



CAPITAL RESERVE ANALYSTS

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April 4, 2013

Summit Park Condominiums HOA

Regarding: 2012 - Level I Capital Replacement Reserve Study

We are pleased to submit this Level I Reserve Study for Summit Park Condominiums.

If you have questions about the Reserve Study, please contact us at (480) 620-4757. We look forward to doing business with you in the future.

Thank you,

Casey Arnett

Summit Park Condominiums Reserve Study - Level I "Full"



Fiscal Year Beginning: January 1, 2014

Fiscal Year Ending: December 31, 2014

Date Prepared: March 17, 2013

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Executive Summary

The Summit Park Condominiums Capital Replacement Reserve Study identifies the major capital expenditures to be funded out of the Reserve account.

Purpose: The purpose of this study is to provide Summit Park Condominiums with an inventory of the capital assets that require periodic replacement. This study includes current condition assessments and a recommended financial plan to fund for projected replacements and repairs.

Capital Replacement Reserve Study Definition: A Reserve Study is fundamentally the art and science of estimating, and preparing for, major capital asset repair and replacement costs. There are two basic components to a Reserve Study, the Physical Analysis and the Financial Analysis. The Physical Analysis comprises the information about the physical status and repair/replacement costs of the major common area components the client is obligated to maintain. *Component Inventory* items are selected for Reserve Funding if they meet the National Reserve Study Standards four-part test:

- 1) Common area Maintenance Responsibility
- 2) Life Limited
- 3) Predictable Life Limit
- 4) Cost is above a minimum threshold (to be established by the association)

The Financial Analysis is made up of a finding of the client's current *Reserve Fund Status* (measured in cash and Percent Funded) and a recommendation for an appropriate Reserve contribution rate (*Funding Plan*).

Property Description: Summit Park Condominiums is a 124-unit condominium association located in Flagstaff, AZ. Major capital assets include; Asphalt parking lot, 11 buildings, building roofs, and balcony decks.

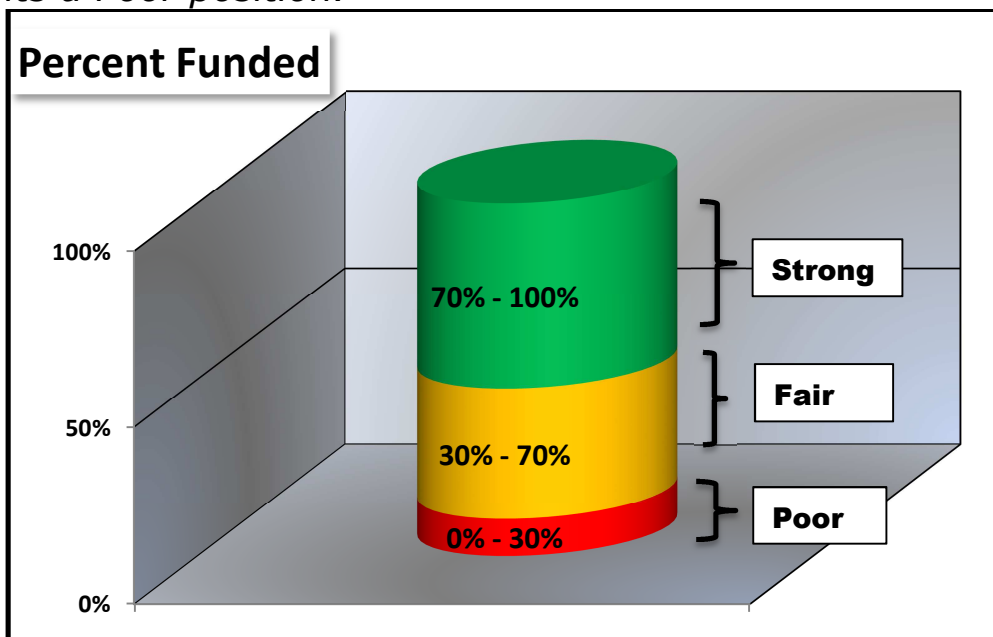
Your Reserve Study was prepared based upon the following financial assumptions:

- Annual Reserve Contribution Increases - 1.25%
- Interest Earned - 1% (to be adjusted with annual updates)
- Inflation on Reserve Items - 3.00% (30-Year Average)
- Client provided reserve account balance of \$108,145 (as of 1/1/2014)
- Report start date of January 1, 2014

Reserve Fund Status

Starting Reserve Balance (1/1/2014)	\$108,145
Fully Funded Balance	\$389,565
Percent Funded	27.8%
2014 Monthly Reserve Contribution	\$4,960
Current Replacement Cost of Assets	\$676,700
Report Start Date	2014

Reserve fund strength is measured as a percentage. The chart below illustrates the percent ranges in 3 categories; Strong, Fair and poor. The Summit Park Condominiums Reserve fund is currently 27.8% this represents a Poor position.



What is our Recommended Funding Goal?

