	25/00	00/00	01/26	Y	880,000	1,412,559
Fire Alarm System Modernization	1/01/2001	25/00	00/00	01/26	Y	252,000	404,506
Fire Pump Repair/Replacement	1/01/2001	40/00	00/00	01/41	Y	88,160	220,537
Garage Doors/Gates Allowance	1/01/2001	20/00	00/00	01/21	Y	24,420	33,813
Generator Repair/Replacement	1/01/2001	40/00	00/00	01/41	Y	84,700	211,882
HVAC Cooling Towers Repair/Replace	1/01/2001	25/00	00/00	01/26	Y	229,500	368,389
HVAC Exhaust Fans Allowance	1/01/2001	30/00	00/00	01/31	Y	72,000	133,981
HVAC Pump 1 Repair/Replace	1/01/2001	20/00	00/00	01/21	Y	7,320	10,136
HVAC Pump 2 Repair/Replace	1/01/2001	20/00	00/00	01/21	Y	7,320	10,136

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - 3% Annual Increases

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
HVAC Pump 3 Repair/Replace	1/01/2001	20/00	00/00	01/21	Y	7,320	10,136
HVAC Unit, Admin. (5T)	1/01/2001	22/00	00/00	01/23	Y	6,685	9,820
HVAC Unit, Elec./Storage (2T)	1/01/2001	22/00	00/00	01/23	Y	4,578	6,725
HVAC Unit, Elec./Trash Room (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
HVAC Unit, Exercise Room (3.5T)	1/01/2001	22/00	00/00	01/23	Y	5,985	8,792
HVAC Unit, Exercise Room (4T)	1/01/2001	22/00	00/00	01/23	Y	5,348	7,856
HVAC Unit, Exercise Room (4T)	1/01/2001	22/00	00/00	01/23	Y	5,348	7,856
HVAC Unit, Fire Command (1T)	1/01/2001	22/00	00/00	01/23	Y	3,345	4,914
HVAC Unit, Hallways (35T)	1/01/2001	20/00	00/00	01/21	Y	36,575	50,643
HVAC Unit, Hallways (40T)	1/01/2001	20/00	00/00	01/21	Y	41,800	57,878
HVAC Unit, Hallways (80T)	1/01/2001	20/00	00/00	01/21	Y	78,240	108,334
HVAC Unit, Lobby (2T)	1/01/2001	22/00	00/00	01/23	Y	4,578	6,725
HVAC Unit, Lobby (5T)	1/01/2001	22/00	00/00	01/23	Y	6,685	9,820
HVAC Unit, Pool RRs/Laundry (2T)	1/01/2001	22/00	00/00	01/23	Y	4,578	6,725
HVAC Unit, Social Room (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
HVAC Unit, Social Room/RRs (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
HVAC Unit, Store (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
Security, Access/Entry Systems	1/01/2001	10/00	-01/00	01/10	Y	44,375	44,375
Security, Video Surveillance Sys.	1/01/2001	10/00	-01/00	01/10	Y	46,785	46,785
Trash Chute/Doors Allowance	1/01/2001	40/00	00/00	01/41	Y	41,817	104,608
Sub Total:						2,118,842	3,515,602

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - 3% Annual Increases

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Painting & Waterproofing</u>							
Paint Stairway Interiors	1/01/2001	14/00	-02/00	01/13	Y	9,516	10,398
Paint/Waterproof Building Exteriors	1/01/2006	07/00	00/00	01/13	Y	291,600	318,639
Restoration Allowance, Crown	1/01/2006	07/00	00/00	01/13	Y	20,000	21,855
Sub Total:						321,116	350,892
<u>Pavement</u>							
Brick Pavers, Entry	1/01/2001	25/00	00/00	01/26	Y	14,700	23,596
Parking Garage Restriping	1/01/2001	04/00	+05/00	01/10	Y	6,300	6,300
Sub Total:						21,000	29,896
<u>Plumbing</u>							
Pipe Inspection Allowance	11/01/2009	05/00	00/00	11/14	Y	7,500	8,654
Sub Total:						7,500	8,654
<u>Pool & Spa</u>							
Pavers/Membranes, Pool Deck	1/01/2001	25/00	00/00	01/26	Y	498,800	800,664
Pool & Spa Equipment Allowance	1/01/2001	10/00	00/00	01/11	Y	10,000	10,300
Pool & Spa Interior Resurfacing	1/01/2001	10/00	00/00	01/11	Y	22,100	22,763
Pool Deck Awning	6/01/2005	06/00	00/00	06/11	Y	4,900	5,109
Pool Deck Furniture/Furnishings	1/01/2001	10/00	00/00	01/11	Y	25,200	25,956
Sub Total:						561,000	864,792

