

**Wildwing Owners Association  
2935 Laminar Dr.  
Timnath, CO 80547**



**Level 5 Reserve Analysis  
Report Period – 01/01/17 – 12/31/17**



**Client Reference Number - 9603  
Property Type – Single Family Homes**

**Final  
Version**

<b>Fiscal Year End –</b>	<b>December 31</b>
<b>Date of Property Observation -</b>	<b>October 13, 2016</b>
<b>Project Manager -</b>	<b>G. Michael Kelsen, RS, PRA</b>
<b>Main Contact Person -</b>	<b>Danaly Howe</b>
<b>Report was prepared on -</b>	<b>Tuesday, June 13, 2017</b>

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## Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information typically in the **Asset Inventory Section** of the original Reserve Analysis. It should be noted there is not an **Asset Inventory Section** in this report due to the Level of Service requested by the client. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 2 (pages 1 – 12) of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

## **General Information and Answers to Frequently Asked Questions –**

### **Why is it important to perform a Reserve Study?**

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

### **Now that we have “it”, what do we do with “it”?**

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

### **How often do we update or review “it”?**

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year before* the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

### **Is it the law to have a Reserve Study conducted?**

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is the roof will need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

## What makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

## The GREY area of “maintenance” items that are often seen in a Reserve Study –

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

## The Property Observation –

A Property Observation was not conducted for this report per the contract agreement.

## The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

**0% - 30% Funded** – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

**31% - 69% Funded** – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

**70% - 99% Funded** – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

**100% Funded** – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

**Summary of Wildwing Owners Association - ID # - 09603-17**

Projected Starting Balance as of January 1, 2017 -	<b>\$5,682</b>
Ideal Reserve Balance as of January 1, 2017 -	<b>\$16,821</b>
Percent Funded as of January 1, 2017 -	<b>34%</b>
Recommended Reserve Allocation (per month) -	<b>\$1,555</b>
Minimum Reserve Allocation (per month) -	<b>\$1,375</b>
Recommended Special Assessment -	<b>\$0</b>

Information to complete this Reserve Analysis was gathered from reviewing a set of plans that was provided by the developer. This property has not been built yet, and is expected to be completed in 2017. We also obtained information by communicating with the property representative. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This report includes the components that will be contained within and immediately surrounding the pool area.

The purpose of this Reserve Analysis is to assist the Developer in establishing the budget figures

In comparing the projected balance of \$5,682 versus the ideal Reserve Balance of \$16,821, we find the association Reserve fund to be in a less than average financial position at this time (only 34% funded of ideal). However, for any funds to be set aside for an amenity that hasn't been built yet is beneficial for the community members. As a result of the information in this report, we recommend establishing a Reserve contribution of \$1,555 per month, followed by nominal annual increases of 3.25% thereafter to help offset the effects of inflation. This will gradually strengthen the Reserve fund to a positive position while avoiding possible Special Assessments and deferred maintenance during the 30-year report period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$1,375 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are likely at some point in the future.

The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately 12% in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be minimal when compared on a percentage basis, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

## Funding Summary For Wildwing Owners Assoc.

### **Beginning Assumptions**

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Financial Information Source	Research With Client
# of units	89
Fiscal Year End	December 31, 2017
Monthly Dues from 2016 budget	\$742.00
Monthly Reserve Allocation from 2016 Budget	\$0.00
Projected Starting Reserve Balance (as of 1/1/2017)	\$5,682
Ideal Starting Reserve Balance (as of 1/1/2017)	\$16,821

### **Economic Factors**

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Past 20 year Average Inflation Rate (Based on CCI)	3.00%
Current Average Interest Rate	1.00%

### **Current Reserve Status**

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Current Balance as a % of Ideal Balance	34%
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### **Recommendations for 2017 Fiscal Year**