- Full Funding:** maintains the Reserve Fund at a level equal to the physical deterioration that has occurred is called "Full Funding" (100% Funded). As each asset ages and becomes "used up", the Reserve Fund grows proportionally. We have utilized the Full Funding approach for the Summit Park Condominiums Capital Replacement Reserve Study. Entities in the 100% range rarely experience deferred maintenance or the need to raise emergency capital.
- Baseline Funding:** allows the Reserves to fall close to zero, but not below zero. In these instances, deterioration occurs without matching Reserve contributions. With a low Percent Funded, emergency funding and deferred maintenance are common.
- Threshold Funding:** is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Recommended Reserve Contribution:

Background: Summit Park Condominiums was built during 1996-2001 and major common area assets include; building surfaces, asphalt parking lot and asphalt shingle roofs. Per the client's request, this analysis represents a **2014** start date. The 2013 Operating budget has been established with monthly reserve contributions of **\$3,720**. The association plans to increase reserve contributions to **\$4,960** during **2014**. It is our recommendation to increase the \$4,960 by 1.25% annually to keep up with inflation and maintain a strong reserve position. It is our goal to keep or bring the reserve fund to the 100% funded range, maintaining a strong reserve position. Your Reserve Funding Plan, based on all these assumptions, assures that funds for major repairs and replacements will be available when needed. We recommend preparing now with stable monthly contributions rather than face unmanageable capital expenditures in the future.

Methodology:

A Reserve Study is a budgeting tool to help prepare and plan for future expenditures. It should be noted that the projections made in this study are just that, projections and do not predict with 100% surety the future. We do however, use well defined methodologies and extensive research is done in preparation of each Reserve Study. In this Report you will find the Reserve Component List. It contains our estimates for **Useful Life**, **Remaining Useful Life**, and the **current repair or replacement cost** for each major component the client is responsible to maintain or replace. Based on that list and your starting balance we calculated the Reserve Fund Strength, which is measured as "Percent Funded", and created a recommended 30-year Reserve Funding Strategy to offset future Reserve expenditures.

What Physical Assets should be included in the Reserve Study?

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable. Fourth, the component must be above a minimum threshold cost. This means that Reserve Components should be major, predictable expenses. It is incorrect to include "lifetime" components, unpredictable expenses (such as insurance related losses), and expenses more appropriately handled from the Operational Budget.

No items have been reserved for which have an estimated useful life of less than one year or a total cost less than \$500

How are Useful Life and Remaining Useful Life established?

- 1) Visual Inspection (observed wear and age)
- 2) Cost Database of experience and similar projects
- 3) Client Component History
- 4) Vendor Expertise and Recommendations

How are Cost Estimates determined?

Financial projections and our current cost estimates are established in this order:

- 1) Client Cost History
- 2) Comparison to Cost database
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating software

How much should we have in Reserves?

Do you have enough money in Reserves to fund future capital replacements? Reserve adequacy is measured by comparing where you need to be to where you are currently at with respect to Reserves:

- 1) Calculate your Fully Funded Balance (where you need to be).
- 2) Compare to the Reserve Fund Balance (where you currently are), and express as a percentage.

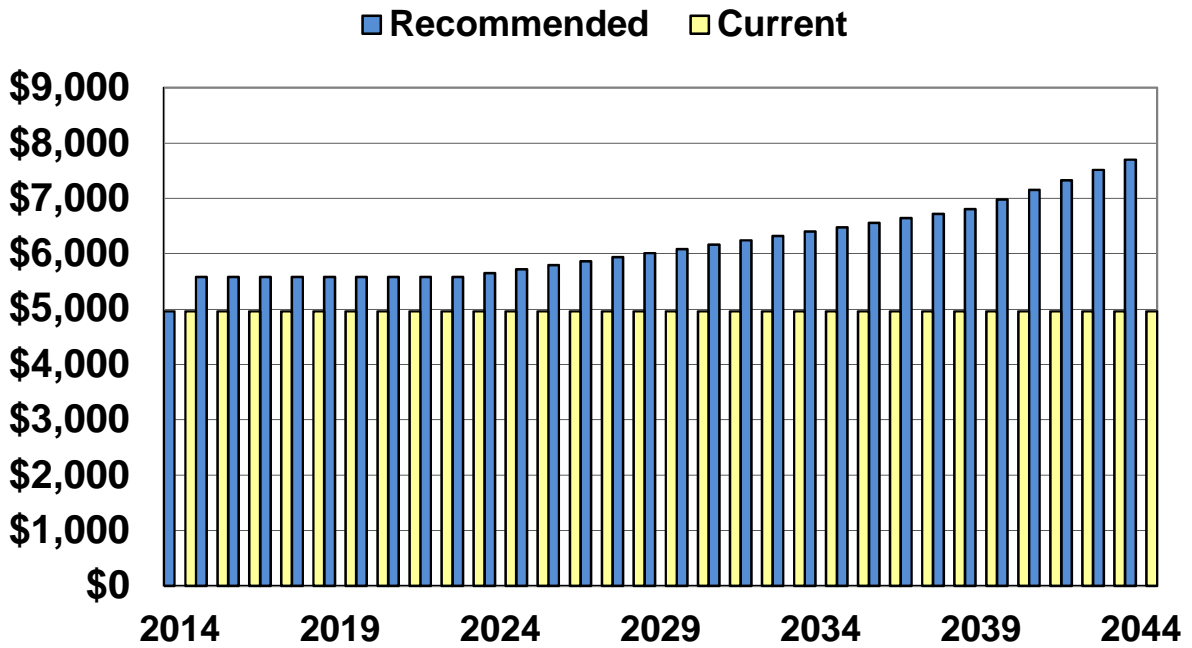
The Fully Funded Balance increases as assets deteriorate and age. The Fully Funded Balance shrinks when projects are completed.

What do we consider when establishing your recommended funding strategy?