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - 3% Annual Increases

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Roof Replacement</u>							
Roofing, Flat - Tower 20th Floor	1/01/2001	20/00	00/00	01/21	Y	246,036	340,672
Roofing, Flat - Tower 22th Floor	1/01/2001	20/00	00/00	01/21	Y	62,923	87,126
Sub Total:						308,959	427,798
Grand Total:						4,024,864	6,018,064

CASH FLOW ANALYSIS,
LEVEL ANNUAL CONTRIBUTIONS

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ABC Condominium Tower

ANALYSIS DEFINITION REPORT

Cash Flow Analysis - Level Annual Contributions

Project Information

Project: ABC Condominium Tower
Address: 1234 Main Street
City: Anytown
State: FL
Zip: 12340-0000

Project Date: 1/01/2001
Analysis Date: 1/01/2010
Number of Phases: 1
Number of Units: 230
Number of Models: 1

Analysis Parameters

Rate of Inflation: (CCI)
Rate of Return on Investment: 2.4%
Beginning Funds: \$850,000.00
Loan/Special Assessment: No

Deferred Expenditures: No
Contingency: 0%
Contingency Time: None

Annual Contribution Factors

		2020:	0%	2030:	0%	2040:	0%
2011:	0%	2021:	0%	2031:	0%	2041:	0%
2012:	0%	2022:	0%	2032:	0%		
2013:	0%	2023:	0%	2033:	0%		
2014:	0%	2024:	0%	2034:	0%		
2015:	0%	2025:	0%	2035:	0%		
2016:	0%	2026:	0%	2036:	0%		
2017:	0%	2027:	0%	2037:	0%		
2018:	0%	2028:	0%	2038:	0%		
2019:	0%	2029:	0%	2039:	0%		

Additional Analysis Information

The Cash Flow Analysis (or Pooling Method) calculates the minimum annual contributions necessary to fund reserves under the above stated parameters. The analysis date is January 1, 2010 and the reporting period utilized is 32 years to include all reserve components. Based on our analysis of annual economic conditions, we estimate that construction costs will increase at an average of 3% per year and the rate of return on funds invested will remain at 2.4% per year over the study period. The reserve balance as of December 31, 2009 is projected at \$850,000, based on information provided by the property manager. No loan, special assessments or deferred expenditures were included in this analysis. The above 0% annual contribution factors are reflective of level annual contributions over the study period.

ABC Condominium Tower
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Cash Flow Analysis - Level Annual Contributions

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2010	850,000.00	334,260.00	121.11	19,526.95	225,682.00	978,104.95
2011	978,104.95	334,260.00	121.11	25,045.58	175,047.00	1,162,363.53
2012	1,162,363.53	334,260.00	121.11	31,690.23	36,794.00	1,491,519.76
2013	1,491,519.76	334,260.00	121.11	31,603.79	369,512.00	1,487,871.55
2014	1,487,871.55	334,260.00	121.11	40,275.04	15,745.00	1,846,661.59
2015	1,846,661.59	334,260.00	121.11	42,652.44	269,335.00	1,954,239.03
2016	1,954,239.03	334,260.00	121.11	51,798.53	0.00	2,340,297.56
2017	2,340,297.56	334,260.00	121.11	61,080.58	6,102.00	2,729,536.14
2018	2,729,536.14	334,260.00	121.11	67,520.01	184,664.00	2,946,652.15
2019	2,946,652.15	334,260.00	121.11	75,840.02	10,032.00	3,346,720.17
2020	3,346,720.17	334,260.00	121.11	72,055.15	557,699.00	3,195,336.32
2021	3,195,336.32	334,260.00	121.11	59,782.96	912,056.00	2,677,323.28
2022	2,677,323.28	334,260.00	121.11	68,617.26	29,978.00	3,050,222.54
2023	3,050,222.54	334,260.00	121.11	75,879.32	106,663.00	3,353,698.86
2024	3,353,698.86	334,260.00	121.11	84,859.15	46,732.00	3,726,086.01
2025	3,726,086.01	334,260.00	121.11	87,893.22	354,789.00	3,793,450.23
2026	3,793,450.23	334,260.00	121.11	18,334.19	3,218,287.00	927,757.42
2027	927,757.42	334,260.00	121.11	14,007.14	530,913.00	745,111.56
2028	745,111.56	334,260.00	121.11	22,325.04	5,483.00	1,096,213.60
2029	1,096,213.60	334,260.00	121.11	20,912.69	429,700.00	1,021,686.29
2030	1,021,686.29	334,260.00	121.11	24,507.60	192,114.00	1,188,339.89