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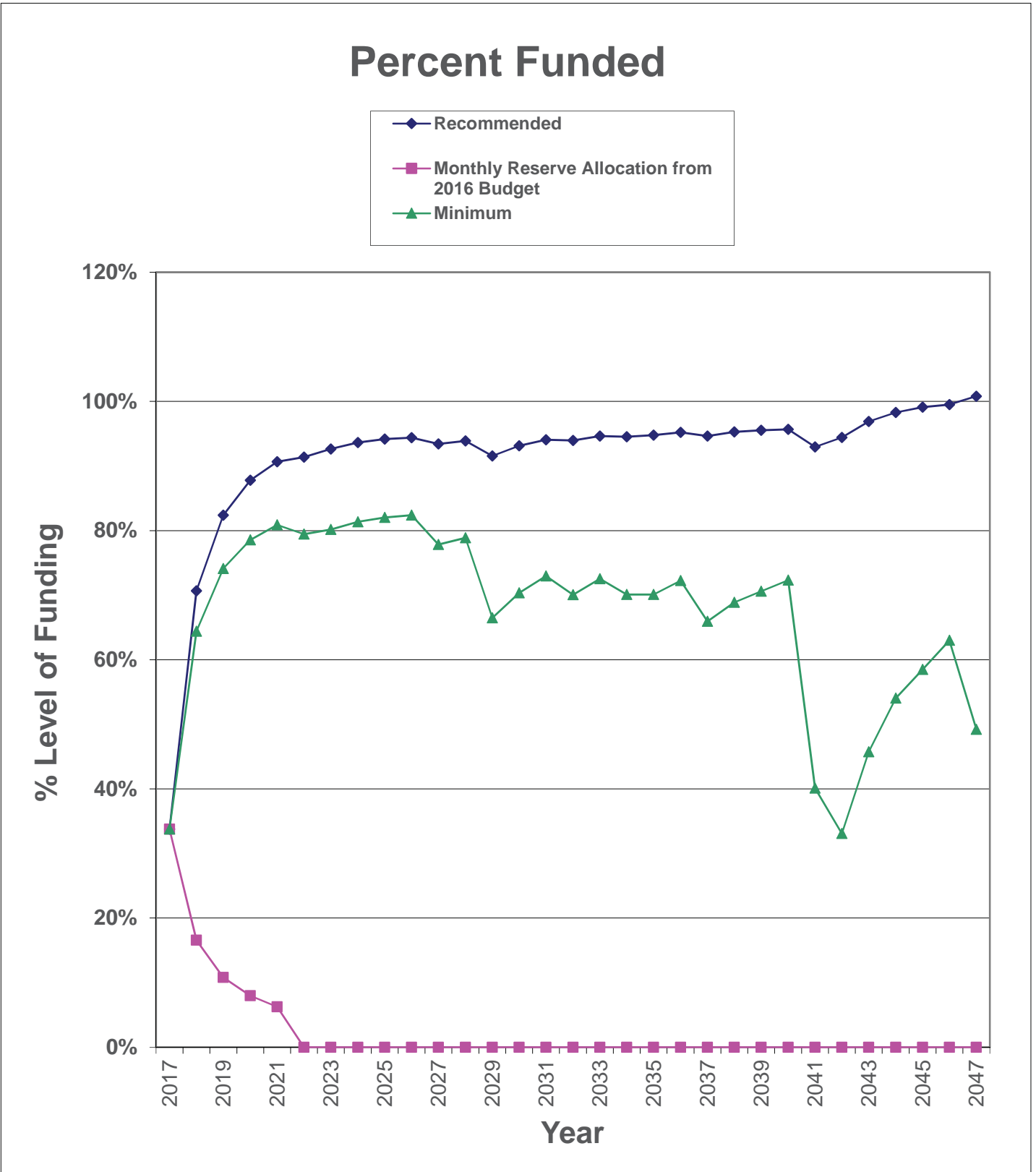
Monthly Reserve Allocation	\$1,555
Minimum Monthly Reserve Allocation	\$1,375
Primary Annual Increases	3.25%
# of Years	30
Special Assessment	\$0

### **Changes From Prior Year (2016 to 2017)**

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Increase/Decrease to Reserve Allocation	\$1,555
as Percentage	0%

Percent Funded Graph For Wildwing Owners Assoc.





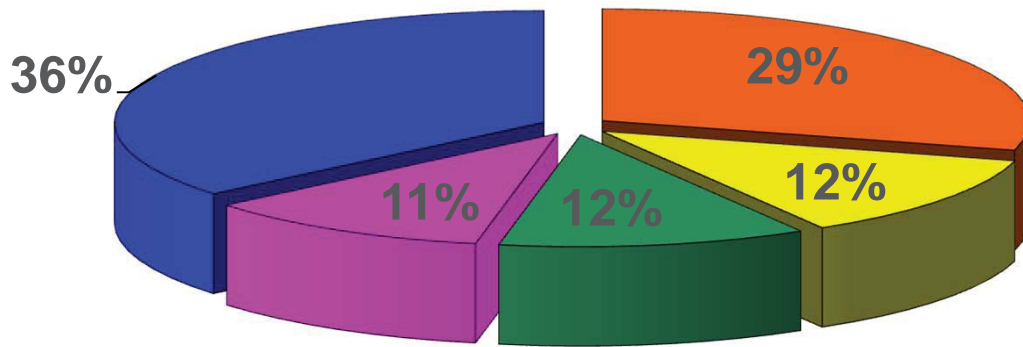
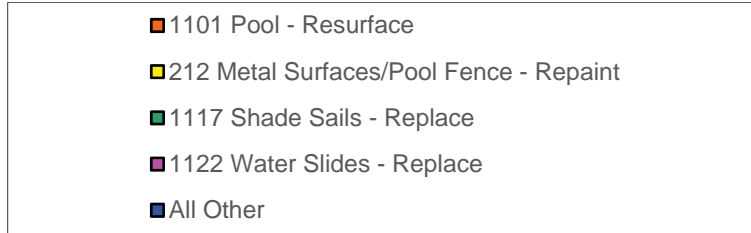
## *Component Inventory for Wildwing Community Association*

