

A FULL RESERVE STUDY FOR

**Sample Condominium Association, Inc.
Any City, Florida
File # 22920-00000**

FOR PERIOD: January 1, 2015 – December 31, 2015

**PREPARED BY
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January 1, 2015

Sample Condominium Association, Inc.
Attn: Boardmember
C/o Property Manager
1234 All Street
Any City, Florida 33333

Dear Boardmember,

On January 1, 2015, we completed an on-site inspection of Sample Condominium Association, Inc.'s common area reserve items. The intent of this reserve study 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 Sample Condominium Association, Inc. in making a determination for cash reserves that are needed to repair or replace short-lived building and/or site components.

The report identifies each component selected, it's estimated useful life, adjusted life, scheduled replacement date, and current cost to repair/replace. The useful and remaining lives of the building components in this study, as well as the current replacement costs, have been selected from market standards, cost estimating services, and consideration of actual recent costs incurred by the association for reserve upgrades. 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 based upon observed conditions and state of repair. Actual determinations of the current conditions and state of repair for certain items may be beyond the scope of this analysis. 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 association to plan their needs, the actual reserves set aside are solely at the association's discretion. The findings of this study are not for use in performing an audit, quality/forensic analyses, or background checks of historical records.

In completing this report, the reserve specialist completed the physical on-site inspection of the subject property. Appropriate measurements and counts were taken to determine quantities (blueprints were also

used to aid in the determination of quantities). No destructive testing methods (i.e. roof core sampling, etc.) were utilized during the inspection. Current financial data, including the actual or projected reserve fund balance(s) as of the analysis date, and property histories, provided by Property Manager, were utilized in the completion of this report. This data was not audited, and was assumed to be complete and correct. The reserve specialist estimated the repair/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.

Respectfully submitted,
GAB Robins, A Division of Cunningham Lindsey

Rebecca S. Estridge, RS
Reserve Specialist, Community Associations Institute, RS# 170

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Project Overview

The subject of this reserve study is the common areas within Sample Condominium Association, Inc., a 136 unit residential development located in Any City, Any State. The common areas were constructed at or near 2005, and include a clubhouse, swimming pool, asphalt and brick paved roadways and parking areas, docks and typical landscaping and irrigation systems. As of the date of our latest physical inspection, the common areas were observed to be in good overall condition, with no significant items of deferred maintenance noted.

There are three types of residential buildings: (4) 3 unit buildings, (24) 4 unit buildings with a Cupola and (7) 4 unit buildings without a Cupola. These buildings are all of concrete block/stucco construction with a combination of hardie board and stucco exterior walls and tile roofing.

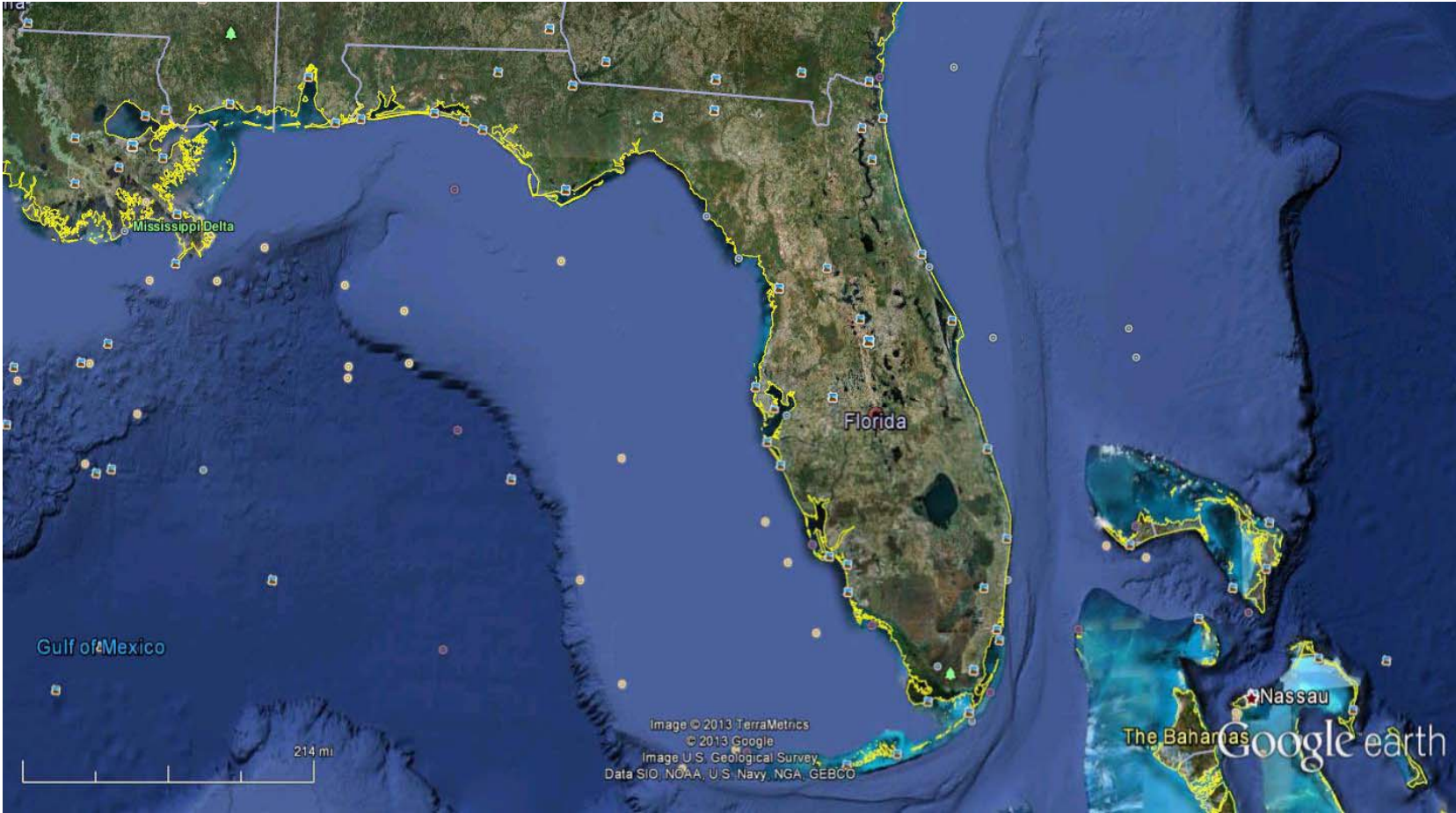
The clubhouse is a single story building also of concrete block/stucco construction, with painted stucco exteriors and pitched tile roofing. The clubhouse supports a social room, residential grade kitchen, fitness center, manager's office, men's and women's restrooms, covered verandas, and typical storage and mechanical rooms. The interior finishes are representative of a good quality property, with upgraded carpet and ceramic tile flooring, painted gypsum board interior walls and ceilings, good quality built ins (doors/frames, cabinetry, countertops, vanities, plumbing and electrical fixtures, etc.), and inventories of good quality furniture/furnishings and commercial grade fitness equipment. Air conditioning is via split HVAC systems, with interior air handlers and exterior ground mounted condensers.

The adjacent pool is of standard concrete/gunite construction, and is supported by brick paver decking, perimeter fencing and gates, and inventories of equipment and deck furniture.

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 are unaware of any private reserve requirements.



Property Location



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 recognizes interest income attributable to reserve accounts over the period of the analysis. 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.

Prior to December 23, 2002, Florida statute mandated that condominium associations calculate reserves via the Component Funding Analysis method, on an annual basis. Funding at less than 100% of the fully funded estimate, based on the Component Funding Analysis method, could occur only after a full vote of the association membership. As of December 23, 2002, amendments to the Florida Administrative Code recognize the Cash Flow Analysis method as an approved methodology for the calculation of reserve funding for condominium associations. The fund requirement estimated by the Cash Flow Analysis method can now be provided to the membership, on an annual basis as a fully funded figure. The analysis must be completed as a portion of the association's annual budget, include the total estimated useful lives, estimated remaining useful lives, and estimated replacement cost/deferred maintenance expenses of all assets in the reserve budget (minimum roofing, painting, paving and any other item with a replacement/repair cost over \$10,000), and the estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

If the association maintains a pooled account for reserves, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal; the association may include annual percentage increases in costs for the reserve components, but these increases are not mandated. Fully funded reserve contributions utilizing this methodology may not include future special assessments, and the annual funding levels cannot include percentage increases.

Reserve Study Funding Analysis

In our Cash Flow Analysis calculations, we do not include increases in construction costs/inflation. While future costs are expected to be higher than today's costs, which is supported by our analysis of past indexes/trends, increases in costs should be recognized as the association estimates current repair/replacement costs during their annual calculations of full reserve funding. A current cost estimate during the current fiscal year would theoretically be lower than a current cost for future fiscal years. That way the estimates of current cost moving forward will eventually represent current cost as of the date of forecast expenditure. Funding the reserves annually on that basis should ensure that adequate monies are available as of the date of expense, assuming that the current cost estimate is appropriate and that the reserve was fully funded since its last repair/replacement project was completed.