ABC Condominium Tower
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Cash Flow Analysis - Level Annual Contributions

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2031	1,188,339.89	334,260.00	121.11	23,763.39	389,437.00	1,156,926.28
2032	1,156,926.28	334,260.00	121.11	29,159.01	222,298.00	1,298,047.29
2033	1,298,047.29	334,260.00	121.11	35,875.51	0.00	1,668,182.80
2034	1,668,182.80	334,260.00	121.11	27,537.30	726,810.00	1,303,170.10
2035	1,303,170.10	334,260.00	121.11	35,853.48	10,391.00	1,662,892.58
2036	1,662,892.58	334,260.00	121.11	43,007.09	70,951.00	1,969,208.67
2037	1,969,208.67	334,260.00	121.11	51,242.75	37,873.00	2,316,838.42
2038	2,316,838.42	334,260.00	121.11	60,247.32	14,422.00	2,696,923.74
2039	2,696,923.74	334,260.00	121.11	66,171.40	272,050.00	2,825,305.14
2040	2,825,305.14	334,260.00	121.11	61,877.35	455,714.00	2,765,728.49
2041	2,765,728.49	334,260.00	121.11	462.56	3,000,490.00	99,961.05
Totals:		10,696,320.00		1,431,404.05	12,877,763.00	

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Appliances, Social Room Kitchen				3,814						
Domestic Water Pump (10HP)				4,305						
Domestic Water Pump (10HP)				4,305						
Domestic Water Pump (15HP)				6,196						
Exercise Equipment, Arc Trainer						7,489				
Exercise Equipment, Elliptical	5,540								7,020	
Exercise Equipment, Elliptical	5,540								7,020	
Exercise Equipment, Recumbent Bike	3,220								4,080	
Exercise Equipment, Recumbent Bike			3,416							
Exercise Equipment, Strength			24,613							
Exercise Equipment, Treadmill	5,815								7,368	
Exercise Equipment, Treadmill	5,815								7,368	
Exercise Equipment, Treadmill	5,815								7,368	
Flooring, Carpet - Admin. Offices			3,552							
Flooring, Carpet - Conference Room			2,010							
Flooring, Carpet - Exercise Room	8,877									
Flooring, Carpet - Hallways		110,919							136,457	
Flooring, Carpet - Social Room			3,203							
Furnishings/Finishes, Conference						8,225				
Furnishings/Finishes, Hallways						180,441				
Furnishings/Finishes, Lobby						34,083				
Furnishings/Finishes, Social Room						39,097				
Paint Stairway Interiors				10,398						
Paint/Waterproof Building Exteriors				318,639						
Parking Garage Restriping	6,300				7,091				7,983	
Pipe Inspection Allowance					8,654					10,032
Pool & Spa Equipment Allowance		10,300								
Pool & Spa Interior Resurfacing		22,763								
Pool Deck Awning		5,109						6,102		

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Pool Deck Furniture/Furnishings		25,956								
Renovation Allowance, Elevator Cabs	87,600									
Restoration Allowance, Crown				21,855						
Security, Access/Entry Systems	44,375									
Security, Video Surveillance Sys.	46,785									
Totals	225,682	175,047	36,794	369,512	15,745	269,335		6,102	184,664	10,032

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Appliances, Social Room Kitchen						5,439				
Brick Pavers, Entry							23,596			
Domestic Water Panel/Equipment						23,891				
Domestic Water Pump (10HP)						6,140				
Domestic Water Pump (10HP)						6,140				
Domestic Water Pump (15HP)						8,836				
Elevator Mechanical Modernization							1412559			
Exercise Equipment, Arc Trainer			9,213							11,331
Exercise Equipment, Elliptical							8,893			
Exercise Equipment, Elliptical							8,893			
Exercise Equipment, Recumbent Bike							5,169			
Exercise Equipment, Recumbent Bike	4,329								5,483	
Exercise Equipment, Strength					35,102					
Exercise Equipment, Treadmill							9,334			
Exercise Equipment, Treadmill							9,334			
Exercise Equipment, Treadmill							9,334			
Fire Alarm System Modernization							404,506			
Flooring, Carpet - Admin. Offices			4,774							
Flooring, Carpet - Conference Room			2,701							
Flooring, Carpet - Exercise Room	11,934									
Flooring, Carpet - Hallways						167,825				
Flooring, Carpet - Social Room			4,305							
Flooring, Tile							125,127			
Flooring, Vinyl Tile							3,640			
Flooring, Wood							18,736			
Furnishings/Finishes, Admin.		19,385								
Furnishings/Finishes, Conference										12,445
Furnishings/Finishes, Hallways										273,014
Furnishings/Finishes, Lobby										51,568