<b>Category</b>	<b>Asset #</b>	<b>Asset Name</b>	<b>UL</b>	<b>RUL</b>	<b>Best Cost</b>	<b>Worst Cost</b>
Roofing	108	Metal Roof - Replace	35	34	\$13,500	\$14,850
	120	Gutters/Downspouts - Replace	N/A		\$0	\$0
Painted Surfaces	212	Metal Surfaces/Pool Fence - Repaint	5	4	\$9,500	\$11,000
Drive Materials	401	Asphalt - Major Overlay	25	24	\$9,500	\$10,850
	402	Asphalt - Surface Application	5	4	\$1,500	\$1,750
	407	Curb and Gutters - Repair	N/A		\$0	\$0
Property Access	501	Doors - Replace	28	27	\$3,900	\$4,350
	502	Overhead Sectional Doors - Replace	20	19	\$2,200	\$2,500
Walking Surfaces	601	Concrete Flatwork - Partial Replace	N/A		\$0	\$0
Mechanical Equip.	703	Water Heater - Replace	22	21	\$2,400	\$2,800
	717	Suspended Heaters - Replace	N/A		\$0	\$0
Prop. Identification	801	Monument - Rebuild	N/A		\$0	\$0
Fencing/Walls	1002	Metal Fencing - Replace	N/A		\$0	\$0
	1010	Trash Enclosures - Replace	N/A		\$0	\$0
Pool/Spa	1101	Pool - Resurface	12	11	\$56,650	\$61,525
	1105	Pool Boiler - Replace	17	16	\$21,000	\$25,000
	1108	Pool Filter - Replace	18	17	\$6,000	\$7,200
	1112	Misc Equipment - Replace	5	4	\$3,250	\$3,750
	1113	Pool Cover - Replace	N/A		\$0	\$0
	1117	Shade Sails - Replace	10	9	\$18,000	\$21,000
	1121	Pool Furniture - Replace	N/A		\$0	\$0
	1122	Water Slides - Replace	24	23	\$42,000	\$46,000
	1124	Filter Media - Replace	N/A		\$0	\$0
1126	Skimmers - Replace	N/A		\$0	\$0	
Recreation Equip.	1304	Drinking Fountain - Replace	15	14	\$2,500	\$3,000
	1307	Bike Racks - Replace	N/A		\$0	\$0
Interiors	1413	Restroom - Remodel	15	14	\$6,000	\$6,750
Light Fixtures	1602	Light Fixtures - Replace	N/A		\$0	\$0
Irrig. System	1701	Irrigation System - Rebuild	10	9	\$4,000	\$4,650
	1703	Irrigation Controllers - Replace	12	11	\$2,500	\$3,000
Landscaping	1801	Landscaping - Replenish	N/A		\$0	\$0

*Significant Components For Wildwing Owners Assoc.*

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance:	
					(Curr Cost/UL) As \$	As %
108	Metal Roof - Replace	35	34	\$14,175	\$405	2.4077%
212	Metal Surfaces/Pool Fence - Repaint	5	4	\$10,250	\$2,050	12.1871%
401	Asphalt - Major Overlay	25	24	\$10,175	\$407	2.4196%
402	Asphalt - Surface Application	5	4	\$1,625	\$325	1.9321%
501	Doors - Replace	28	27	\$4,125	\$147	0.8758%
502	Overhead Sectional Doors - Replace	20	19	\$2,350	\$118	0.6985%
703	Water Heater - Replace	22	21	\$2,600	\$118	0.7026%
1101	Pool - Resurface	12	11	\$59,088	\$4,924	29.2726%
1105	Pool Boiler - Replace	17	16	\$23,000	\$1,353	8.0431%
1108	Pool Filter - Replace	18	17	\$6,600	\$367	2.1798%
1112	Misc Equipment - Replace	5	4	\$3,500	\$700	4.1614%
1117	Shade Sails - Replace	10	9	\$19,500	\$1,950	11.5926%
1122	Water Slides - Replace	24	23	\$44,000	\$1,833	10.8990%
1304	Drinking Fountain - Replace	15	14	\$2,750	\$183	1.0899%
1413	Restroom - Remodel	15	14	\$6,375	\$425	2.5266%
1701	Irrigation System - Rebuild	10	9	\$4,325	\$433	2.5712%
1703	Irrigation Controllers - Replace	12	11	\$2,750	\$229	1.3624%
1801	Landscaping - Replenish	6	5	\$5,125	\$854	5.0780%