We utilize four funding principals in establishing our recommended Reserve Contributions:

1. Ensuring that the client has sufficient funds to perform current reserve projects on time.
2. Put in place a stable contribution rate over the 30-years.
3. Evenly distributed contributions over the years. (Prepare now with manageable monthly contributions rather than face unmanageable expenses in the future)
4. Assist board members and officials in doing their fiduciary duty to guide the entity's future.

30-Year Funding Strategy Monthly Contributions

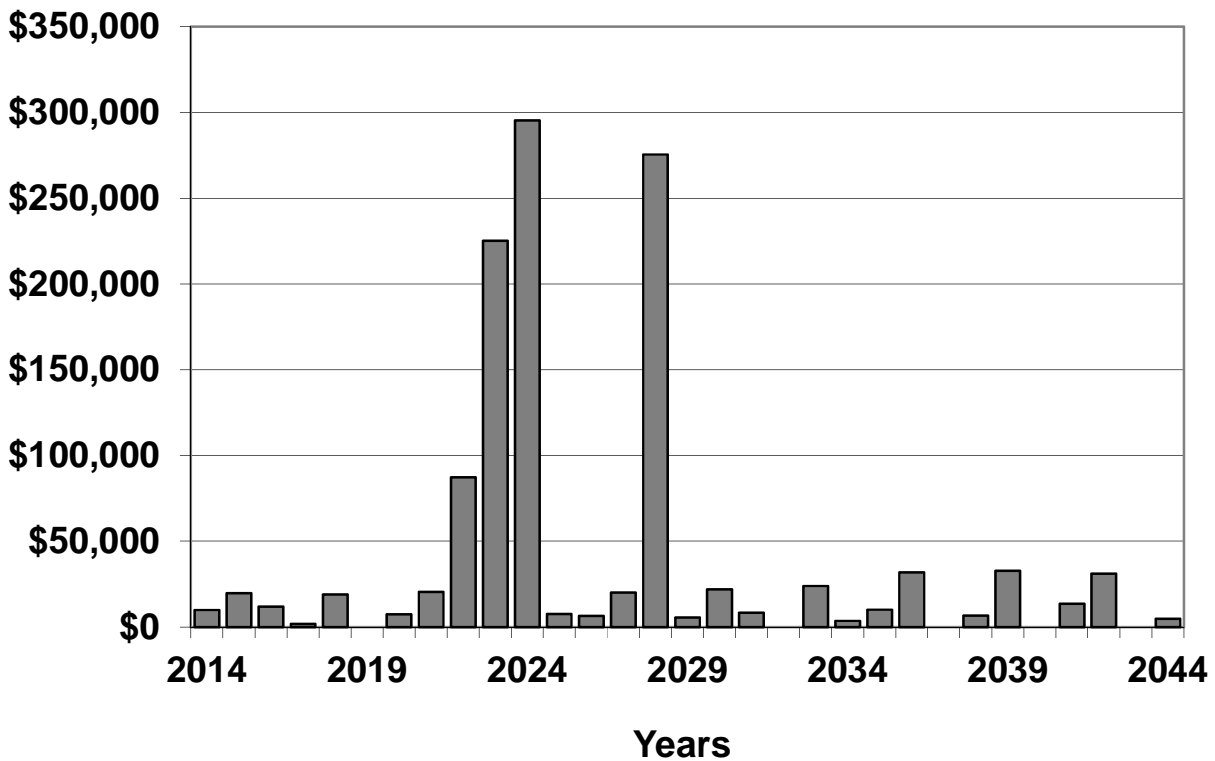


Based on your current Reserve Fund status and a Full Funding goal, we recommend contributing **\$4,960** per month to the Reserve Fund starting during **2014**. These contributions are designed to gradually bring you to the 100% funded level.