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Furnishings/Finishes, Social Room										59,154
Garage Doors/Gates Allowance		33,813								
HVAC Cooling Towers Repair/Replace							368,389			
HVAC Pump 1 Repair/Replace		10,136								
HVAC Pump 2 Repair/Replace		10,136								
HVAC Pump 3 Repair/Replace		10,136								
HVAC Unit, Admin. (5T)				9,820						
HVAC Unit, Elec./Storage (2T)				6,725						
HVAC Unit, Elec./Trash Room (3T)				7,536						
HVAC Unit, Exercise Room (3.5T)				8,792						
HVAC Unit, Exercise Room (4T)				7,856						
HVAC Unit, Exercise Room (4T)				7,856						
HVAC Unit, Fire Command (1T)				4,914						
HVAC Unit, Hallways (35T)		50,643								
HVAC Unit, Hallways (40T)		57,878								
HVAC Unit, Hallways (80T)		108,334								
HVAC Unit, Lobby (2T)				6,725						
HVAC Unit, Lobby (5T)				9,820						
HVAC Unit, Pool RRs/Laundry (2T)				6,725						
HVAC Unit, Social Room (3T)				7,536						
HVAC Unit, Social Room/RRs (3T)				7,536						
HVAC Unit, Store (3T)				7,536						
Light Sconces/Fixtures, Hallways		39,172								
Paint Stairway Interiors								15,733		
Paint/Waterproof Building Exteriors	392,002							482,113		
Parking Garage Restriping			8,985				10,113			
Pavers/Membranes, Pool Deck							800,664			
Pipe Inspection Allowance					11,630					13,486
Pool & Spa Equipment Allowance		13,846								

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pool & Spa Interior Resurfacing		30,601								
Pool Deck Awning				7,286						8,702
Pool Deck Furniture/Furnishings		34,893								
Renovation Allowance, Elevator Cabs						136,518				
Renovation Allowance, Kitchen		8,972								
Renovation Allowance, Restrooms		56,313								
Restoration Allowance, Crown	26,886							33,067		
Roofing, Flat - Tower 20th Floor		340,672								
Roofing, Flat - Tower 22th Floor		87,126								
Security, Access/Entry Systems	59,654									
Security, Video Surveillance Sys.	62,894									
Totals	557,699	912,056	29,978	106,663	46,732	354,789	3218287	530,913	5,483	429,700

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Appliances, Social Room Kitchen								7,757		
Boiler Repair/Replacement		148,830								
Domestic Water Pump (10HP)								8,757		
Domestic Water Pump (10HP)								8,757		
Domestic Water Pump (15HP)								12,602		
Exercise Equipment, Arc Trainer							13,940			
Exercise Equipment, Elliptical					11,268					
Exercise Equipment, Elliptical					11,268					
Exercise Equipment, Recumbent Bike					6,549					
Exercise Equipment, Recumbent Bike							6,948			
Exercise Equipment, Strength							50,063			
Exercise Equipment, Treadmill					11,828					
Exercise Equipment, Treadmill					11,828					
Exercise Equipment, Treadmill					11,828					
Flooring, Carpet - Admin. Offices			6,416							
Flooring, Carpet - Conference Room			3,631							
Flooring, Carpet - Exercise Room	16,038									
Flooring, Carpet - Hallways			206,465							253,926
Flooring, Carpet - Social Room			5,786							
HVAC Exhaust Fans Allowance		133,981								
Paint/Waterproof Building Exteriors					593,113					
Parking Garage Restriping	11,382				12,814				14,422	
Pipe Inspection Allowance					15,634					18,124
Pool & Spa Equipment Allowance		18,608								
Pool & Spa Interior Resurfacing		41,125								
Pool Deck Awning						10,391				
Pool Deck Furniture/Furnishings		46,893								
Restoration Allowance, Crown					40,680					
Security, Access/Entry Systems	80,170									

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Security, Video Surveillance Sys.	84,524									
Totals	192,114	389,437	222,298		726,810	10,391	70,951	37,873	14,422	272,050