Significant Components Graph For Wildwing Owners Assoc.



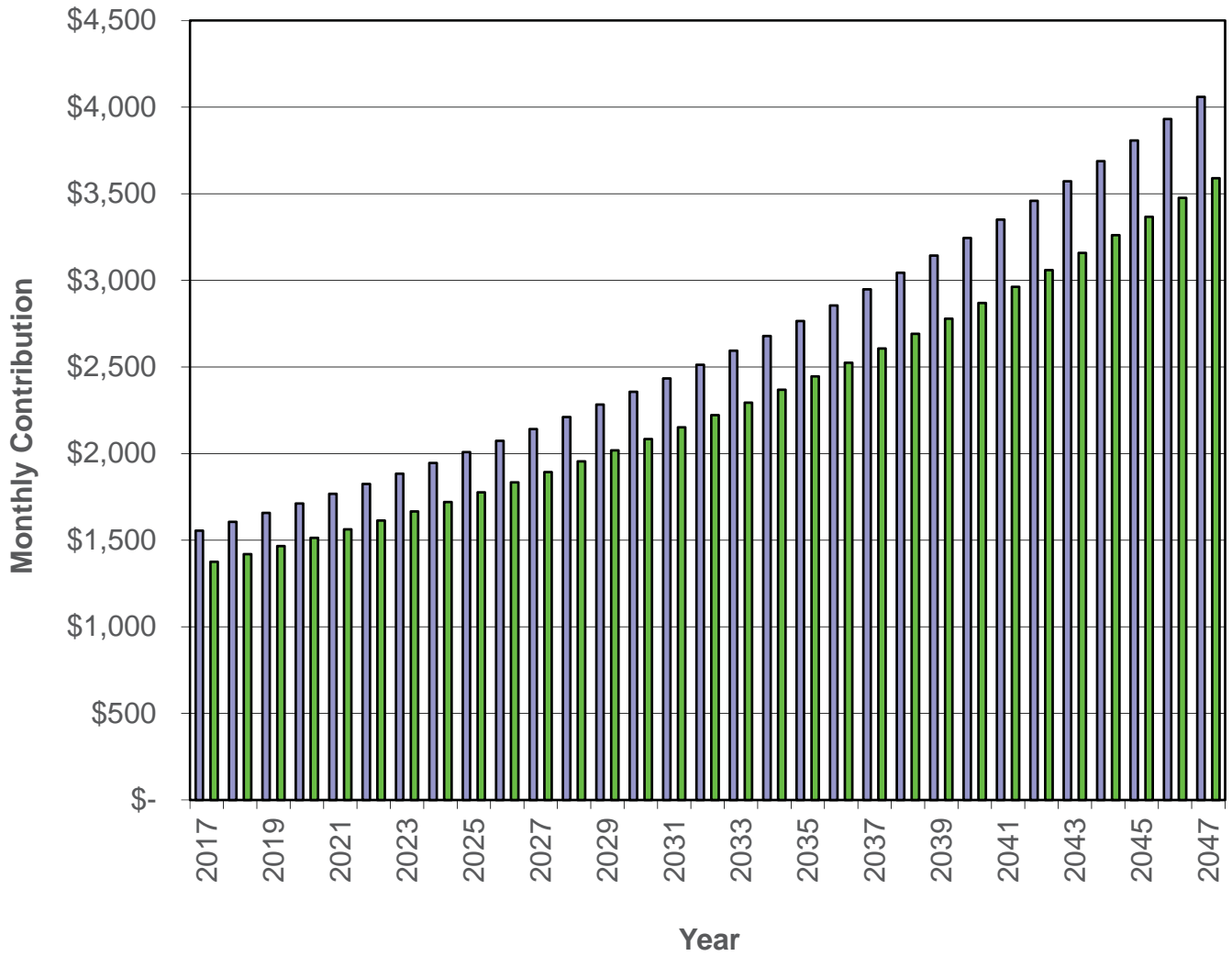
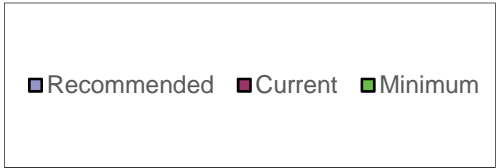
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
1101	Pool - Resurface	12	11	\$59,088	\$4,924	29%
212	Metal Surfaces/Pool Fence - Repaint	5	4	\$10,250	\$2,050	12%
1117	Shade Sails - Replace	10	9	\$19,500	\$1,950	12%
1122	Water Slides - Replace	24	23	\$44,000	\$1,833	11%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$6,064	36%