Executive Summary

PROPERTY DATA

Property Name: Sample Condo Association, Inc.
Property Location: Any City, Florida
Property Type: Condominium Association
Total Units: 136

Report Run Date: January 1, 2015
Budget Year Begins: January 1, 2015
Budget Year Ends: December 31, 2015

PROJECTED COMPONENT CATEGORIES AND PARAMETERS

Component Categories in Reserve Analysis:

1. Buildings
2. Clubhouse
3. Painting & Waterproofing
4. Pavement
5. Roofing
6. Site Improvements

Total current cost of all reserve components in reserve analysis:	\$	1,915,049
Estimated beginning reserve fund balance for reserve analysis:	\$	400,000
Total number of components scheduled for replacement in the 2014 budget year:		0
Total cost of components scheduled for replacement in the 2014 budget year:	\$	0

ANALYSIS RESULTS – COMPONENT FUNDING ANALYSIS

Current annual reserve funding contributions amount (2014 Budget):	\$	65,000
Recommended annual reserve funding contribution amount:	\$	193,384
Increase (decrease) between current and recommended annual contribution amounts:	\$	128,384
Increase (decrease) between current and recommended annual contribution amounts:		198%

ANALYSIS RESULTS –CASH FLOW ANALYSIS

Current annual reserve funding contributions amount (2014 Budget):	\$	65,000
Recommended annual reserve funding contribution amount:	\$	87,360
Increase (decrease) between current and recommended annual contribution amounts:	\$	22,360
Increase (decrease) between current and recommended annual contribution amounts:	\$	35%

Reserve Budget Comparison

The previous page provides a comparison of the association's approved fiscal year 2015 reserve contribution level and our estimates for full reserve funding for fiscal year 2015. The funding requirement estimated for fiscal year 2015 via the Component Funding Analysis methodology is significantly higher than the association's approved fiscal year 2015 contribution level, while the recommendation based on the Cash Flow Analysis methodology is only slightly higher than the association's approved fiscal year 2015 contribution level.

Based on our Component Funding Analysis model, the reserves as analyzed in this report suggest that in order to fully fund in fiscal year 2015, the contribution should be \$193,384. 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 methodology, the association can fully fund the reserves as analyzed in this report at \$87,360 in fiscal year 2015. This level of annual funding could remain stable over the remainder of the study period, provide adequate funds to offset planned reserve expenditures, and maintain a positive reserve fund balance over the entirety of the study period. In this analysis we have utilized a 0.90% rate of return on reserve funds invested over the study period (assuming safe investment in CDs, money market accounts, etc.). 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

Sample Homeowners Association, Inc.

Analysis Date - January 1, 2015

Component Funding Analysis - Category

Components by Category	Current Cost	Useful Life YY:MM	Remaining Life YY:MM	Reserve Balance	Unfunded Balance	Reserve Contribution 2014
Buildings	\$ 94,384	28:00	19:01	\$ 19,714	\$ 74,670	\$ 3,913
Clubhouse	16,065	12:00	3:01	3,356	12,709	4,122
Painting & Waterproofing	197,200	7:00	1:01 - 2:01	41,190	156,010	109,447
Painting/Waterproofing	21,412	7:00 -14:00	2:01 - 5:01	4,472	16,940	3,845
Pavement	143,684	20:00 -25:00	11:01 -16:01	30,011	113,673	8,037
Roofing	1,123,688	30:00	21:01	234,707	888,981	42,165
Site Improvements	318,618	12:00 -25:00	3:01 -16:01	66,551	252,067	21,855
	\$ 1,915,051			\$ 400,000	\$ 1,515,050	\$ 193,384

Sample Condominium Association, Inc.

Analysis Date - January 1, 2015

Component Funding Analysis - Items

Components by Category	Current Cost	Useful Life YY:MM	Remaining Life YY:MM	Reserve Balance	Unfunded Balance	Reserve Contribution 2014
Buildings						
Railings Repair/Replacement	\$ 94,384	28:00	19:01	\$ 19,714	\$ 74,670	\$ 3,913
	\$ 94,384			\$ 19,714	\$ 74,670	\$ 3,913
Clubhouse						
Security System Modernization	\$ 16,065	12:00	3:01	\$ 3,356	\$ 12,709	\$ 4,122
	\$ 16,065			\$ 3,356	\$ 12,709	\$ 4,122
Painting & Waterproofing						
Paint Exteriors, Residential Buildings	\$ 197,200	7:00	1:01 - 2:01	\$ 41,190	\$ 156,010	\$ 109,447
	\$ 197,200			\$ 41,190	\$ 156,010	\$ 109,447
Painting/Waterproofing						
Balconies Resurfacing	\$ 19,123	14:00	5:01	\$ 3,994	\$ 15,129	\$ 2,976
Paint Exteriors, Common Buildings	2,289	7:00	2:01	478	1,811	869
	\$ 21,412			\$ 4,472	\$ 16,940	\$ 3,845
Pavement						
Asphalt Overlay	\$ 43,684	20:00	11:01	\$ 9,124	\$ 34,560	\$ 3,118
Brick Pavers, Common Parking/Circle	100,000	25:00	16:01	20,887	79,113	4,919
	\$ 143,684			\$ 30,011	\$ 113,673	\$ 8,037
Roofing						
Roof Replacement, Tile	\$ 1,123,688	30:00	21:01	\$ 234,707	\$ 888,981	\$ 42,165
	\$ 1,123,688			\$ 234,707	\$ 888,981	\$ 42,165
Site Improvements						
Docks Restoration	\$ 100,000	20:00	11:01	\$ 20,887	\$ 79,113	\$ 7,138
Fencing, Perimeter - Aluminum	130,773	25:00	16:01	27,315	103,458	6,433
Gates & Operators, Barrier	17,000	15:00	6:01	3,551	13,449	2,211
Irrigation Allowance	10,000	20:00	11:01	2,089	7,911	714
Landscaping Allowance	10,000	20:00	11:01	2,089	7,911	714
Pool Deck Brick Pavers	31,440	25:00	16:01	6,567	24,873	1,547
Pool Deck Fencing & Gates	9,069	25:00	16:01	1,894	7,175	446
Pool Interior Resurfacing & Tile	10,336	12:00	3:01	2,159	8,177	2,652

Component Funding Analysis - Items

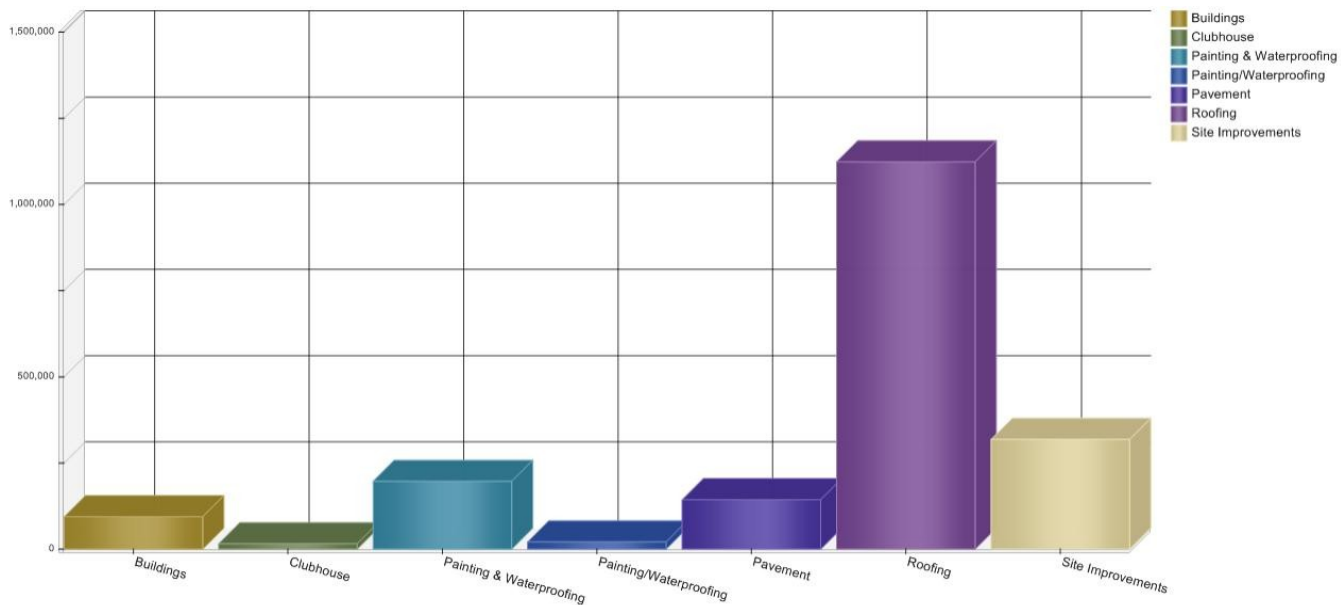
Components by Category	Current Cost	Useful Life YY:MM	Remaining Life YY:MM	Reserve Balance	Unfunded Balance	Reserve Contribution 2014
Site Improvements	\$ 318,618			\$ 66,551	\$ 252,067	\$ 21,855
	\$ 1,915,051			\$ 400,000	\$ 1,515,050	\$ 193,384

Cash Flow Analysis

Sample Homeowners Association, Inc.