PROJECTED EXPENDITURES

Cash Flow Analysis - Level Annual Contributions

	2040	2041
Fire Pump Repair/Replacement		220,537
Flooring, Carpet - Exercise Room	21,560	
Furnishings/Finishes, Admin.		35,022
Garage Doors/Gates Allowance		61,088
Generator Repair/Replacement		211,882
HVAC Pump 1 Repair/Replace		18,311
HVAC Pump 2 Repair/Replace		18,311
HVAC Pump 3 Repair/Replace		18,311
HVAC Unit, Hallways (35T)		91,495
HVAC Unit, Hallways (40T)		104,565
HVAC Unit, Hallways (80T)		195,722
Light Sconces/Fixtures, Hallways		70,769
Paint Stairway Interiors		23,805
Paint/Waterproof Building Exteriors		729,455
Pool & Spa Equipment Allowance		25,016
Pool & Spa Interior Resurfacing		55,284
Pool Deck Awning		12,411
Pool Deck Furniture/Furnishings		63,039
Renovation Allowance, Elevator Cabs	212,754	
Renovation Allowance, Kitchen		16,210
Renovation Allowance, Restrooms		101,738
Restoration Allowance, Crown		50,031
Roofing, Flat - Tower 20th Floor		615,474
Roofing, Flat - Tower 22th Floor		157,406
Security, Access/Entry Systems	107,773	
Security, Video Surveillance Sys.	113,627	

PROJECTED EXPENDITURES

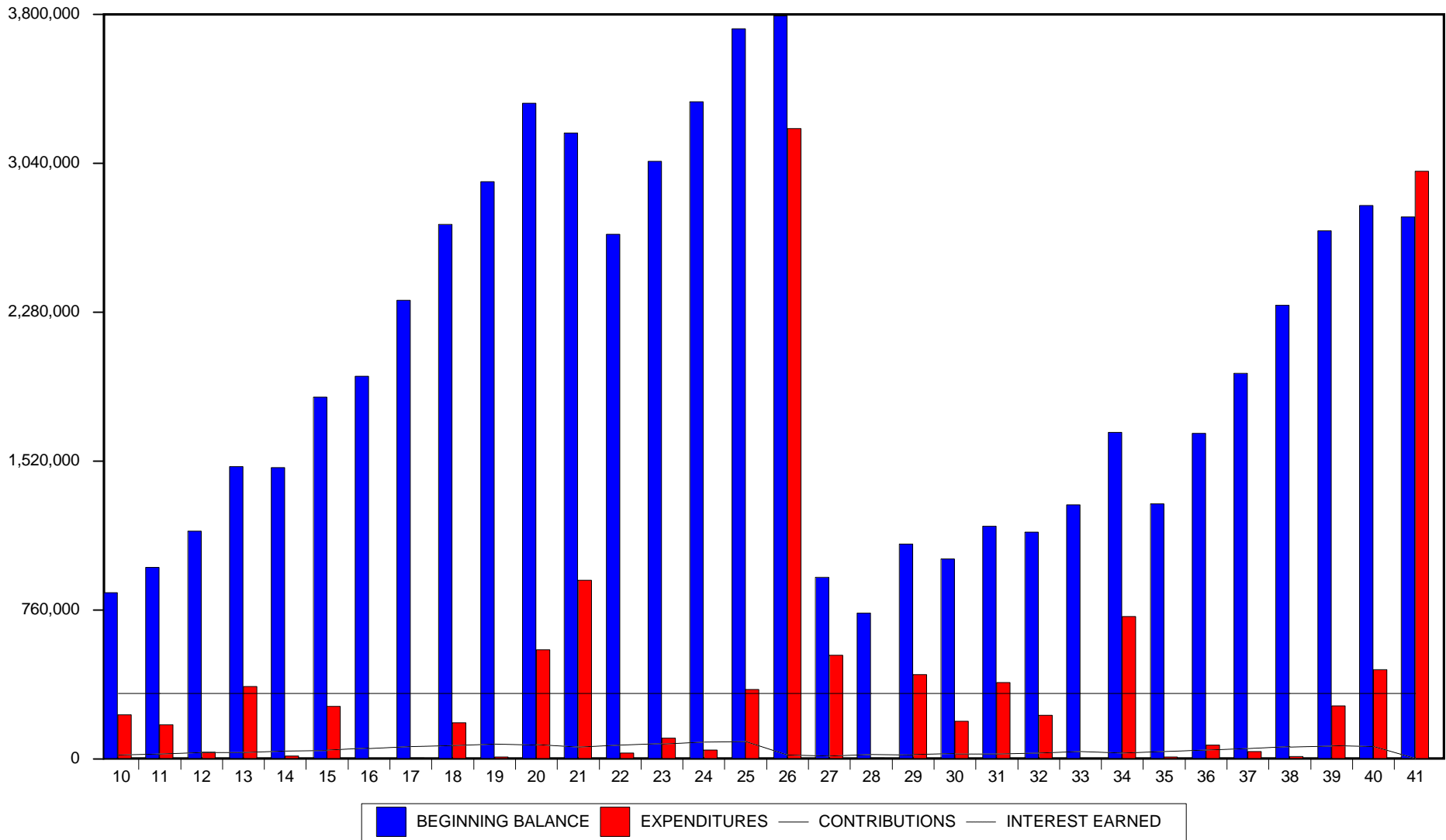
Cash Flow Analysis - Level Annual Contributions