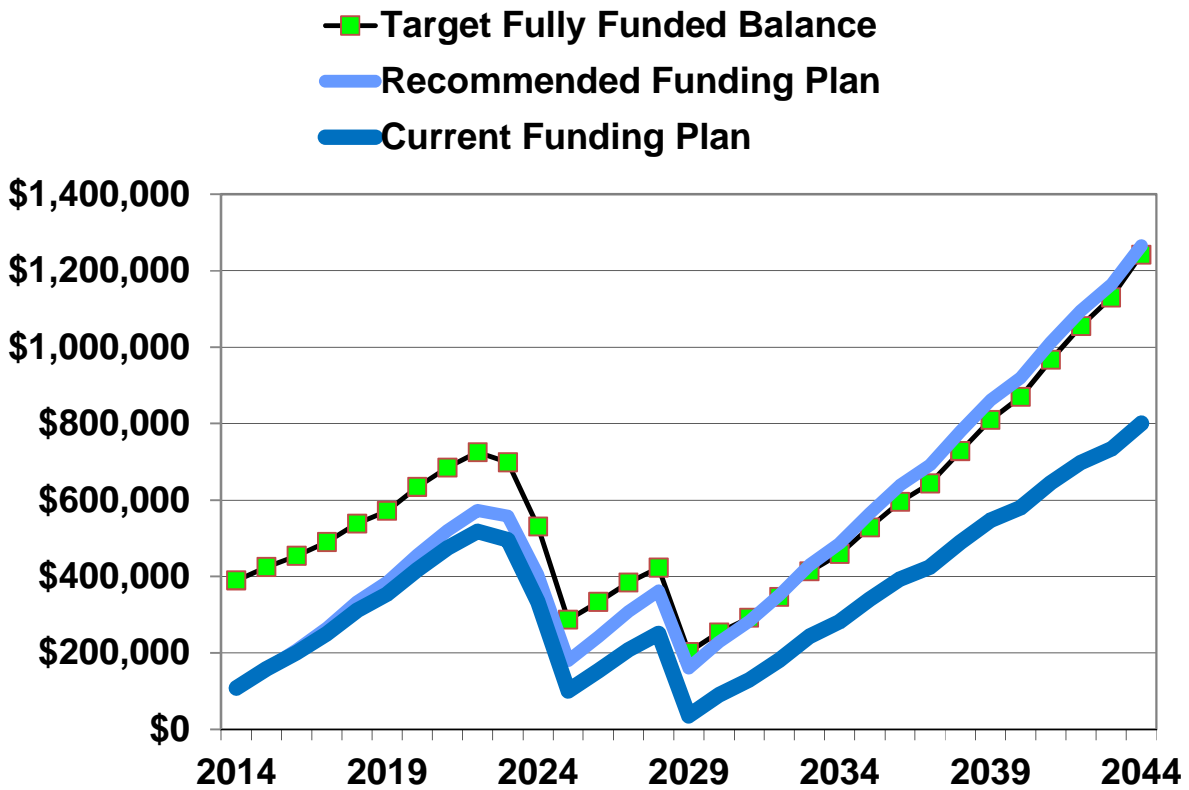
Reserve Asset Title	Description	Estimated Life	Remaining Life	Current Cost
GROUNDINGS				
Parking Lot Asphalt - Resurface	Approx 91,102 Sq Ft	24	14	\$182,200
Parking Lot Asphalt - Seal Coat	Approx 91,102 Sq Ft	3	1	\$13,670
Bollard Lights - Replaced	(150) Bollard Lights	25	9	\$82,000
Concrete Walkways - Replace	N/A		2	\$6,220
Concrete Walkways - Repair	Numerous Sq. Ft.	5	10	\$2,000
Backflow Preventers - Replace	(2) Febco Backflows	25	9	\$2,400
Monument - Replace	(1) Monument	15	12	\$1,500
BBQ Grills - Replace	(2) G.E BBQ Grills	12	3	\$1,600
Building Roofs - Replace (Ph. 1 - Bldgs. 1-3)	Approx 28,730 Sq Ft	25	8	\$68,950
Building Roofs - Replace (Ph. 2 - Bldgs. 4-11)	Approx 69,300 Sq Ft	25	10	\$166,320
Garage/Waste Building Roofs - Replace	Approx 15,764 Sq Ft	25	10	\$37,830
Carports - Repair (Allowance)	5% of 21,890 Sq Ft	10	1	\$5,470
Stair Treads - Replace/Repair	Numerous Treads	5	2	\$3,000
Building Wall Lights - Replace	Approx (230) Lights	25	9	\$18,400
Mailboxes - Replace	(124) Boxes	25	9	\$6,200
Common Area Deck - Replace	Approx 1,000 Sq Ft	25	9	\$10,000
Irrigation Controllers - Replace	(2) 24 Station Controllers	15	2	\$2,000
View Fence - Installation	Unknown		0	\$10,000
Block Walls - Repair	10% of 6,600 Sq Ft	20	4	\$3,300
Roll-Up Doors - Replace	(3) Doors	25	9	\$6,000
Balcony Decks - Replace	Approx 3,970 Sq Ft	25	9	\$47,640