*Yearly Summary For Wildwing Owners Assoc.*

<b>Fiscal Year</b>	<b>Start Balance</b>	<b>Fully Funded Reserve Balance</b>	<b>Starting Reserve Balance</b>	<b>Percent Funded</b>	<b>Annual Reserve Contribs</b>	<b>Rec. Special Ass'mnt</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2017	\$16,821	\$5,682	34%	\$18,660	\$0	\$151	\$0	
2018	\$34,651	\$24,493	71%	\$19,266	\$0	\$343	\$0	
2019	\$53,536	\$44,102	82%	\$19,893	\$0	\$543	\$0	
2020	\$73,523	\$64,538	88%	\$20,539	\$0	\$752	\$0	
2021	\$94,661	\$85,828	91%	\$21,207	\$0	\$882	\$17,305	
2022	\$99,178	\$90,612	91%	\$21,896	\$0	\$990	\$5,941	
2023	\$116,119	\$107,557	93%	\$22,607	\$0	\$1,194	\$0	
2024	\$140,290	\$131,359	94%	\$23,342	\$0	\$1,437	\$0	
2025	\$165,807	\$156,138	94%	\$24,101	\$0	\$1,690	\$0	
2026	\$192,729	\$181,928	94%	\$24,884	\$0	\$1,696	\$51,147	
2027	\$168,435	\$157,361	93%	\$25,693	\$0	\$1,710	\$0	
2028	\$196,773	\$184,764	94%	\$26,528	\$0	\$1,524	\$92,692	
2029	\$131,186	\$120,124	92%	\$27,390	\$0	\$1,344	\$0	
2030	\$159,824	\$148,858	93%	\$28,280	\$0	\$1,637	\$0	
2031	\$190,062	\$178,776	94%	\$29,199	\$0	\$1,756	\$37,058	
2032	\$183,801	\$172,673	94%	\$30,148	\$0	\$1,886	\$0	
2033	\$216,307	\$204,707	95%	\$31,128	\$0	\$2,027	\$36,908	
2034	\$212,584	\$200,955	95%	\$32,140	\$0	\$2,083	\$19,380	
2035	\$227,637	\$215,798	95%	\$33,184	\$0	\$2,335	\$0	
2036	\$263,962	\$251,316	95%	\$34,263	\$0	\$2,331	\$72,858	
2037	\$227,218	\$215,052	95%	\$35,376	\$0	\$2,338	\$0	
2038	\$265,326	\$252,766	95%	\$36,526	\$0	\$2,698	\$4,837	
2039	\$300,535	\$287,154	96%	\$37,713	\$0	\$3,074	\$0	
2040	\$342,749	\$327,941	96%	\$38,939	\$0	\$2,390	\$218,994	
2041	\$161,661	\$150,276	93%	\$40,204	\$0	\$1,451	\$51,938	
2042	\$148,235	\$139,993	94%	\$41,511	\$0	\$1,615	\$0	
2043	\$188,958	\$183,119	97%	\$42,860	\$0	\$2,055	\$0	
2044	\$231,991	\$228,034	98%	\$44,253	\$0	\$2,467	\$9,163	
2045	\$267,999	\$265,592	99%	\$45,691	\$0	\$2,898	\$0	
2046	\$315,679	\$314,181	100%	\$47,176	\$0	\$2,761	\$125,958	

Reserve Contributions For Wildwing Owners Assoc.