	2040	2041
Trash Chute/Doors Allowance		104,608
Totals	455,714	3000490

ABC Condominium Tower

CASHFLOW PROJECTIONS GRAPH

Cash Flow Analysis - Level Annual Contributions



ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - Level Annual Contributions

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Common Area Interiors</u>							
Appliances, Social Room Kitchen	1/01/2001	12/00	00/00	01/13	Y	3,490	3,814
Exercise Equipment, Arc Trainer	1/01/2008	07/00	00/00	01/15	Y	6,460	7,489
Exercise Equipment, Elliptical	1/01/2001	08/00	+01/00	01/10	Y	5,540	5,540
Exercise Equipment, Elliptical	1/01/2001	08/00	+01/00	01/10	Y	5,540	5,540
Exercise Equipment, Recumbent Bike	1/01/2001	08/00	+01/00	01/10	Y	3,220	3,220
Exercise Equipment, Recumbent Bike	1/01/2001	08/00	+03/00	01/12	Y	3,220	3,416
Exercise Equipment, Strength	1/01/2001	12/00	-01/00	01/12	Y	23,200	24,613
Exercise Equipment, Treadmill	1/01/2001	08/00	+01/00	01/10	Y	5,815	5,815
Exercise Equipment, Treadmill	1/01/2001	08/00	+01/00	01/10	Y	5,815	5,815
Exercise Equipment, Treadmill	1/01/2001	08/00	+01/00	01/10	Y	5,815	5,815
Flooring, Carpet - Admin. Offices	1/01/2001	10/00	+01/00	01/12	Y	3,348	3,552
Flooring, Carpet - Conference Room	1/01/2001	10/00	+01/00	01/12	Y	1,894	2,009
Flooring, Carpet - Exercise Room	1/01/2001	10/00	-01/00	01/10	Y	8,877	8,877
Flooring, Carpet - Hallways	6/01/2004	07/00	00/00	06/11	Y	106,392	110,920
Flooring, Carpet - Social Room	1/01/2001	10/00	+01/00	01/12	Y	3,019	3,203
Flooring, Tile	1/01/2001	25/00	00/00	01/26	Y	77,952	125,127
Flooring, Vinyl Tile	1/01/2001	25/00	00/00	01/26	Y	2,268	3,641
Flooring, Wood	1/01/2001	25/00	00/00	01/26	Y	11,672	18,736
Furnishings/Finishes, Admin.	1/01/2001	20/00	00/00	01/21	Y	14,000	19,385
Furnishings/Finishes, Conference	1/01/2001	14/00	00/00	01/15	Y	7,095	8,225
Furnishings/Finishes, Hallways	1/01/2001	14/00	00/00	01/15	Y	155,650	180,441

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - Level Annual Contributions

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Furnishings/Finishes, Lobby	1/01/2001	14/00	00/00	01/15	Y	29,400	34,083
Furnishings/Finishes, Social Room	1/01/2001	14/00	00/00	01/15	Y	33,725	39,097
Light Sconces/Fixtures, Hallways	1/01/2001	20/00	00/00	01/21	Y	28,290	39,172
Renovation Allowance, Elevator Cabs	1/01/2001	15/00	-06/00	01/10	Y	87,600	87,600
Renovation Allowance, Kitchen	1/01/2001	20/00	00/00	01/21	Y	6,480	8,972
Renovation Allowance, Restrooms	1/01/2001	20/00	00/00	01/21	Y	40,670	56,313
Sub Total:						686,447	820,430
<u>Mechanical/HVAC</u>							
Boiler Repair/Replacement	1/01/2001	30/00	00/00	01/31	Y	79,980	148,830
Domestic Water Panel/Equipment	1/01/2001	24/00	00/00	01/25	Y	15,330	23,891
Domestic Water Pump (10HP)	1/01/2001	12/00	00/00	01/13	Y	3,940	4,305
Domestic Water Pump (10HP)	1/01/2001	12/00	00/00	01/13	Y	3,940	4,305
Domestic Water Pump (15HP)	1/01/2001	12/00	00/00	01/13	Y	5,670	6,196
Elevator Mechanical Modernization	1/01/2001	25/00	00/00	01/26	Y	880,000	1,412,559
Fire Alarm System Modernization	1/01/2001	25/00	00/00	01/26	Y	252,000	404,506
Fire Pump Repair/Replacement	1/01/2001	40/00	00/00	01/41	Y	88,160	220,537
Garage Doors/Gates Allowance	1/01/2001	20/00	00/00	01/21	Y	24,420	33,813
Generator Repair/Replacement	1/01/2001	40/00	00/00	01/41	Y	84,700	211,882
HVAC Cooling Towers Repair/Replace	1/01/2001	25/00	00/00	01/26	Y	229,500	368,389
HVAC Exhaust Fans Allowance	1/01/2001	30/00	00/00	01/31	Y	72,000	133,981
HVAC Pump 1 Repair/Replace	1/01/2001	20/00	00/00	01/21	Y	7,320	10,136
HVAC Pump 2 Repair/Replace	1/01/2001	20/00	00/00	01/21	Y	7,320	10,136