**Line items with have a remaining life of zero and are scheduled for replacement year (2014) **

Reserve Expenditures

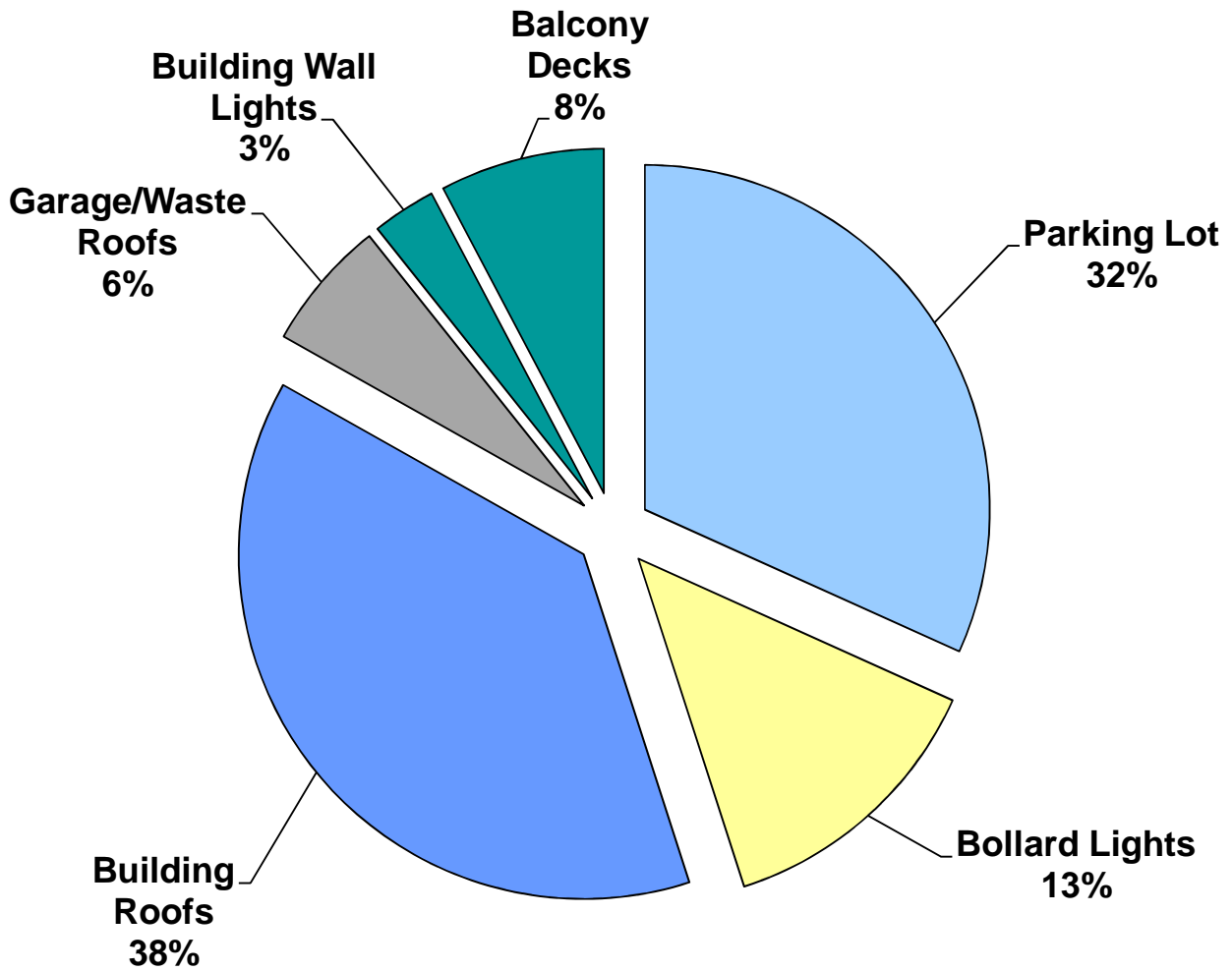


This chart illustrates future reserve expenditures. It should be noted the large expenditure in 2024 primarily represents replacing the building roofs in Ph. 2.



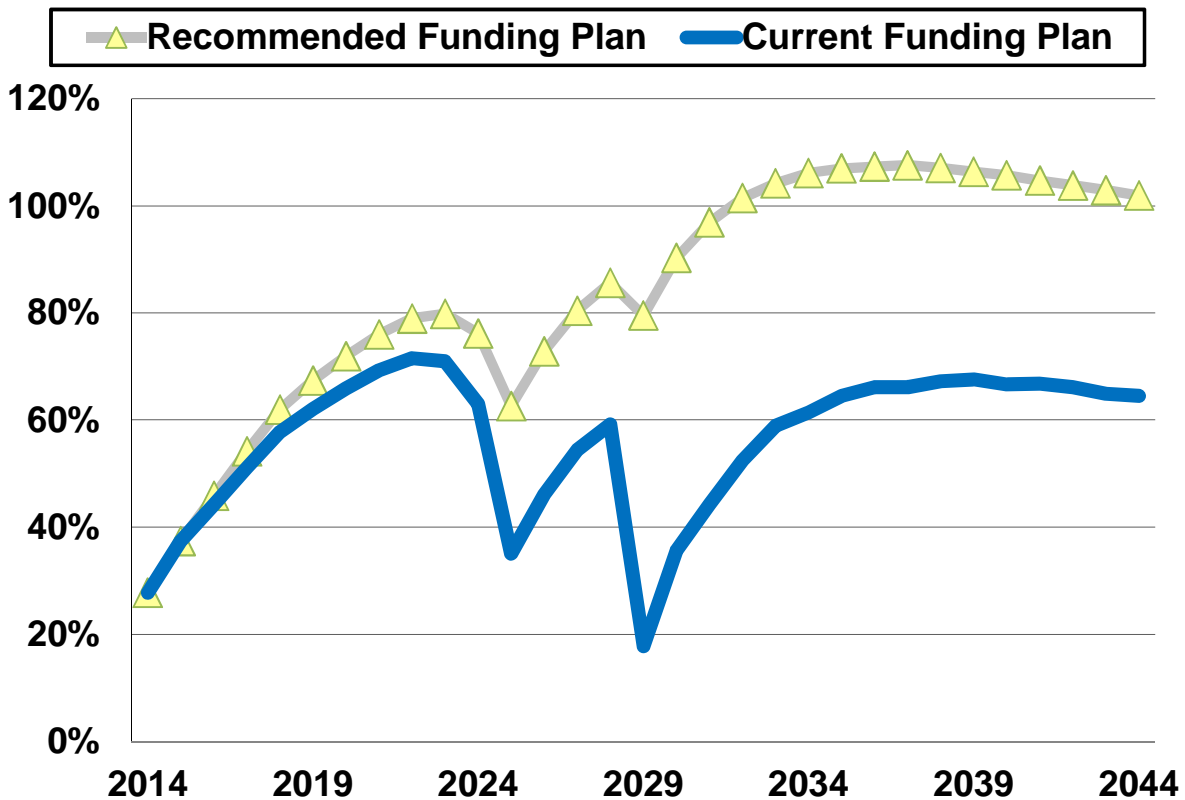
This chart illustrates your targeted fully funded balance. Your fully funded target balance is constantly moving and our recommended funding plan is designed to ultimately bring you to the 100% funding level.

Reserve Expense Summary



This chart illustrates the expense breakdown between major assets. Major capital expenditures include; Building Roofs (38%), Parking Lots (32%), and Bollard Lights (13%).