# Reserve Contributions



*Component Funding Information For Wildwing Owners Assoc.*

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
108	Metal Roof - Replace	\$14,175	\$405	\$0	\$37.44
212	Metal Surfaces/Pool Fence - Repaint	\$10,250	\$2,050	\$2,050	\$189.51
401	Asphalt - Major Overlay	\$10,175	\$407	\$0	\$37.62
402	Asphalt - Surface Application	\$1,625	\$325	\$325	\$30.04
501	Doors - Replace	\$4,125	\$147	\$0	\$13.62
502	Overhead Sectional Doors - Replace	\$2,350	\$118	\$0	\$10.86
703	Water Heater - Replace	\$2,600	\$118	\$0	\$10.93
1101	Pool - Resurface	\$59,088	\$4,924	\$0	\$455.19
1105	Pool Boiler - Replace	\$23,000	\$1,353	\$0	\$125.07
1108	Pool Filter - Replace	\$6,600	\$367	\$0	\$33.90
1112	Misc Equipment - Replace	\$3,500	\$700	\$700	\$64.71
1117	Shade Sails - Replace	\$19,500	\$1,950	\$1,753	\$180.26
1122	Water Slides - Replace	\$44,000	\$1,833	\$0	\$169.48
1304	Drinking Fountain - Replace	\$2,750	\$183	\$0	\$16.95
1413	Restroom - Remodel	\$6,375	\$425	\$0	\$39.29
1701	Irrigation System - Rebuild	\$4,325	\$433	\$0	\$39.98
1703	Irrigation Controllers - Replace	\$2,750	\$229	\$0	\$21.18
1801	Landscaping - Replenish	\$5,125	\$854	\$854	\$78.96

## Yearly Cash Flow For Wildwing Owners Assoc.

Year	2017	2018	2019	2020	2021
<b>Starting Balance</b>	\$5,682	\$24,493	\$44,102	\$64,538	\$85,828
<i>Reserve Income</i>	\$18,660	\$19,266	\$19,893	\$20,539	\$21,207
<i>Interest Earnings</i>	\$151	\$343	\$543	\$752	\$882
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$24,493	\$44,102	\$64,538	\$85,828	\$107,917
<b>Reserve Expenditures</b>	\$0	\$0	\$0	\$0	\$17,305
<b>Ending Balance</b>	\$24,493	\$44,102	\$64,538	\$85,828	\$90,612

Year	2022	2023	2024	2025	2026
<b>Starting Balance</b>	\$90,612	\$107,557	\$131,359	\$156,138	\$181,928
<i>Reserve Income</i>	\$21,896	\$22,607	\$23,342	\$24,101	\$24,884
<i>Interest Earnings</i>	\$990	\$1,194	\$1,437	\$1,690	\$1,696
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$113,498	\$131,359	\$156,138	\$181,928	\$208,508
<b>Reserve Expenditures</b>	\$5,941	\$0	\$0	\$0	\$51,147
<b>Ending Balance</b>	\$107,557	\$131,359	\$156,138	\$181,928	\$157,361