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - Level Annual Contributions

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
HVAC Pump 3 Repair/Replace	1/01/2001	20/00	00/00	01/21	Y	7,320	10,136
HVAC Unit, Admin. (5T)	1/01/2001	22/00	00/00	01/23	Y	6,685	9,820
HVAC Unit, Elec./Storage (2T)	1/01/2001	22/00	00/00	01/23	Y	4,578	6,725
HVAC Unit, Elec./Trash Room (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
HVAC Unit, Exercise Room (3.5T)	1/01/2001	22/00	00/00	01/23	Y	5,985	8,792
HVAC Unit, Exercise Room (4T)	1/01/2001	22/00	00/00	01/23	Y	5,348	7,856
HVAC Unit, Exercise Room (4T)	1/01/2001	22/00	00/00	01/23	Y	5,348	7,856
HVAC Unit, Fire Command (1T)	1/01/2001	22/00	00/00	01/23	Y	3,345	4,914
HVAC Unit, Hallways (35T)	1/01/2001	20/00	00/00	01/21	Y	36,575	50,643
HVAC Unit, Hallways (40T)	1/01/2001	20/00	00/00	01/21	Y	41,800	57,878
HVAC Unit, Hallways (80T)	1/01/2001	20/00	00/00	01/21	Y	78,240	108,334
HVAC Unit, Lobby (2T)	1/01/2001	22/00	00/00	01/23	Y	4,578	6,725
HVAC Unit, Lobby (5T)	1/01/2001	22/00	00/00	01/23	Y	6,685	9,820
HVAC Unit, Pool RRs/Laundry (2T)	1/01/2001	22/00	00/00	01/23	Y	4,578	6,725
HVAC Unit, Social Room (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
HVAC Unit, Social Room/RRs (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
HVAC Unit, Store (3T)	1/01/2001	22/00	00/00	01/23	Y	5,130	7,536
Security, Access/Entry Systems	1/01/2001	10/00	-01/00	01/10	Y	44,375	44,375
Security, Video Surveillance Sys.	1/01/2001	10/00	-01/00	01/10	Y	46,785	46,785
Trash Chute/Doors Allowance	1/01/2001	40/00	00/00	01/41	Y	41,817	104,608
Sub Total:						2,118,842	3,515,602

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - Level Annual Contributions

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Painting & Waterproofing</u>							
Paint Stairway Interiors	1/01/2001	14/00	-02/00	01/13	Y	9,516	10,398
Paint/Waterproof Building Exteriors	1/01/2006	07/00	00/00	01/13	Y	291,600	318,639
Restoration Allowance, Crown	1/01/2006	07/00	00/00	01/13	Y	20,000	21,855
Sub Total:						321,116	350,892
<u>Pavement</u>							
Brick Pavers, Entry	1/01/2001	25/00	00/00	01/26	Y	14,700	23,596
Parking Garage Restriping	1/01/2001	04/00	+05/00	01/10	Y	6,300	6,300
Sub Total:						21,000	29,896
<u>Plumbing</u>							
Pipe Inspection Allowance	11/01/2009	05/00	00/00	11/14	Y	7,500	8,654
Sub Total:						7,500	8,654
<u>Pool & Spa</u>							
Pavers/Membranes, Pool Deck	1/01/2001	25/00	00/00	01/26	Y	498,800	800,664
Pool & Spa Equipment Allowance	1/01/2001	10/00	00/00	01/11	Y	10,000	10,300
Pool & Spa Interior Resurfacing	1/01/2001	10/00	00/00	01/11	Y	22,100	22,763
Pool Deck Awning	6/01/2005	06/00	00/00	06/11	Y	4,900	5,109
Pool Deck Furniture/Furnishings	1/01/2001	10/00	00/00	01/11	Y	25,200	25,956
Sub Total:						561,000	864,792