Analysis Date - January 1, 2015

Item Parameter - Category - Chart



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Detail

Description	Service Date	Current Cost	Est Life	Adj Life	Rem Life	Future Cost	Basis Cost	Measurement Basis
Buildings								
Railings Repair/Replacement	02/01/2005	\$ 94,384.00	28:00	28:00	18:01	\$ 94,384.00	\$ 69.40	ln ft
		\$ 94,384.00				\$ 94,384.00		
Clubhouse								
Security System Modernization	02/01/2005	16,065.00	12:00	12:00	2:01	16,065.00	2,295.00	cameras
		\$ 16,065.00				\$ 16,065.00		
Painting & Waterproofing								
Paint Exteriors, Residential Buildings	02/01/2008	98,600.00	7:00	7:00	0:01	98,600.00	1,450.00	units
Paint Exteriors, Residential Buildings	02/01/2009	98,600.00	7:00	7:00	1:01	98,600.00	1,450.00	units
		\$ 197,200.00				\$ 197,200.00		
Painting/Waterproofing								
Balconies Resurfacing	02/01/2005	19,122.60	14:00	14:00	4:01	19,122.60	4.06	sq ft
Paint Exteriors, Common Buildings	02/01/2009	2,288.50	7:00	7:00	1:01	2,288.50	1.15	sq ft
		\$ 21,411.10				\$ 21,411.10		
PAvement								
Asphalt Overlay	02/01/2005	43,684.00	20:00	20:00	10:01	43,684.00	6.70	sq yds
Brick Pavers, Common Parking/Circle	02/01/2005	100,000.00	25:00	25:00	15:01	100,000.00	100,000.00	total
		\$ 143,684.00				\$ 143,684.00		
Roofing								
Roof Replacement, Tile	02/01/2005	1,123,688.00	30:00	30:00	20:01	1,123,688.00	394.00	squares
		\$ 1,123,688.00				\$ 1,123,688.00		
Site Improvements								
Docks Restoration	02/01/2005	100,000.00	20:00	20:00	10:01	100,000.00	100,000.00	total
Fencing, Perimeter - Aluminum	02/01/2005	130,772.50	25:00	25:00	15:01	130,772.50	45.25	ln ft
Gates & Operators, Barrier	02/01/2005	17,000.00	15:00	15:00	5:01	17,000.00	4,250.00	gates
Irrigation Allowance	02/01/2005	10,000.00	20:00	20:00	10:01	10,000.00	10,000.00	total
Landscaping Allowance	02/01/2005	10,000.00	20:00	20:00	10:01	10,000.00	10,000.00	total
Pool Deck Brick Pavers	02/01/2005	31,440.00	25:00	25:00	15:01	31,440.00	6.00	sq ft
Pool Deck Fencing & Gates	02/01/2005	9,068.70	25:00	25:00	15:01	9,068.70	49.02	ln ft
Pool Interior Resurfacing & Tile	02/01/2005	10,336.00	12:00	12:00	2:01	10,336.00	13.60	sq ft

Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Detail

Description	Service Date	Current Cost	Est Life	Adj Life	Rem Life	Future Cost	Basis Cost	Measurement Basis
Site Improvements		\$ 318,617.20				\$ 318,617.20		
		\$ 1,915,049.30				\$ 1,915,049.30		

Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Railings Repair/Replacement

Item Number	18	Measurement Basis	In ft
Type	Common Area	Estimated Useful Life	28:00
Category	Buildings	Basis Cost	69.40
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0018		02/01/2005	02/01/2033	19:01	28:00	1360.00 \$	94,384.00 \$	94,384.00
							\$ 94,384.00 \$	94,384.00

Comments

This reserve is designed to fund for the replacement of the subject's railings. We have scheduled this expense on a 28 year life cycle, based on actual replacements at similar properties and so that this project is completed in conjunction with future painting projects. The replacement cost estimate is in keeping with market data in the subject's geographical area for similar railings, however, future costs and time frames may vary from these parameters due to unforeseen concrete repairs and/or cosmetic tastes.



Sample Condominium Association

Analysis Date - January 1, 2015 **Item**
Parameters - Full Detail

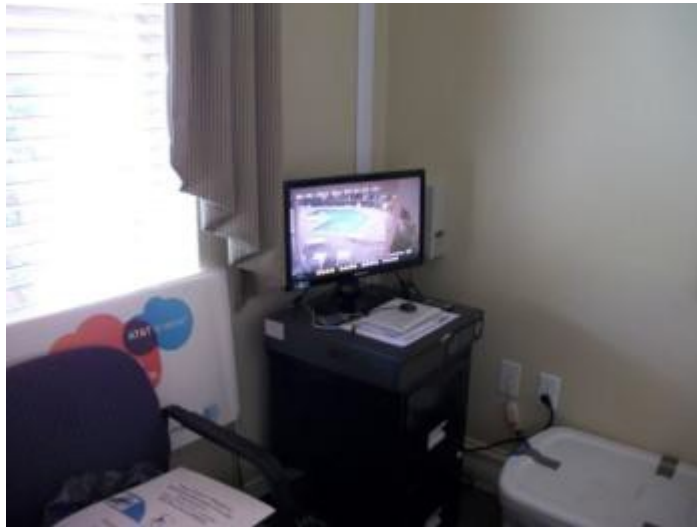
Security System Modernization

Item Number	1	Measurement Basis	cameras
Type	Common Area	Estimated Useful Life	12:00
Category	Clubhouse	Basis Cost	2,295.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0001		02/01/2005	02/01/2017	3:01	12:00	7.00 \$	16,065.00 \$	16,065.00
						\$	16,065.00 \$	16,065.00

Comments

The security system in place at the property is expected to enjoy a life cycle of 10-12 years, according to our experience in the market. The cost estimate is based on a combination of retail costing indexes and actual costs incurred at similar properties. This cost estimate includes removal of the existing cameras and monitoring system, as needed repairs/wiring related to this replacement and replacement with an upgraded, good quality system.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Paint Exteriors, Residential Buildings

Item Number	14	Measurement Basis	units
Type	Common Area	Estimated Useful Life	7:00
Category	Painting & Waterproofing	Basis Cost	1,450.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost		
							Current	Future	
920-001-0014		02/01/2008	02/01/2015	1:01	7:00	68.00 \$	98,600.00 \$	98,600.00	
920-002-0014		02/01/2009	02/01/2016	2:01	7:00	68.00 \$	98,600.00 \$	98,600.00	
							\$	197,200.00 \$	197,200.00

Comments

The market suggests that properly installed and maintained exterior painting project should have a maximum useful life of 7 years under normal operating conditions, to insure proper protection for the underlying stucco, concrete, etc. surfaces. The current cost estimate includes surface preparation, typical minor repairs to the exterior stucco/concrete surfaces, as needed window caulking, and repainting of all exterior surfaces and is based on a per residential unit basis. An exterior painting project would typically include painting of all ancillary components at the property as well, such as walls, fencing, signage, lighting, etc.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Balconies Resurfacing

Item Number	4	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	14:00
Category	Painting/Waterproofing	Basis Cost	4.06
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0004		02/01/2005	02/01/2019	5:01	14:00	4710.00 \$	19,122.60 \$	19,122.60
						\$	19,122.60 \$	19,122.60

Comments

It is common for properties like the subject to undergo restoration/replacement of the decking/waterproofing systems on their residential unit balconies (which are typically limited common elements and therefore the responsibility of the association) at roughly every other painting cycle. So that this upgrade is completed in conjunction with exterior painting, which is common, we have utilized a useful life cycle of 14 years. The current cost estimate is based on a \$/square foot unit cost, which does not include removal of any ceramic tile or other decking installed by the unit owners.

Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Paint Exteriors, Common Buildings

Item Number	13	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	7:00
Category	Painting/Waterproofing	Basis Cost	1.15
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0013		02/01/2009	02/01/2016	2:01	7:00	1990.00 \$	2,288.50 \$	2,288.50
						\$	2,288.50 \$	2,288.50

Comments

The market suggests that properly installed and maintained exterior painting project should have a maximum useful life of 7 years under normal operating conditions, to insure proper protection for the underlying stucco, concrete, etc. surfaces. The current cost estimate includes surface preparation, typical minor repairs to the exterior stucco/concrete surfaces, as needed window caulking, and repainting of all exterior surfaces and is based on a per square foot of wall area basis. An exterior painting project would typically include painting of all ancillary components at the property as well, such as walls, fencing, signage, lighting, etc.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Asphalt Overlay

Item Number	2	Measurement Basis	sq yds
Type	Common Area	Estimated Useful Life	20:00
Category	Pavement	Basis Cost	6.70
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0002		02/01/2005	02/01/2025	11:01	20:00	6520.00 \$	43,684.00 \$	43,684.00
						\$	43,684.00 \$	43,684.00

Comments

We have observed a rather wide range in useful lives for asphalt resurfacing, from as low as +/-15 years to over 25 years. The life cycle typically depends on the quality of installation, level of maintenance, and association cosmetic tastes. The current cost estimate includes typical minor structural repairs to the underlying road subbase and curbing/drainage, and installation of a typical asphalt overlay. This cost is reflective of the total square yards of asphalt paving and a market supported per square yard unit cost.

Asphalt Sealcoating/Rejuvenation is recommended by some Florida contractors and is not recommended by others, the decision to perform this project is at the discretion of the association and is not considered to be a required project. This analysis does not include a line item for Asphalt Sealcoating/Rejuvenation, at the request of the association.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Brick Pavers, Common Parking/Circle

Item Number	5	Measurement Basis	total
Type	Common Area	Estimated Useful Life	25:00
Category	Pavement	Basis Cost	100,000.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0005		02/01/2005	02/01/2030	16:01	25:00	1.00 \$	100,000.00 \$	100,000.00
						\$	100,000.00 \$	100,000.00

Comments

Replacement of this type of pavement is typically completed on a 20-25 year life cycle, with proper installation and maintenance. The current cost was provided by the association and should include removal and replacement of the existing brick paver parking and circle areas (except for the driveways, which are reportedly not the association's responsibility) with a similar quality and is inclusive of the total size of +/- 22,040 square feet of brick paved parking areas.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Roof Replacement, Tile

Item Number	21	Measurement Basis	squares
Type	Common Area	Estimated Useful Life	30:00
Category	Roofing	Basis Cost	394.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0021		02/01/2005	02/01/2035	21:01	30:00	2852.00 \$	1,123,688.00 \$	1,123,688.00
						\$	1,123,688.00 \$	1,123,688.00

Comments

Pitched tile roof covers have a market indicated life cycle of 25-30 years, depending on the quality of installation, product, and/or maintenance. The current cost estimate is based on a market supported per square* unit cost and the combined total size of the tile roof covers. This cost includes removal of the existing shingle, as needed minor repairs to the underlying structure and replacement with like quality tile.