Funding Percentage



This chart outlines our recommended funding plan based on your financial status, history and our recommended fully funded (100%) goal. This plan is designed to gradually bring you to a 100% funded position, reducing the risk of deferred maintenance. We are recommending maintaining reserve contributions to **\$4,960** per month with 1.25% annual increases thereafter.

30-year Summary

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Interest Income	Projected Reserve Expenses
2014	\$108,145	\$389,565	27.8%	Fair	\$59,520	\$1,335	\$10,000
2015	\$159,000	\$424,626	37.4%	Fair	\$66,960	\$1,835	\$19,714
2016	\$208,081	\$453,943	45.8%	Fair	\$66,960	\$2,367	\$11,903
2017	\$265,504	\$489,893	54.2%	Fair	\$66,960	\$2,995	\$1,748
2018	\$333,711	\$538,419	62.0%	Fair	\$66,960	\$3,593	\$19,100
2019	\$385,164	\$571,597	67.4%	Fair	\$66,960	\$4,206	\$0
2020	\$456,329	\$634,450	71.9%	Strong	\$66,960	\$4,883	\$7,427
2021	\$520,746	\$685,259	76.0%	Strong	\$66,960	\$5,465	\$20,502
2022	\$572,668	\$725,308	79.0%	Strong	\$66,960	\$5,651	\$87,344
2023	\$557,935	\$698,930	79.8%	Strong	\$66,960	\$4,810	\$225,256
2024	\$404,449	\$530,965	76.2%	Strong	\$67,797	\$2,920	\$295,420
2025	\$179,746	\$286,986	62.6%	Fair	\$68,644	\$2,112	\$7,572
2026	\$242,931	\$333,501	72.8%	Strong	\$69,503	\$2,757	\$6,416
2027	\$308,775	\$383,974	80.4%	Strong	\$70,371	\$3,355	\$20,075
2028	\$362,426	\$423,305	85.6%	Strong	\$71,251	\$2,615	\$275,594
2029	\$160,698	\$202,085	79.5%	Strong	\$72,142	\$1,949	\$5,609
2030	\$229,179	\$253,812	90.3%	Strong	\$73,043	\$2,559	\$21,936
2031	\$282,845	\$291,817	96.9%	Strong	\$73,956	\$3,171	\$8,264
2032	\$351,709	\$346,634	101.5%	Strong	\$74,881	\$3,909	\$0
2033	\$430,499	\$413,244	104.2%	Strong	\$75,817	\$4,585	\$23,970
2034	\$486,931	\$458,850	106.1%	Strong	\$76,765	\$5,259	\$3,612
2035	\$565,342	\$528,529	107.0%	Strong	\$77,724	\$6,019	\$10,176
2036	\$638,909	\$595,328	107.3%	Strong	\$78,696	\$6,653	\$31,941
2037	\$692,317	\$643,554	107.6%	Strong	\$79,679	\$7,355	\$0
2038	\$779,351	\$728,026	107.0%	Strong	\$80,675	\$8,201	\$6,708
2039	\$861,519	\$810,076	106.4%	Strong	\$81,684	\$8,900	\$32,810
2040	\$919,294	\$869,718	105.7%	Strong	\$83,726	\$9,656	\$0
2041	\$1,012,676	\$967,016	104.7%	Strong	\$85,819	\$10,536	\$13,550
2042	\$1,095,481	\$1,055,414	103.8%	Strong	\$87,965	\$11,290	\$31,276
2043	\$1,163,459	\$1,130,405	102.9%	Strong	\$90,164	\$12,141	\$0

Fiscal Year	2014	2015	2016	2017	2018
Starting Reserve Balance	\$108,145	\$159,000	\$208,081	\$265,504	\$333,711
Annual Reserve Contribution	\$59,520	\$66,960	\$66,960	\$66,960	\$66,960
Special Assessments/Loans	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,335	\$1,835	\$2,367	\$2,995	\$3,593
Total Income	\$169,000	\$227,795	\$277,408	\$335,459	\$404,263

Reserve Asset

GROUNDS					
Parking Lot Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
Parking Lot Asphalt - Seal Coat	\$0	\$14,080	\$0	\$0	\$15,386
Bollard Lights - Replaced	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Replace	\$0	\$0	\$6,599	\$0	\$0
Concrete Walkways - Repair	\$0	\$0	\$0	\$0	\$0
Backflow Preventers - Replace	\$0	\$0	\$0	\$0	\$0
Monument - Replace	\$0	\$0	\$0	\$0	\$0
BBQ Grills - Replace	\$0	\$0	\$0	\$1,748	\$0
Building Roofs - Replace (Ph. 1 - Bldgs. 1-3)	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 2 - Bldgs. 4-11)	\$0	\$0	\$0	\$0	\$0
Garage/Waste Building Roofs - Replace	\$0	\$0	\$0	\$0	\$0
Carports - Repair (Allowance)	\$0	\$5,634	\$0	\$0	\$0
Stair Treads - Replace/Repair	\$0	\$0	\$3,183	\$0	\$0
Building Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Common Area Deck - Replace	\$0	\$0	\$0	\$0	\$0
Irrigation Controllers - Replace	\$0	\$0	\$2,122	\$0	\$0
View Fence - Installation	\$10,000	\$0	\$0	\$0	\$0
Block Walls - Repair	\$0	\$0	\$0	\$0	\$3,714
Roll-Up Doors - Replace	\$0	\$0	\$0	\$0	\$0
Balcony Decks - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$10,000	\$19,714	\$11,903	\$1,748	\$19,100
Ending Reserve Balance:	\$159,000	\$208,081	\$265,504	\$333,711	\$385,164