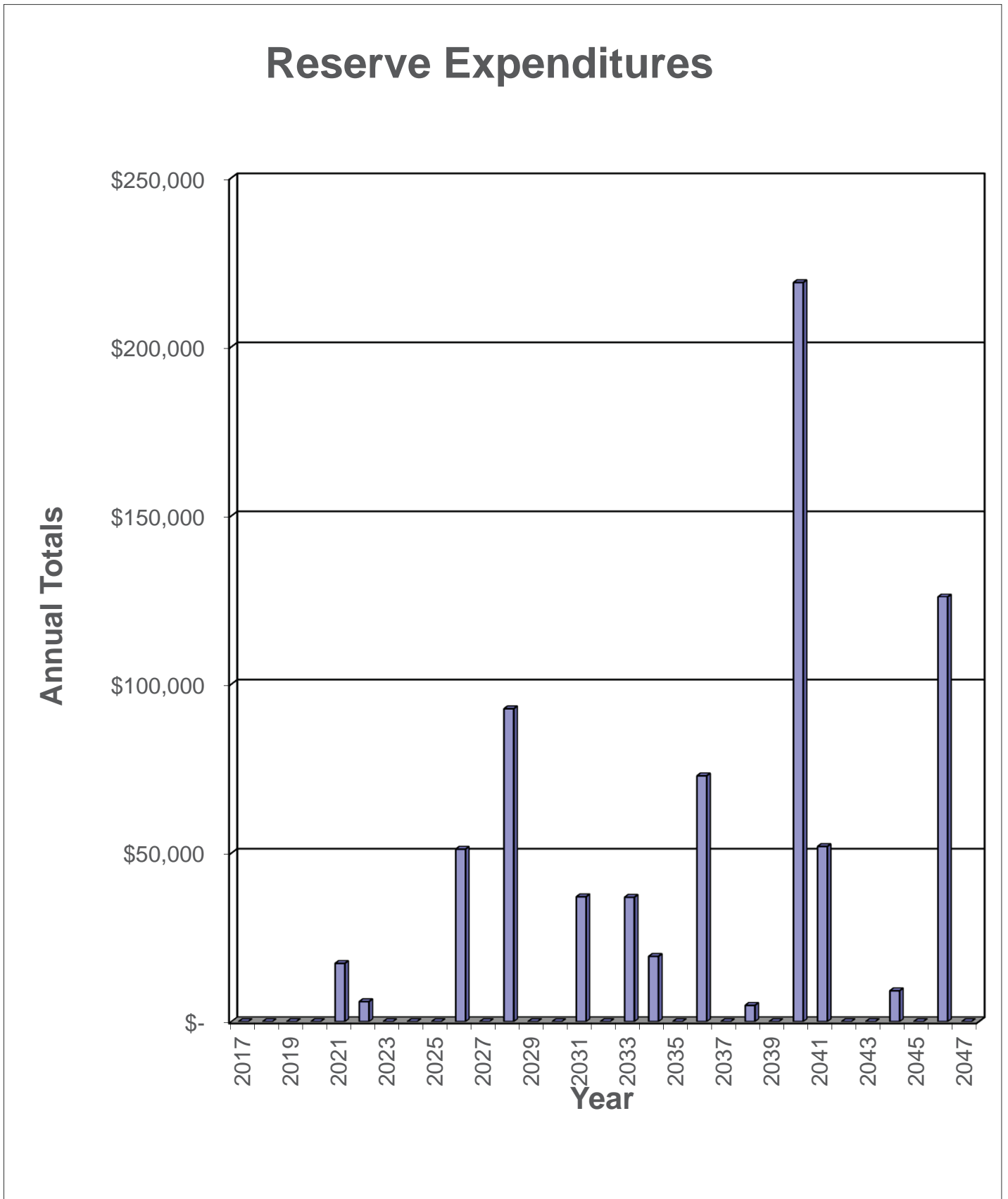
Year	2027	2028	2029	2030	2031
<b>Starting Balance</b>	\$157,361	\$184,764	\$120,124	\$148,858	\$178,776
<i>Reserve Income</i>	\$25,693	\$26,528	\$27,390	\$28,280	\$29,199
<i>Interest Earnings</i>	\$1,710	\$1,524	\$1,344	\$1,637	\$1,756
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$184,764	\$212,815	\$148,858	\$178,776	\$209,731
<b>Reserve Expenditures</b>	\$0	\$92,692	\$0	\$0	\$37,058
<b>Ending Balance</b>	\$184,764	\$120,124	\$148,858	\$178,776	\$172,673

Year	2032	2033	2034	2035	2036
<b>Starting Balance</b>	\$172,673	\$204,707	\$200,955	\$215,798	\$251,316
<i>Reserve Income</i>	\$30,148	\$31,128	\$32,140	\$33,184	\$34,263
<i>Interest Earnings</i>	\$1,886	\$2,027	\$2,083	\$2,335	\$2,331
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$204,707	\$237,863	\$235,177	\$251,316	\$287,910
<b>Reserve Expenditures</b>	\$0	\$36,908	\$19,380	\$0	\$72,858
<b>Ending Balance</b>	\$204,707	\$200,955	\$215,798	\$251,316	\$215,052

Year	2037	2038	2039	2040	2041
<b>Starting Balance</b>	\$215,052	\$252,766	\$287,154	\$327,941	\$150,276
<i>Reserve Income</i>	\$35,376	\$36,526	\$37,713	\$38,939	\$40,204
<i>Interest Earnings</i>	\$2,338	\$2,698	\$3,074	\$2,390	\$1,451
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$252,766	\$291,991	\$327,941	\$369,270	\$191,931
<b>Reserve Expenditures</b>	\$0	\$4,837	\$0	\$218,994	\$51,938
<b>Ending Balance</b>	\$252,766	\$287,154	\$327,941	\$150,276	\$139,993

Year	2042	2043	2044	2045	2046
<b>Starting Balance</b>	\$139,993	\$183,119	\$228,034	\$265,592	\$314,181
<i>Reserve Income</i>	\$41,511	\$42,860	\$44,253	\$45,691	\$47,176
<i>Interest Earnings</i>	\$1,615	\$2,055	\$2,467	\$2,898	\$2,761
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$183,119	\$228,034	\$274,754	\$314,181	\$364,117
<b>Reserve Expenditures</b>	\$0	\$0	\$9,163	\$0	\$125,958
<b>Ending Balance</b>	\$183,119	\$228,034	\$265,592	\$314,181	\$238,159

Yearly Expenditures Graph For Wildwing Owners Assoc.