*One square = 100 square feet



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Docks Restoration

Item Number	6	Measurement Basis	total
Type	Common Area	Estimated Useful Life	20:00
Category	Site Improvements	Basis Cost	100,000.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0006		02/01/2005	02/01/2025	11:01	20:00	1.00 \$	100,000.00 \$	100,000.00
						\$	100,000.00 \$	100,000.00

Comments

This reserve refers to costs associated with periodic third party restoration of the dock only (the slips are reportedly not the responsibility of the subject association), including replacement of the decking, railings, and typical minor repairs to the underlying framing, stringers and pilings. With routine maintenance, including periodic as needed repairs, sealing/waterproofing, a life cycle in the 18-25 year range can be expected. The current cost estimate is based on our experience with similar expenses.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Fencing, Perimeter - Aluminum

Item Number	7	Measurement Basis	In ft
Type	Common Area	Estimated Useful Life	25:00
Category	Site Improvements	Basis Cost	45.25
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0007		02/01/2005	02/01/2030	16:01	25:00	2890.00 \$	130,772.50 \$	130,772.50
						\$	130,772.50 \$	130,772.50

Comments

The association should expect to incur costs associated with replacement of the painted aluminum fencing surrounding the property on a 20-25 year life cycle. The current replacement cost estimate per linear foot is based on the total length of fencing and includes its removal and replacement with like quality. This analysis assumes as needed repairs and maintenance, such as painting, to be completed as a function of on going maintenance.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Gates & Operators, Barrier

Item Number	9	Measurement Basis	gates
Type	Common Area	Estimated Useful Life	15:00
Category	Site Improvements	Basis Cost	4,250.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0009		02/01/2005	02/01/2020	6:01	15:00	4.00 \$	17,000.00 \$	17,000.00
						\$	17,000.00 \$	17,000.00

Comments

Barring any unforeseen vehicular damage, replacement of the barrier gates/operators at the entrance/exit should be necessary on a 12-15 year basis with routine maintenance. A current cost estimate per gate was utilized, which includes removal and disposal of the existing gate/motor, typical minor electrical upgrades, and installation with a similar unit.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Irrigation Allowance

Item Number	23	Measurement Basis	total
Type	Common Area	Estimated Useful Life	20:00
Category	Site Improvements	Basis Cost	10,000.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0023		02/01/2005	02/01/2025	11:01	20:00	1.00 \$	10,000.00 \$	10,000.00
						\$	10,000.00 \$	10,000.00

Comments

Under normal operating conditions, total replacement of the underground irrigation lines should not be necessary at any one given time. Based on this market observation, and given that we have encountered virtually no similar associations that fund for total irrigation lines/system replacement without a landscape engineering study that suggests economic feasibility for such a replacement, we do not believe that funding for total system replacement is prudent or practical. Some associations choose to fund as needed repairs/upgrades on an as needed basis through their operating budgets, while others, like the subject, do maintain reserves. For the purposes of this analysis we have utilized the parameters found within the association's current reserve budget.

Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Landscaping Allowance

Item Number	24	Measurement Basis	total
Type	Common Area	Estimated Useful Life	20:00
Category	Site Improvements	Basis Cost	10,000.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0024		02/01/2005	02/01/2025	11:01	20:00	1.00 \$	10,000.00 \$	10,000.00
						\$	10,000.00 \$	10,000.00

Comments

Under normal operating conditions, total replacement of landscaping at a property should not be necessary at any one given time. Based on this market observation, and given that we have encountered virtually no similar associations that fund for total landscape replacement, we do not believe that funding for total replacement is prudent or practical. Some associations choose to fund as needed replacements/upgrades on an as needed basis through their operating budgets, while others, like the subject, do maintain reserves. For the purposes of this analysis we have utilized the parameters found within the association's current reserve budget.

Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Pool Deck Brick Pavers

Item Number	15	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	25:00
Category	Site Improvements	Basis Cost	6.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0015		02/01/2005	02/01/2030	16:01	25:00	5240.00 \$	31,440.00 \$	31,440.00
						\$	31,440.00 \$	31,440.00

Comments

Replacement of this type of decking is typically completed on a 20-25 year life cycle, with proper installation and maintenance. The current cost estimate includes removal and replacement of the existing brick paver decking with a similar quality and is based on the total size of brick paved decking and a market supported per square foot unit cost.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

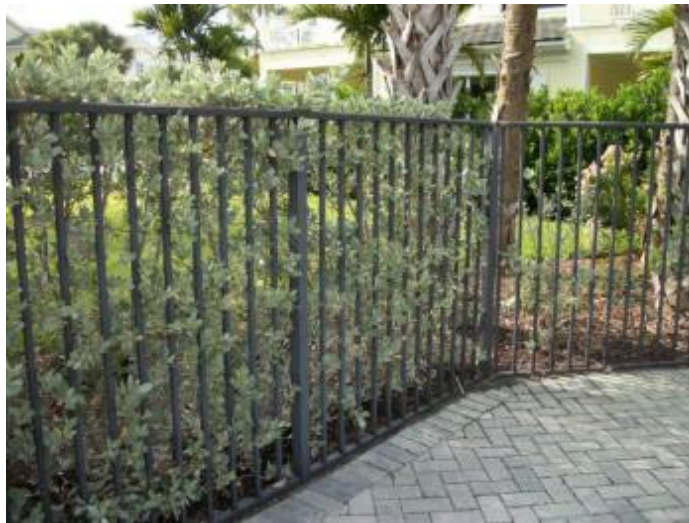
Pool Deck Fencing & Gates

Item Number	16	Measurement Basis	In ft
Type	Common Area	Estimated Useful Life	25:00
Category	Site Improvements	Basis Cost	49.02
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0016		02/01/2005	02/01/2030	16:01	25:00	185.00 \$	9,068.70 \$	9,068.70
						\$	9,068.70 \$	9,068.70

Comments

Assuming routine maintenance and proper installation, total replacement of the pool fencing and gates should not be necessary for 20-25 years. The current cost estimate, which includes removal and disposal of the existing fencing and gates and replacement with similar quality, is based on the total linear footage of fencing and a market supported per linear foot unit cost.



Sample Condominium Association

Analysis Date - January 1, 2015

Item Parameters - Full Detail

Pool Interior Resurfacing & Tile

Item Number	17	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	12:00
Category	Site Improvements	Basis Cost	13.60
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	...	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
							Current	Future
910-000-0017		02/01/2005	02/01/2017	3:01	12:00	760.00 \$	10,336.00 \$	10,336.00
						\$	10,336.00 \$	10,336.00

Comments

With proper installation, chemical balancing, and routine maintenance, pool interior resurfacing/restoration can be expected on a 10-15 year life cycle. The useful life can range due to quality of installation, level of maintenance, and association cosmetic tastes. The current cost estimate is based on known costs for similar properties and includes typical minor structural/tank repairs, tile upgrades/replacements, and installation of new aggregate surface materials (“diamond brite”, “pebble crete”, etc.).



Sample Condominium Association

Analysis Date - January 1, 2015

Expenditures - Description Through 2035

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Asphalt Overlay										
Balconies Resurfacing						19,122				
Brick Pavers, Common Parking/Circl										
Docks Restoration										
Fencing, Perimeter - Aluminum										
Gates & Operators, Barrier							17,000			
Irrigation Allowance										
Landscaping Allowance										
Paint Exteriors, Common Buildings			2,288							2,288
Paint Exteriors, Residential Buildings		98,600	98,600						98,600	98,600
Pool Deck Brick Pavers										
Pool Deck Fencing & Gates										
Pool Interior Resurfacing & Tile				10,336						
Railings Repair/Replacement										
Roof Replacement, Tile										
Security System Modernization				16,065						
	0	98,600	100,888	26,401	0	19,122	17,000	0	98,600	100,888

Sample Condominium Association

Analysis Date - January 1, 2015

Expenditures - Description Through 2035

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Asphalt Overlay		43,684								
Balconies Resurfacing										19,122
Brick Pavers, Common Parking/Circl							100,000			
Docks Restoration		100,000								
Fencing, Perimeter - Aluminum							130,772			
Gates & Operators, Barrier										
Irrigation Allowance		10,000								
Landscaping Allowance		10,000								
Paint Exteriors, Common Buildings							2,288			
Paint Exteriors, Residential Buildings						98,600	98,600			
Pool Deck Brick Pavers							31,440			
Pool Deck Fencing & Gates							9,068			
Pool Interior Resurfacing & Tile						10,336				
Railings Repair/Replacement										94,384
Roof Replacement, Tile										
Security System Modernization						16,065				
	0	163,684	0	0	0	125,001	372,169	0	0	113,506