ABC Condominium Tower
COMPONENT SUMMARY REPORT

Cash Flow Analysis - Level Annual Contributions

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Roof Replacement</u>							
Roofing, Flat - Tower 20th Floor	1/01/2001	20/00	00/00	01/21	Y	246,036	340,672
Roofing, Flat - Tower 22th Floor	1/01/2001	20/00	00/00	01/21	Y	62,923	87,126
Sub Total:						308,959	427,798
Grand Total:						4,024,864	6,018,064

ADDENDUM

TERMS AND DEFINITIONS

ACCRUED FUND BALANCE (AFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association tool. Two formulae can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

$$\text{AFB} = \text{Current Cost} \times \text{Effective Age/Useful Life}$$

or

$$\text{AFB} = (\text{Current Cost} \times \text{Effective Age/Useful Life}) + [(\text{Current Cost} \times \text{Effective Age/Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age/Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

CASH FLOW METHOD: A method of calculating Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved. “Because we use the cash flow method, we compute individual line item contributions after the total contribution rate has been established.” See “Component Method”.

CAPITAL EXPENDITURES: A capital expenditure means any expenditure of funds for: (1) the purchase or replacement of an asset whose useful life is greater than one year, or (2) the addition to an asset that extends the useful life of the previously existing asset for a period greater than one year.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are:

- 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, and 4) above a minimum threshold cost, and 5) as required by local codes. “We have 17 components in our reserve Study.”

COMPONENT ASSESSMENT AND VALUATION: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. This task is accomplished either with or without an on-site inspection, based on Level or Service selected by the client.

COMPONENT FULL FUNDING: When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task is accomplished through an on-site inspection, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. “Since we calculate a Reserve contribution rate for each component and then sum them all together, we are using the component method to calculate our Reserve contributions.” See “Cash Flow Method”.

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed and reported characteristics.

CURRENT REPLACEMENT COST: See “Replacement Cost”.

DEFERRED MAINTENANCE: Deferred maintenance means any maintenance or repair that: (1) will be performed less frequently than yearly, and (2) will result in maintaining the useful life of an asset.

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

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

FULLY FUNDED: When the budget is provided to the owners, it will show the amount of money that must be deposited that year for each reserve item to ensure that, when the time comes, sufficient funds will be available for deferred maintenance or a capital expenditure. (Definition published in “Budgets & Reserve Schedules Made Easy” training manual by the State of Florida Department of Business and Professional Regulations in January 1997).

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING PLAN: An association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

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

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- **Baseline Funding** – Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Component Full Funding** – Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100%.
- **Statutory Funding** – Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves of component required by local statutes.
- **Threshold Funding** – Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than “Component Full Funding.”

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve Components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage. “With \$76,000 in Reserves, and since our 100% Funded Balance is \$100,000, our association is 76% Funded”.

Editor’s Note: since funds can typically be allocated from one component to another with ease, this parameter has no real meaning on an individual Component basis. The purpose of this parameter is to identify the relative strength or weakness of the entire Reserve fund as of a particular point in time. The value of this parameter is in providing a more stable measure of Reserve Fund strength, since cash in Reserves may mean very different things to different associations.

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

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

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

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray to the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based on information provided and not audited

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.” The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. “Our budget and finance committee is soliciting proposals to update our Reserve Study for the next year’s budget.”

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve duty of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; expect for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advanced notice for consultation and inspection where circumstances require personal availability.

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. “Since we need a new roof and there wasn’t enough money in the Reserve fund, we had to pass a special assessment.”

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balances. See “Deficit”.

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

ANNUAL UPDATE PROGRAM

GAB Robins is pleased to offer our clients a program to provide annual updates on their Reserve Studies for the next three years for a guaranteed fee.

The Update Program is valid only if there are no changes to the property, i.e. new construction, major upgrades, etc. Changes to the property within the three-year update program period would require a re-inspection of the property at a higher fee.

Benefits:

- Annual Reserve Study updates on the property provide a written validation of reserve study needs.
- Demonstrates due diligence and impartiality on the part of the property manager and board members by the involvement of a third party professional.
- The cost of your update reserve study is lower if enrolled in the update program.
- Provides peace of mind to clients knowing that their property is adequately funded year after year.

If you have not already chosen to accept the three-year annual update program, and would like to do so at this time, please contact our bid proposal specialist at (407) 805-0086 x 379, or (800) 248-3379 ext. 379 (FL only) or fax your request to (407) 805-9921. We will be pleased to provide you with a bid for the three year annual program.