Fiscal Year	2019	2020	2021	2022	2023
Starting Reserve Balance	\$385,164	\$456,329	\$520,746	\$572,668	\$557,935
Annual Reserve Contribution	\$66,960	\$66,960	\$66,960	\$66,960	\$66,960
Special Assessments/Loans	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,206	\$4,883	\$5,465	\$5,651	\$4,810
Total Income	\$456,329	\$528,173	\$593,170	\$645,279	\$629,705

Reserve Asset

GROUNDS					
Parking Lot Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
Parking Lot Asphalt - Seal Coat	\$0	\$0	\$16,812	\$0	\$0
Bollard Lights - Replaced	\$0	\$0	\$0	\$0	\$106,991
Concrete Walkways - Replace	\$0	\$7,427	\$0	\$0	\$0
Concrete Walkways - Repair	\$0	\$0	\$0	\$0	\$0
Backflow Preventers - Replace	\$0	\$0	\$0	\$0	\$3,131
Monument - Replace	\$0	\$0	\$0	\$0	\$0
BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 1 - Bldgs. 1-3)	\$0	\$0	\$0	\$87,344	\$0
Building Roofs - Replace (Ph. 2 - Bldgs. 4-11)	\$0	\$0	\$0	\$0	\$0
Garage/Waste Building Roofs - Replace	\$0	\$0	\$0	\$0	\$0
Carports - Repair (Allowance)	\$0	\$0	\$0	\$0	\$0
Stair Treads - Replace/Repair	\$0	\$0	\$3,690	\$0	\$0
Building Wall Lights - Replace	\$0	\$0	\$0	\$0	\$24,008
Mailboxes - Replace	\$0	\$0	\$0	\$0	\$8,090
Common Area Deck - Replace	\$0	\$0	\$0	\$0	\$13,048
Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
View Fence - Installation	\$0	\$0	\$0	\$0	\$0
Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
Roll-Up Doors - Replace	\$0	\$0	\$0	\$0	\$7,829
Balcony Decks - Replace	\$0	\$0	\$0	\$0	\$62,159
Total Expenses	\$0	\$7,427	\$20,502	\$87,344	\$225,256
Ending Reserve Balance:	\$456,329	\$520,746	\$572,668	\$557,935	\$404,449

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$404,449	\$179,746	\$242,931	\$308,775	\$362,426
Annual Reserve Contribution	\$67,797	\$68,644	\$69,503	\$70,371	\$71,251
Special Assessments/Loans	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,920	\$2,112	\$2,757	\$3,355	\$2,615
Total Income	\$475,166	\$250,503	\$315,191	\$382,501	\$436,292

Reserve Asset

GROUNDS					
Parking Lot Asphalt - Resurface	\$0	\$0	\$0	\$0	\$275,594
Parking Lot Asphalt - Seal Coat	\$18,371	\$0	\$0	\$20,075	\$0
Bollard Lights - Replaced	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Replace	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Repair	\$2,688	\$0	\$0	\$0	\$0
Backflow Preventers - Replace	\$0	\$0	\$0	\$0	\$0
Monument - Replace	\$0	\$0	\$2,139	\$0	\$0
BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 1 - Bldgs. 1-3)	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 2 - Bldgs. 4-11)	\$223,520	\$0	\$0	\$0	\$0
Garage/Waste Building Roofs - Replace	\$50,840	\$0	\$0	\$0	\$0
Carports - Repair (Allowance)	\$0	\$7,572	\$0	\$0	\$0
Stair Treads - Replace/Repair	\$0	\$0	\$4,277	\$0	\$0
Building Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Common Area Deck - Replace	\$0	\$0	\$0	\$0	\$0
Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
View Fence - Installation	\$0	\$0	\$0	\$0	\$0
Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
Roll-Up Doors - Replace	\$0	\$0	\$0	\$0	\$0
Balcony Decks - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$295,420	\$7,572	\$6,416	\$20,075	\$275,594
Ending Reserve Balance:	\$179,746	\$242,931	\$308,775	\$362,426	\$160,698

Fiscal Year	2029	2030	2031	2032	2033
Starting Reserve Balance	\$160,698	\$229,179	\$282,845	\$351,709	\$430,499
Annual Reserve Contribution	\$72,142	\$73,043	\$73,956	\$74,881	\$75,817
Special Assessments/Loans	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,949	\$2,559	\$3,171	\$3,909	\$4,585
Total Income	\$234,788	\$304,782	\$359,973	\$430,499	\$510,901

Reserve Asset

GROUNDS					
Parking Lot Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
Parking Lot Asphalt - Seal Coat	\$0	\$21,936	\$0	\$0	\$23,970
Bollard Lights - Replace	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Replace	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Repair	\$3,116	\$0	\$0	\$0	\$0
Backflow Preventers - Replace	\$0	\$0	\$0	\$0	\$0
Monument - Replace	\$0	\$0	\$0	\$0	\$0
BBQ Grills - Replace	\$2,493	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 1 - Bldgs. 1-3)	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 2 - Bldgs. 4-11)	\$0	\$0	\$0	\$0	\$0
Garage/Waste Building Roofs - Replace	\$0	\$0	\$0	\$0	\$0
Carports - Repair (Allowance)	\$0	\$0	\$0	\$0	\$0
Stair Treads - Replace/Repair	\$0	\$0	\$4,959	\$0	\$0
Building Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Common Area Deck - Replace	\$0	\$0	\$0	\$0	\$0
Irrigation Controllers - Replace	\$0	\$0	\$3,306	\$0	\$0
View Fence - Installation	\$0	\$0	\$0	\$0	\$0
Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
Roll-Up Doors - Replace	\$0	\$0	\$0	\$0	\$0
Balcony Decks - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$5,609	\$21,936	\$8,264	\$0	\$23,970
Ending Reserve Balance:	\$229,179	\$282,845	\$351,709	\$430,499	\$486,931