Sample Condominium Association

Analysis Date - January 1, 2015

Expenditures - Description Through 2035

Description	2034	2035								
Asphalt Overlay										
Balconies Resurfacing										
Brick Pavers, Common Parking/Circl										
Docks Restoration										
Fencing, Perimeter - Aluminum										
Gates & Operators, Barrier		17,000								
Irrigation Allowance										
Landscaping Allowance										
Paint Exteriors, Common Buildings										
Paint Exteriors, Residential Buildings										
Pool Deck Brick Pavers										
Pool Deck Fencing & Gates										
Pool Interior Resurfacing & Tile										
Railings Repair/Replacement										
Roof Replacement, Tile		1,123,688								
Security System Modernization										
	0	1,140,688	0	0	0	0	0	0	0	0

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2015	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	491,369.05	7,280.00	371.26	0.00	499,020.31
February	499,020.31	7,280.00	340.02	98,600.00	408,040.33
March	408,040.33	7,280.00	308.76	0.00	415,629.09
April	415,629.09	7,280.00	314.45	0.00	423,223.54
May	423,223.54	7,280.00	320.15	0.00	430,823.69
June	430,823.69	7,280.00	325.85	0.00	438,429.54
July	438,429.54	7,280.00	331.55	0.00	446,041.09
August	446,041.09	7,280.00	337.26	0.00	453,658.35
September	453,658.35	7,280.00	342.97	0.00	461,281.32
October	461,281.32	7,280.00	348.69	0.00	468,910.01
November	468,910.01	7,280.00	354.41	0.00	476,544.42
December	476,544.42	7,280.00	360.14	0.00	484,184.56
	\$ 491,369.05	\$ 87,360.00	\$ 4,055.51	\$ 98,600.00	\$ 484,184.56

2016	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	484,184.56	7,280.00	365.87	0.00	491,830.43
February	491,830.43	7,280.00	333.77	100,888.50	398,555.70
March	398,555.70	7,280.00	301.65	0.00	406,137.35
April	406,137.35	7,280.00	307.33	0.00	413,724.68
May	413,724.68	7,280.00	313.02	0.00	421,317.70
June	421,317.70	7,280.00	318.72	0.00	428,916.42
July	428,916.42	7,280.00	324.42	0.00	436,520.84
August	436,520.84	7,280.00	330.12	0.00	444,130.96
September	444,130.96	7,280.00	335.83	0.00	451,746.79
October	451,746.79	7,280.00	341.54	0.00	459,368.33
November	459,368.33	7,280.00	347.26	0.00	466,995.59
December	466,995.59	7,280.00	352.98	0.00	474,628.57
	\$ 484,184.56	\$ 87,360.00	\$ 3,972.51	\$ 100,888.50	\$ 474,628.57

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2017	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	474,628.57	7,280.00	358.70	0.00	482,267.27
February	482,267.27	7,280.00	354.53	26,401.00	463,500.80
March	463,500.80	7,280.00	350.36	0.00	471,131.16
April	471,131.16	7,280.00	356.08	0.00	478,767.24
May	478,767.24	7,280.00	361.81	0.00	486,409.05
June	486,409.05	7,280.00	367.54	0.00	494,056.59
July	494,056.59	7,280.00	373.27	0.00	501,709.86
August	501,709.86	7,280.00	379.01	0.00	509,368.87
September	509,368.87	7,280.00	384.76	0.00	517,033.63
October	517,033.63	7,280.00	390.51	0.00	524,704.14
November	524,704.14	7,280.00	396.26	0.00	532,380.40
December	532,380.40	7,280.00	402.02	0.00	540,062.42
	\$ 474,628.57	\$ 87,360.00	\$ 4,474.85	\$ 26,401.00	\$ 540,062.42

2018	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	540,062.42	7,280.00	407.78	0.00	547,750.20
February	547,750.20	7,280.00	413.54	0.00	555,443.74
March	555,443.74	7,280.00	419.31	0.00	563,143.05
April	563,143.05	7,280.00	425.09	0.00	570,848.14
May	570,848.14	7,280.00	430.87	0.00	578,559.01
June	578,559.01	7,280.00	436.65	0.00	586,275.66
July	586,275.66	7,280.00	442.44	0.00	593,998.10
August	593,998.10	7,280.00	448.23	0.00	601,726.33
September	601,726.33	7,280.00	454.02	0.00	609,460.35
October	609,460.35	7,280.00	459.83	0.00	617,200.18
November	617,200.18	7,280.00	465.63	0.00	624,945.81
December	624,945.81	7,280.00	471.44	0.00	632,697.25
	\$ 540,062.42	\$ 87,360.00	\$ 5,274.83	\$ 0.00	\$ 632,697.25

2019	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	632,697.25	7,280.00	477.25	0.00	640,454.50
February	640,454.50	7,280.00	475.90	19,122.60	629,087.80
March	629,087.80	7,280.00	474.55	0.00	636,842.35
April	636,842.35	7,280.00	480.36	0.00	644,602.71
May	644,602.71	7,280.00	486.18	0.00	652,368.89
June	652,368.89	7,280.00	492.01	0.00	660,140.90
July	660,140.90	7,280.00	497.84	0.00	667,918.74
August	667,918.74	7,280.00	503.67	0.00	675,702.41
September	675,702.41	7,280.00	509.51	0.00	683,491.92
October	683,491.92	7,280.00	515.35	0.00	691,287.27
November	691,287.27	7,280.00	521.20	0.00	699,088.47
December	699,088.47	7,280.00	527.05	0.00	706,895.52
	\$ 632,697.25	\$ 87,360.00	\$ 5,960.87	\$ 19,122.60	\$ 706,895.52

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2020	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	706,895.52	7,280.00	532.90	0.00	714,708.42
February	714,708.42	7,280.00	532.39	17,000.00	705,520.81
March	705,520.81	7,280.00	531.87	0.00	713,332.68
April	713,332.68	7,280.00	537.73	0.00	721,150.41
May	721,150.41	7,280.00	543.59	0.00	728,974.00
June	728,974.00	7,280.00	549.46	0.00	736,803.46
July	736,803.46	7,280.00	555.33	0.00	744,638.79
August	744,638.79	7,280.00	561.21	0.00	752,480.00
September	752,480.00	7,280.00	567.09	0.00	760,327.09
October	760,327.09	7,280.00	572.98	0.00	768,180.07
November	768,180.07	7,280.00	578.87	0.00	776,038.94
December	776,038.94	7,280.00	584.76	0.00	783,903.70
	\$ 706,895.52	\$ 87,360.00	\$ 6,648.18	\$ 17,000.00	\$ 783,903.70

2021	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	783,903.70	7,280.00	590.66	0.00	791,774.36
February	791,774.36	7,280.00	596.56	0.00	799,650.92
March	799,650.92	7,280.00	602.47	0.00	807,533.39
April	807,533.39	7,280.00	608.38	0.00	815,421.77
May	815,421.77	7,280.00	614.30	0.00	823,316.07
June	823,316.07	7,280.00	620.22	0.00	831,216.29
July	831,216.29	7,280.00	626.14	0.00	839,122.43
August	839,122.43	7,280.00	632.07	0.00	847,034.50
September	847,034.50	7,280.00	638.01	0.00	854,952.51
October	854,952.51	7,280.00	643.94	0.00	862,876.45
November	862,876.45	7,280.00	649.89	0.00	870,806.34
December	870,806.34	7,280.00	655.83	0.00	878,742.17
	\$ 783,903.70	\$ 87,360.00	\$ 7,478.47	\$ 0.00	\$ 878,742.17

2022	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	878,742.17	7,280.00	661.79	0.00	886,683.96
February	886,683.96	7,280.00	630.77	98,600.00	795,994.73
March	795,994.73	7,280.00	599.73	0.00	803,874.46
April	803,874.46	7,280.00	605.64	0.00	811,760.10
May	811,760.10	7,280.00	611.55	0.00	819,651.65
June	819,651.65	7,280.00	617.47	0.00	827,549.12
July	827,549.12	7,280.00	623.39	0.00	835,452.51
August	835,452.51	7,280.00	629.32	0.00	843,361.83
September	843,361.83	7,280.00	635.25	0.00	851,277.08
October	851,277.08	7,280.00	641.19	0.00	859,198.27
November	859,198.27	7,280.00	647.13	0.00	867,125.40
December	867,125.40	7,280.00	653.07	0.00	875,058.47
	\$ 878,742.17	\$ 87,360.00	\$ 7,556.30	\$ 98,600.00	\$ 875,058.47

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2023	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	875,058.47	7,280.00	659.02	0.00	882,997.49
February	882,997.49	7,280.00	627.14	100,888.50	790,016.13
March	790,016.13	7,280.00	595.24	0.00	797,891.37
April	797,891.37	7,280.00	601.15	0.00	805,772.52
May	805,772.52	7,280.00	607.06	0.00	813,659.58
June	813,659.58	7,280.00	612.97	0.00	821,552.55
July	821,552.55	7,280.00	618.89	0.00	829,451.44
August	829,451.44	7,280.00	624.82	0.00	837,356.26
September	837,356.26	7,280.00	630.75	0.00	845,267.01
October	845,267.01	7,280.00	636.68	0.00	853,183.69
November	853,183.69	7,280.00	642.62	0.00	861,106.31
December	861,106.31	7,280.00	648.56	0.00	869,034.87
	\$ 875,058.47	\$ 87,360.00	\$ 7,504.90	\$ 100,888.50	\$ 869,034.87