*Projected Reserve Expenditures For Wildwing Owners Assoc.*

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
2017		No Expenditures Projected		\$0
2018		No Expenditures Projected		\$0
2019		No Expenditures Projected		\$0
2020		No Expenditures Projected		\$0
2021	212	Metal Surfaces/Pool Fence - Repaint	\$11,536	
	402	Asphalt - Surface Application	\$1,829	
	1112	Misc Equipment - Replace	\$3,939	\$17,305
2022	1801	Landscaping - Replenish	\$5,941	\$5,941
2023		No Expenditures Projected		\$0
2024		No Expenditures Projected		\$0
2025		No Expenditures Projected		\$0
2026	212	Metal Surfaces/Pool Fence - Repaint	\$13,374	
	402	Asphalt - Surface Application	\$2,120	
	1112	Misc Equipment - Replace	\$4,567	
	1117	Shade Sails - Replace	\$25,443	
	1701	Irrigation System - Rebuild	\$5,643	\$51,147
2027		No Expenditures Projected		\$0
2028	1101	Pool - Resurface	\$81,791	
	1703	Irrigation Controllers - Replace	\$3,807	
	1801	Landscaping - Replenish	\$7,094	\$92,692
2029		No Expenditures Projected		\$0
2030		No Expenditures Projected		\$0
2031	212	Metal Surfaces/Pool Fence - Repaint	\$15,504	
	402	Asphalt - Surface Application	\$2,458	
	1112	Misc Equipment - Replace	\$5,294	
	1304	Drinking Fountain - Replace	\$4,160	
	1413	Restroom - Remodel	\$9,643	\$37,058
2032		No Expenditures Projected		\$0
2033	1105	Pool Boiler - Replace	\$36,908	\$36,908
2034	1108	Pool Filter - Replace	\$10,909	
	1801	Landscaping - Replenish	\$8,471	\$19,380
2035		No Expenditures Projected		\$0
2036	212	Metal Surfaces/Pool Fence - Repaint	\$17,973	
	402	Asphalt - Surface Application	\$2,849	
	502	Overhead Sectional Doors - Replace	\$4,121	
	1112	Misc Equipment - Replace	\$6,137	
	1117	Shade Sails - Replace	\$34,193	
	1701	Irrigation System - Rebuild	\$7,584	\$72,858
2037		No Expenditures Projected		\$0
2038	703	Water Heater - Replace	\$4,837	\$4,837
2039		No Expenditures Projected		\$0
2040	1101	Pool - Resurface	\$116,614	
	1122	Water Slides - Replace	\$86,838	
	1703	Irrigation Controllers - Replace	\$5,427	
	1801	Landscaping - Replenish	\$10,115	\$218,994
2041	212	Metal Surfaces/Pool Fence - Repaint	\$20,836	
	401	Asphalt - Major Overlay	\$20,684	
	402	Asphalt - Surface Application	\$3,303	
	1112	Misc Equipment - Replace	\$7,115	\$51,938
2042		No Expenditures Projected		\$0
2043		No Expenditures Projected		\$0
2044	501	Doors - Replace	\$9,163	\$9,163
2045		No Expenditures Projected		\$0

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
	212	Metal Surfaces/Pool Fence - Repaint	\$24,155	
	402	Asphalt - Surface Application	\$3,829	
	1112	Misc Equipment - Replace	\$8,248	
	1117	Shade Sails - Replace	\$45,953	
	1304	Drinking Fountain - Replace	\$6,481	
	1413	Restroom - Remodel	\$15,023	
	1701	Irrigation System - Rebuild	\$10,192	
	1801	Landscaping - Replenish	\$12,077	\$125,958
2047		No Expenditures Projected		\$0

## **Glossary of Commonly used Words and Phrases** (provided by the National Reserve Study Standards of the Community Associations Institute)

**Asset or Component** – 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) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**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 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 representatives.

**Deficit** – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

**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 the 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 the Reserve Study.

**Component Full Funding** – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**Fully Fund Balance (aka – Ideal Balance)** – 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, and then summed together for an association total.

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

**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 Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **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 the “Component Fully Funding” method.

**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 accrued *Fund 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 “0” 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 (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

**Reserve Provider** – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

**Reserve Study** – A budget-planning tool that 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.

**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.

**Surplus** – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

**Useful Life (UL)** – Also known as “Life Expectancy”, or “Depreciable Life”. The estimated time, in years, that a Reserve component can be expected to serve its intended function if properly constructed and maintained in its present application or installation.