Fiscal Year	2034	2035	2036	2037	2038
Starting Reserve Balance	\$486,931	\$565,342	\$638,909	\$692,317	\$779,351
Annual Reserve Contribution	\$76,765	\$77,724	\$78,696	\$79,679	\$80,675
Special Assessments/Loans	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$5,259	\$6,019	\$6,653	\$7,355	\$8,201
Total Income	\$568,954	\$649,085	\$724,258	\$779,351	\$868,228

Reserve Asset

GROUNDS					
Parking Lot Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
Parking Lot Asphalt - Seal Coat	\$0	\$0	\$26,193	\$0	\$0
Bollard Lights - Replaced	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Replace	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Repair	\$3,612	\$0	\$0	\$0	\$0
Backflow Preventers - Replace	\$0	\$0	\$0	\$0	\$0
Monument - Replace	\$0	\$0	\$0	\$0	\$0
BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 1 - Bldgs. 1-3)	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 2 - Bldgs. 4-11)	\$0	\$0	\$0	\$0	\$0
Garage/Waste Building Roofs - Replace	\$0	\$0	\$0	\$0	\$0
Carports - Repair (Allowance)	\$0	\$10,176	\$0	\$0	\$0
Stair Treads - Replace/Repair	\$0	\$0	\$5,748	\$0	\$0
Building Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Common Area Deck - Replace	\$0	\$0	\$0	\$0	\$0
Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
View Fence - Installation	\$0	\$0	\$0	\$0	\$0
Block Walls - Repair	\$0	\$0	\$0	\$0	\$6,708
Roll-Up Doors - Replace	\$0	\$0	\$0	\$0	\$0
Balcony Decks - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$3,612	\$10,176	\$31,941	\$0	\$6,708
Ending Reserve Balance:	\$565,342	\$638,909	\$692,317	\$779,351	\$861,519

Fiscal Year	2039	2040	2041	2042	2043
Starting Reserve Balance	\$861,519	\$919,294	\$1,012,676	\$1,095,481	\$1,163,459
Annual Reserve Contribution	\$81,684	\$83,726	\$85,819	\$87,965	\$90,164
Special Assessments/Loans	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$8,900	\$9,656	\$10,536	\$11,290	\$12,141
Total Income	\$952,103	\$1,012,676	\$1,109,031	\$1,194,735	\$1,265,764

Reserve Asset

GROUNDS					
Parking Lot Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
Parking Lot Asphalt - Seal Coat	\$28,622	\$0	\$0	\$31,276	\$0
Bollard Lights - Replaced	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Replace	\$0	\$0	\$0	\$0	\$0
Concrete Walkways - Repair	\$4,188	\$0	\$0	\$0	\$0
Backflow Preventers - Replace	\$0	\$0	\$0	\$0	\$0
Monument - Replace	\$0	\$0	\$3,332	\$0	\$0
BBQ Grills - Replace	\$0	\$0	\$3,554	\$0	\$0
Building Roofs - Replace (Ph. 1 - Bldgs. 1-3)	\$0	\$0	\$0	\$0	\$0
Building Roofs - Replace (Ph. 2 - Bldgs. 4-11)	\$0	\$0	\$0	\$0	\$0
Garage/Waste Building Roofs - Replace	\$0	\$0	\$0	\$0	\$0
Carports - Repair (Allowance)	\$0	\$0	\$0	\$0	\$0
Stair Treads - Replace/Repair	\$0	\$0	\$6,664	\$0	\$0
Building Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Common Area Deck - Replace	\$0	\$0	\$0	\$0	\$0
Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
View Fence - Installation	\$0	\$0	\$0	\$0	\$0
Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
Roll-Up Doors - Replace	\$0	\$0	\$0	\$0	\$0
Balcony Decks - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$32,810	\$0	\$13,550	\$31,276	\$0
Ending Reserve Balance:	\$919,294	\$1,012,676	\$1,095,481	\$1,163,459	\$1,265,764

Supplemental Disclosures

General:

CRA has no other involvement(s) with Summit Park Condominiums which could result in actual or perceived conflicts of interest.

Physical Analysis:

Capital Reserve Analysts conducted a thorough physical inspection. All areas were inspected and quantified.

Completeness:

CRA has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:

Information provided by the official representative of the client regarding financial, physical, quantity, or historical issues will be deemed reliable by CRA.

Scope:

This Reserve Study is a reflection of information provided to CRA and assembled for the client's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Definitions

CASH FLOW METHOD: A method of developing a 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.

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, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

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

CURRENT REPLACEMENT COST: See "Replacement Cost."

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: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): 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 total. 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.

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

Or

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

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

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.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves 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 "Fully 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

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 *Fully Funded Balance*, expressed as a percentage.

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 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 upon 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 next year's budget."