2024	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	869,034.87	7,280.00	654.51	0.00	876,969.38
February	876,969.38	7,280.00	660.46	0.00	884,909.84
March	884,909.84	7,280.00	666.41	0.00	892,856.25
April	892,856.25	7,280.00	672.37	0.00	900,808.62
May	900,808.62	7,280.00	678.34	0.00	908,766.96
June	908,766.96	7,280.00	684.31	0.00	916,731.27
July	916,731.27	7,280.00	690.28	0.00	924,701.55
August	924,701.55	7,280.00	696.26	0.00	932,677.81
September	932,677.81	7,280.00	702.24	0.00	940,660.05
October	940,660.05	7,280.00	708.23	0.00	948,648.28
November	948,648.28	7,280.00	714.22	0.00	956,642.50
December	956,642.50	7,280.00	720.21	0.00	964,642.71
	\$ 869,034.87	\$ 87,360.00	\$ 8,247.84	\$ 0.00	\$ 964,642.71

2025	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	964,642.71	7,280.00	726.21	0.00	972,648.92
February	972,648.92	7,280.00	670.84	163,684.00	816,915.76
March	816,915.76	7,280.00	615.42	0.00	824,811.18
April	824,811.18	7,280.00	621.34	0.00	832,712.52
May	832,712.52	7,280.00	627.26	0.00	840,619.78
June	840,619.78	7,280.00	633.19	0.00	848,532.97
July	848,532.97	7,280.00	639.13	0.00	856,452.10
August	856,452.10	7,280.00	645.07	0.00	864,377.17
September	864,377.17	7,280.00	651.01	0.00	872,308.18
October	872,308.18	7,280.00	656.96	0.00	880,245.14
November	880,245.14	7,280.00	662.91	0.00	888,188.05
December	888,188.05	7,280.00	668.87	0.00	896,136.92
	\$ 964,642.71	\$ 87,360.00	\$ 7,818.21	\$ 163,684.00	\$ 896,136.92

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2026	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	896,136.92	7,280.00	674.83	0.00	904,091.75
February	904,091.75	7,280.00	680.80	0.00	912,052.55
March	912,052.55	7,280.00	686.77	0.00	920,019.32
April	920,019.32	7,280.00	692.74	0.00	927,992.06
May	927,992.06	7,280.00	698.72	0.00	935,970.78
June	935,970.78	7,280.00	704.71	0.00	943,955.49
July	943,955.49	7,280.00	710.70	0.00	951,946.19
August	951,946.19	7,280.00	716.69	0.00	959,942.88
September	959,942.88	7,280.00	722.69	0.00	967,945.57
October	967,945.57	7,280.00	728.69	0.00	975,954.26
November	975,954.26	7,280.00	734.70	0.00	983,968.96
December	983,968.96	7,280.00	740.71	0.00	991,989.67
	\$ 896,136.92	\$ 87,360.00	\$ 8,492.75	\$ 0.00	\$ 991,989.67

2027	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	991,989.67	7,280.00	746.72	0.00	1,000,016.39
February	1,000,016.39	7,280.00	752.74	0.00	1,008,049.13
March	1,008,049.13	7,280.00	758.77	0.00	1,016,087.90
April	1,016,087.90	7,280.00	764.80	0.00	1,024,132.70
May	1,024,132.70	7,280.00	770.83	0.00	1,032,183.53
June	1,032,183.53	7,280.00	776.87	0.00	1,040,240.40
July	1,040,240.40	7,280.00	782.91	0.00	1,048,303.31
August	1,048,303.31	7,280.00	788.96	0.00	1,056,372.27
September	1,056,372.27	7,280.00	795.01	0.00	1,064,447.28
October	1,064,447.28	7,280.00	801.07	0.00	1,072,528.35
November	1,072,528.35	7,280.00	807.13	0.00	1,080,615.48
December	1,080,615.48	7,280.00	813.19	0.00	1,088,708.67
	\$ 991,989.67	\$ 87,360.00	\$ 9,359.00	\$ 0.00	\$ 1,088,708.67

2028	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	1,088,708.67	7,280.00	819.26	0.00	1,096,807.93
February	1,096,807.93	7,280.00	825.34	0.00	1,104,913.27
March	1,104,913.27	7,280.00	831.41	0.00	1,113,024.68
April	1,113,024.68	7,280.00	837.50	0.00	1,121,142.18
May	1,121,142.18	7,280.00	843.59	0.00	1,129,265.77
June	1,129,265.77	7,280.00	849.68	0.00	1,137,395.45
July	1,137,395.45	7,280.00	855.78	0.00	1,145,531.23
August	1,145,531.23	7,280.00	861.88	0.00	1,153,673.11
September	1,153,673.11	7,280.00	867.98	0.00	1,161,821.09
October	1,161,821.09	7,280.00	874.10	0.00	1,169,975.19
November	1,169,975.19	7,280.00	880.21	0.00	1,178,135.40
December	1,178,135.40	7,280.00	886.33	0.00	1,186,301.73
	\$ 1,088,708.67	\$ 87,360.00	\$ 10,233.06	\$ 0.00	\$ 1,186,301.73

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2029	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	1,186,301.73	7,280.00	892.46	0.00	1,194,474.19
February	1,194,474.19	7,280.00	851.71	125,001.00	1,077,604.90
March	1,077,604.90	7,280.00	810.93	0.00	1,085,695.83
April	1,085,695.83	7,280.00	817.00	0.00	1,093,792.83
May	1,093,792.83	7,280.00	823.07	0.00	1,101,895.90
June	1,101,895.90	7,280.00	829.15	0.00	1,110,005.05
July	1,110,005.05	7,280.00	835.23	0.00	1,118,120.28
August	1,118,120.28	7,280.00	841.32	0.00	1,126,241.60
September	1,126,241.60	7,280.00	847.41	0.00	1,134,369.01
October	1,134,369.01	7,280.00	853.51	0.00	1,142,502.52
November	1,142,502.52	7,280.00	859.61	0.00	1,150,642.13
December	1,150,642.13	7,280.00	865.71	0.00	1,158,787.84
	\$ 1,186,301.73	\$ 87,360.00	\$ 10,127.11	\$ 125,001.00	\$ 1,158,787.84

2030	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	1,158,787.84	7,280.00	871.82	0.00	1,166,939.66
February	1,166,939.66	7,280.00	738.37	372,169.70	802,788.33
March	802,788.33	7,280.00	604.82	0.00	810,673.15
April	810,673.15	7,280.00	610.73	0.00	818,563.88
May	818,563.88	7,280.00	616.65	0.00	826,460.53
June	826,460.53	7,280.00	622.58	0.00	834,363.11
July	834,363.11	7,280.00	628.50	0.00	842,271.61
August	842,271.61	7,280.00	634.43	0.00	850,186.04
September	850,186.04	7,280.00	640.37	0.00	858,106.41
October	858,106.41	7,280.00	646.31	0.00	866,032.72
November	866,032.72	7,280.00	652.25	0.00	873,964.97
December	873,964.97	7,280.00	658.20	0.00	881,903.17
	\$ 1,158,787.84	\$ 87,360.00	\$ 7,925.03	\$ 372,169.70	\$ 881,903.17

2031	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	881,903.17	7,280.00	664.16	0.00	889,847.33
February	889,847.33	7,280.00	670.12	0.00	897,797.45
March	897,797.45	7,280.00	676.08	0.00	905,753.53
April	905,753.53	7,280.00	682.05	0.00	913,715.58
May	913,715.58	7,280.00	688.02	0.00	921,683.60
June	921,683.60	7,280.00	693.99	0.00	929,657.59
July	929,657.59	7,280.00	699.97	0.00	937,637.56
August	937,637.56	7,280.00	705.96	0.00	945,623.52
September	945,623.52	7,280.00	711.95	0.00	953,615.47
October	953,615.47	7,280.00	717.94	0.00	961,613.41
November	961,613.41	7,280.00	723.94	0.00	969,617.35
December	969,617.35	7,280.00	729.94	0.00	977,627.29
	\$ 881,903.17	\$ 87,360.00	\$ 8,364.12	\$ 0.00	\$ 977,627.29

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2032	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	977,627.29	7,280.00	735.95	0.00	985,643.24
February	985,643.24	7,280.00	741.96	0.00	993,665.20
March	993,665.20	7,280.00	747.98	0.00	1,001,693.18
April	1,001,693.18	7,280.00	754.00	0.00	1,009,727.18
May	1,009,727.18	7,280.00	760.03	0.00	1,017,767.21
June	1,017,767.21	7,280.00	766.06	0.00	1,025,813.27
July	1,025,813.27	7,280.00	772.09	0.00	1,033,865.36
August	1,033,865.36	7,280.00	778.13	0.00	1,041,923.49
September	1,041,923.49	7,280.00	784.17	0.00	1,049,987.66
October	1,049,987.66	7,280.00	790.22	0.00	1,058,057.88
November	1,058,057.88	7,280.00	796.27	0.00	1,066,134.15
December	1,066,134.15	7,280.00	802.33	0.00	1,074,216.48
	\$ 977,627.29	\$ 87,360.00	\$ 9,229.19	\$ 0.00	\$ 1,074,216.48

2033	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	1,074,216.48	7,280.00	808.39	0.00	1,082,304.87
February	1,082,304.87	7,280.00	771.89	113,506.60	976,850.16
March	976,850.16	7,280.00	735.37	0.00	984,865.53
April	984,865.53	7,280.00	741.38	0.00	992,886.91
May	992,886.91	7,280.00	747.40	0.00	1,000,914.31
June	1,000,914.31	7,280.00	753.42	0.00	1,008,947.73
July	1,008,947.73	7,280.00	759.44	0.00	1,016,987.17
August	1,016,987.17	7,280.00	765.47	0.00	1,025,032.64
September	1,025,032.64	7,280.00	771.50	0.00	1,033,084.14
October	1,033,084.14	7,280.00	777.54	0.00	1,041,141.68
November	1,041,141.68	7,280.00	783.59	0.00	1,049,205.27
December	1,049,205.27	7,280.00	789.63	0.00	1,057,274.90
	\$ 1,074,216.48	\$ 87,360.00	\$ 9,205.02	\$ 113,506.60	\$ 1,057,274.90

2034	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	1,057,274.90	7,280.00	795.69	0.00	1,065,350.59
February	1,065,350.59	7,280.00	801.74	0.00	1,073,432.33
March	1,073,432.33	7,280.00	807.80	0.00	1,081,520.13
April	1,081,520.13	7,280.00	813.87	0.00	1,089,614.00
May	1,089,614.00	7,280.00	819.94	0.00	1,097,713.94
June	1,097,713.94	7,280.00	826.02	0.00	1,105,819.96
July	1,105,819.96	7,280.00	832.09	0.00	1,113,932.05
August	1,113,932.05	7,280.00	838.18	0.00	1,122,050.23
September	1,122,050.23	7,280.00	844.27	0.00	1,130,174.50
October	1,130,174.50	7,280.00	850.36	0.00	1,138,304.86
November	1,138,304.86	7,280.00	856.46	0.00	1,146,441.32
December	1,146,441.32	7,280.00	862.56	0.00	1,154,583.88
	\$ 1,057,274.90	\$ 87,360.00	\$ 9,948.98	\$ 0.00	\$ 1,154,583.88

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Monthly

2035	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	1,154,583.88	7,280.00	868.67	0.00	1,162,732.55
February	1,162,732.55	7,280.00	447.02	1,140,688.00	29,771.57
March	29,771.57	7,280.00	25.06	0.00	37,076.63
April	37,076.63	7,280.00	30.54	0.00	44,387.17
May	44,387.17	7,280.00	36.02	0.00	51,703.19
June	51,703.19	7,280.00	41.51	0.00	59,024.70
July	59,024.70	7,280.00	47.00	0.00	66,351.70
August	66,351.70	7,280.00	52.49	0.00	73,684.19
September	73,684.19	7,280.00	57.99	0.00	81,022.18
October	81,022.18	7,280.00	63.50	0.00	88,365.68
November	88,365.68	7,280.00	69.00	0.00	95,714.68
December	95,714.68	7,280.00	74.52	0.00	103,069.20
	\$ 1,154,583.88	\$ 87,360.00	\$ 1,813.32	\$ 1,140,688.00	\$ 103,069.20

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/14 - 12/14	\$ 400,000.00	\$ 87,360.00	\$ 4,009.05	\$ 0.00	\$ 491,369.05
01/15 - 12/15	491,369.05	87,360.00	4,055.51	98,600.00	484,184.56
01/16 - 12/16	484,184.56	87,360.00	3,972.51	100,888.50	474,628.57
01/17 - 12/17	474,628.57	87,360.00	4,474.85	26,401.00	540,062.42
01/18 - 12/18	540,062.42	87,360.00	5,274.83	0.00	632,697.25
01/19 - 12/19	632,697.25	87,360.00	5,960.87	19,122.60	706,895.52
01/20 - 12/20	706,895.52	87,360.00	6,648.18	17,000.00	783,903.70
01/21 - 12/21	783,903.70	87,360.00	7,478.47	0.00	878,742.17
01/22 - 12/22	878,742.17	87,360.00	7,556.30	98,600.00	875,058.47
01/23 - 12/23	875,058.47	87,360.00	7,504.90	100,888.50	869,034.87
	\$ 400,000.00	\$ 873,600.00	\$ 56,935.47	\$ 461,500.60	\$ 869,034.87

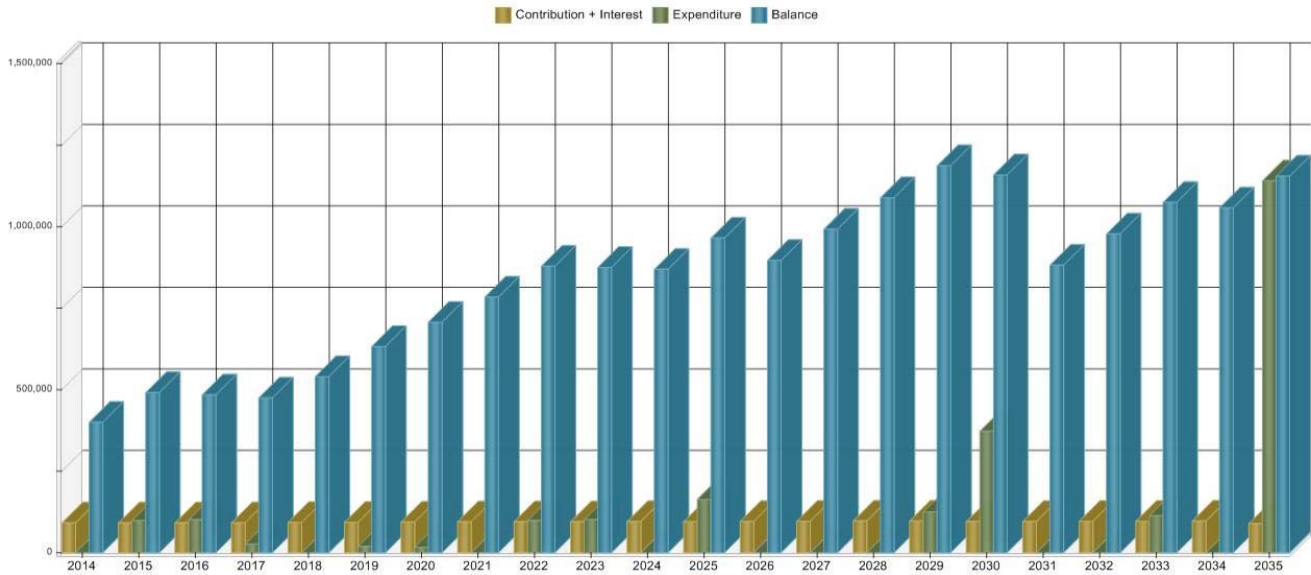
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/24 - 12/24	869,034.87	87,360.00	8,247.84	0.00	964,642.71
01/25 - 12/25	964,642.71	87,360.00	7,818.21	163,684.00	896,136.92
01/26 - 12/26	896,136.92	87,360.00	8,492.75	0.00	991,989.67
01/27 - 12/27	991,989.67	87,360.00	9,359.00	0.00	1,088,708.67
01/28 - 12/28	1,088,708.67	87,360.00	10,233.06	0.00	1,186,301.73
01/29 - 12/29	1,186,301.73	87,360.00	10,127.11	125,001.00	1,158,787.84
01/30 - 12/30	1,158,787.84	87,360.00	7,925.03	372,169.70	881,903.17
01/31 - 12/31	881,903.17	87,360.00	8,364.12	0.00	977,627.29
01/32 - 12/32	977,627.29	87,360.00	9,229.19	0.00	1,074,216.48
01/33 - 12/33	1,074,216.48	87,360.00	9,205.02	113,506.60	1,057,274.90
	\$ 869,034.87	\$ 873,600.00	\$ 89,001.33	\$ 774,361.30	\$ 1,057,274.90

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/34 - 12/34	1,057,274.90	87,360.00	9,948.98	0.00	1,154,583.88
01/35 - 12/35	1,154,583.88	87,360.00	1,813.32	1,140,688.00	103,069.20
	\$ 1,057,274.90	\$ 174,720.00	\$ 11,762.30	\$ 1,140,688.00	\$ 103,069.20

Sample Condominium Association

Analysis Date - January 1, 2015

Cash Flow - Chart



Sample Condominium Association

Analysis Date - January 1, 2015

Supplementary Information on Future Major Repairs and Replacements

Components by Category	Estimated Remaining Useful Lives Life YY:MM	Estimated Current Replacement Cost	2014 Funding Requirement	Components of Fund Balance at 12/31/2013
Buildings				
Railings Repair/Replacement	19:01	\$ 94,384	\$ 3,308	\$ 19,714
		\$ 94,384	\$ 3,308	\$ 19,714
Clubhouse				
Security System Modernization	3:01	16,065	1,316	3,356
		16,065	1,316	3,356
Painting & Waterproofing				
Paint Exteriors, Residential Buildings	1:01 - 2:01	197,200	27,657	41,190
		197,200	27,657	41,190
Painting/Waterproofing				
Balconies Resurfacing	5:01	19,123	1,343	3,994
Paint Exteriors, Common Buildings	2:01	2,289	320	478
		21,412	1,663	4,472
Pavement				
Asphalt Overlay	11:01	43,684	2,147	9,124
Brick Pavers, Common Parking/Circle	16:01	100,000	3,929	20,887
		143,684	6,076	30,011
Roofing				
Roof Replacement, Tile	21:01	1,123,688	36,776	234,707
		1,123,688	36,776	234,707
Site Improvements				
Docks Restoration	11:01	100,000	4,907	20,887
Fencing, Perimeter - Aluminum	16:01	130,773	5,135	27,315

**Supplementary Information
on Future Major Repairs and Replacements**

Components by Category	Estimated Remaining Useful Lives Life YY:MM	Estimated Current Replacement Cost	2014 Funding Requirement	Components of Fund Balance at 12/31/2013
Site Improvements				
Gates & Operators, Barrier	6:01	\$ 17,000	\$ 1,115	\$ 3,551
Irrigation Allowance	11:01	10,000	493	2,089
Landscaping Allowance	11:01	10,000	493	2,089
Pool Deck Brick Pavers	16:01	31,440	1,233	6,567
Pool Deck Fencing & Gates	16:01	9,069	356	1,894
Pool Interior Resurfacing & Tile	3:01	10,336	850	2,159
		318,618	14,582	66,551
		\$ 1,915,051	\$ 91,378	\$ 400,000

Addendum

Chapter 718 & 719 Florida Statutes

The Condominium Act, 1995 The Cooperative Act, 1997

CONDOMINIUMS 718.112 (2)(f) 2 & 3
COOPERATIVES 719.106 (1)(j) 2 & 3

2. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to take into account any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. This subsection does not apply to budgets in which the members of an association have, by a majority vote at a duly called meeting of the association, determined for a fiscal year to provide no reserves or reserves less adequate than required by this subsection. However, prior to turnover of control of an association by a developer to unit owners other than a developer pursuant to s. 718.301, the developer may vote to waive the reserves or reduce the funding of reserves for the first 2 years of the operation of the association, after which time reserves may only be waived or reduced upon the vote of a majority of all nondeveloper voting interests voting in person or by limited proxy at a duly called meeting of the association. If a meeting of the unit owners has been called to determine to provide no reserves or reserves less adequate than required, and such result is not attained or a quorum is not attained, the reserves as included in the budget shall go into effect.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a vote of the majority of the voting interests, voting in person or by limited proxy at a duly called meeting of the association. Prior to turnover of control of an association by a developer to unit owners other than the developer pursuant to s 718.301, the developer-controlled association shall not vote to use reserves for purposes other than that for which they were intended without the approval of a majority of all nondeveloper voting interests, voting in person or by limited proxy at a duly called meeting of the association.

Florida Administrative Code Reserve Requirements

61B-22.001 Definitions. For the purposes of this chapter, the following definitions shall apply:

(2) “Capital expenditure” means an expenditure of funds for the purchase of an asset whose life is greater than one year in length, or the replacement of an asset whose life is greater than one year in length, or the addition to an asset which extends the life of the previously existing asset for a period greater than one year.

(3) “Deferred maintenance” means any maintenance or repair that will be performed less frequently than yearly and will result in maintaining the life of an asset; and

(4) “Reserves” means any funds which are restricted for deferred maintenance and capital expenditures, including the items required by section 718.112(2)(f)2, Florida Statutes, and any other funds restricted as to use by the condominium documents or the condominium association. “Contingency reserves” which are not restricted as to use by the condominium documents or by the association shall not be considered reserves within the meaning of this rule.

61B-22.003 Budgets. Required elements for estimated operating budgets. The budget for each association shall:

(d) Include all estimated common expenses or expenditures of the association including the categories set forth in section 718.504(20)(c), Florida Statutes. Reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f), Florida Statutes, must be included in the proposed annual budget and shall not be waived or reduced prior to the mailing to unit owners of a proposed annual budget. If the estimated common expense for any category set forth in the statute is not applicable, the category shall be listed followed by an indication that the expense is not applicable;

(e) Include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures;

1. The total estimated useful life of the asset;
2. The estimated remaining useful life of the asset;
3. The estimated replacement cost or deferred maintenance expense of the asset;
4. The estimated fund balance as of the beginning of the period for which the budget will be in effect; and,
5. The developer’s total funding obligation, when all units are sold, for each converter reserve account established pursuant to section 718.618, Florida Statutes, if applicable.

(f) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures;

1. The intended use of the restricted funds; and
2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.

(g) “Contingency reserves” and any other categories of expense which are not restricted as to use shall be stated in the operating portion of the budget rather than the reserve portion of the budget.

61B-22.005 Reserves. Reserves required by statute. Reserves required by section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost of an item exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the replacement cost of an item exceeds \$10,000, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but is not required to do so.

61B-22.0051 Estimating Reserve Requirements.

- (1) Formula for calculation of reserves required by statute. Reserves for deferred maintenance and capital expenditures required by section 718.112(2)(f), Florida Statutes, shall be calculated using a formula which will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost for an asset over the remaining useful life of the asset. The formula shall provide funds in annual increments and may be adjusted each year for changes in estimates. The formula may consider such factors as inflation and interest or other earnings rates, but must include the following:
 - (a) The estimated remaining useful life of the asset;
 - (b) The estimated deferred maintenance expense or estimated replacement cost of the asset; and,
 - (c) The estimated fund balance of the reserve account as of the beginning of the period for which the budget will be in effect.
- (2) Estimating reserves which are not required by statute. Reserves which are not required by section 718.112(2)(f), Florida Statutes, are not required to be based on any specific formula.
- (3) Estimating reserves when the developer is funding converted reserves. For the purpose of estimating non-converter reserves the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to section 718.618, Florida Statutes, shall be the sum of:
 - (a) The developer's total funding obligation, when all units are sold, for the converter reserve account pursuant to section 718.618, Florida Statutes,; and,
 - (b) The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect.

61B-22.0052 Funding Requirements and Restrictions on Use.

- (1) Timely funding. Reserves included in the adopted budget are common expenses and must be fully funded unless properly waived or reduced. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly).
- (2) Restrictions on use. Reserves required by section 718.112(2)(f), Florida Statutes, and other reserves included on the adopted budget, shall only be used for the purposes for

which they were intended unless their use for other purposes is approved in advance by the unit owners according to section 718.112(2)(f)3, Florida Statutes. In a multi-condominium association, the same procedures which are specified for the waiving or reduction of reserves shall apply where an association seeks to use reserve funds for purposes other than which the funds were originally reserved. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

61B-22.0053 Waiver of Reserves.

- (1) Annual vote required to waive reserves. Any vote to waive or reduce reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f)2, Florida Statutes, shall be effective for only one annual budget, and the vote must be taken annually. Additionally, in a multi-condominium association, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which a majority of the voting interests in that condominium are present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves.
- (2) Developer voting restrictions. Prior to turnover, the developer may cast votes to waive or reduce reserves during the first two fiscal years only, beginning with the date of the recording of the declaration. In the case of a multi-condominium association, this restriction applies to the association's first two fiscal years beginning with the recording of the initial declaration.

61B-22.006 Financial Reporting Requirements.

- (3) Disclosure requirements. The financial statements required by sections 718.111(14) and 718.301(4), Florida Statutes, shall contain the following disclosures within the financial statements, notes, or supplementary information:
 - (a) The following reserve disclosures shall be made regardless of whether reserves have been waived for the fiscal period covered by the financial statements:
 1. The beginning balance in each reserve account as of the beginning of the fiscal period covered by the financial statements;
 2. The amount of assessments and other additions to each reserve account, including authorized transfers from other reserve accounts;
 3. The amount expended or removed from each reserve account, including authorized transfers to other reserve accounts;
 4. The ending balance in each reserve account as of the end of the fiscal period covered by the financial statements;
 5. The manner by which reserve items were estimated, the date the estimates were last made, the association's policies for allocating reserve fund interest, and whether reserves have been waived during the period covered by the financial statements; and,
 6. If the developer has established converter reserves pursuant to section 718.618(1), Florida Statutes, each converter reserve account shall be identified and include the disclosures required by this rule.

Chapter 61B – 22, Florida Administrative Code
Summary of Rule Amendments

61B-22.003 Budgets

- Recognizes the use of a pooled account for reserves and provides that a schedule showing each reserve account is not necessary if a pooled account for reserves is used.
- Provides an alternate disclosure method for the use of a pooled account for reserves.

61B-22.005 Reserves

- Recognizes the concept of funding a group of assets using a pooled analysis of two or more required assets and provides requirements and direction related to the pooled account method.
- Clarifies that the chosen reserve funding formula shall not include any type of balloon payment.

Amended Rule Text

61B – 22.003 Budgets

(e) Unless the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures:

(f) If the association maintains a pooled account for reserves required by Section 718.112(2)(f)2.,

Florida Statutes, the association shall include a separate schedule of any pooled reserves with the

following minimum disclosures:

1. The total estimated useful life of each asset within the pooled analysis;
2. The estimated remaining useful life of each asset within the pooled analysis;
3. The estimated replacement cost or deferred maintenance expense of each asset within the pooled analysis; and
4. The estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

(g) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures:

1. The intended use of the restricted funds; and
2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.

61B – 22.005 Reserves

- 1) Reserves required by statute. Reserves required by Section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each

of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but it is not required to do so.

- 2) Commingling operating and reserve funds. Associations that collect operating and reserve assessments as a single payment shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.
- 3) Calculating reserves required by statute. Reserves for deferred maintenance and capital expenditures required by Section 718.112(2)(f), Florida Statutes, shall be calculated using a formula that will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost of an asset or group of assets over the remaining useful life of the asset or group of assets. Funding formulas for reserves required by Section 718.112(2)(f), Florida Statutes, shall be based on either a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.
 - (a) If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations:
 1. The total amount necessary, if any, to bring a negative account balance to \$0; and
 2. The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may consider factors such as inflation and earnings on invested funds.
 - (b) If the association maintains a pooled account of two or more of the required reserve assets, the amount of contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payment.

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 257, or (800) 248-3379 x 257 or fax your request to (407) 805-9921. We will be pleased to provide you with a bid for the three year annual program.