

**Daniels Loft Condominium OA
104-108 N. Tejon Street
Colorado Springs, CO 80903**



**Level 2, Limited Reserve Analysis
Report Period – 01/01/17 – 12/31/17**



**Client Reference Number - 8366
Property Type – Apartment Style Homes
Number of Units – 8
Fiscal Year End – December 31**

**Final
Version**

**Date of Property Observation - April 21, 2016
Project Manager - G. Michael Kelsen, RS, PRA
Main Contact Person - Wylene Carol, Board Member
Report was prepared on - Wednesday, October 19, 2016**

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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 product 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 \$100,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of the project is going to exceed \$125,000. So while \$100,000 sounds like a lot of money, in reality it won't even cover the cost of the component, 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 –

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to evaluating the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

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 Daniels Loft Condo Assoc. - Assoc. ID # - 8366-16

Projected Starting Balance as of January 1, 2017 -	\$93,910
Ideal Reserve Balance as of January 1, 2017 -	\$149,981
Percent Funded as of January 1, 2017 -	63%
Recommended Reserve Allocation (per month) -	\$1,650
Minimum Reserve Allocation (per month) -	\$1,575
Recommended Special Assessment -	\$0

This report is an update to an existing Reserve Study Report that was prepared four years ago for the 2013 fiscal period. A property site observation was conducted on April 21, 2016 to verify conditions and update information in the previous report. 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 property contains 8 units (6 residential and 2 commercial) within a historic building that was originally constructed over 100 years ago. The property was converted to the current condominium loft style building in 2001. Each unit varies in size of square footage (averages 2000 GSF per unit) for a total area of 16,000 square feet of commercial and residential space. The maintenance responsibilities of the association include the garage, building exterior surfaces, interior hallways, and an elevator. Note that it is required to replace garage CO sensors every 5 years. Please refer to the *Projected Reserve Expenditures* table of the financial analysis section of the report for a detailed list of components that will need to be addressed in the near future.

In comparing the projected balance of \$93,910 versus the ideal Reserve Balance of \$149,981, we find the association Reserve fund to be in an average financial position at this time (approximately 63% funded of ideal). As a result of the information contained in this report, we find the 2016 budgeted Reserve allocation of \$816.50 on average per month to be less than sufficient in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we find it necessary to recommend an increase of the Reserve contribution to \$1,650 per month (representing an increase of approximately \$26.05 on average per unit), followed by nominal annual increases of 3.75% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$1,575 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 4% in this case) to the Reserve fund to only stay above a certain threshold.

Funding Summary For Daniels Loft Condominium Association

Beginning Assumptions

Financial Information Source	Research With Client
# Of Units	8
Total Square Footage	16000
Fiscal Year End	December 31, 2017
Monthly Dues from 2012 budget	\$4,316.00
Monthly Reserve Allocation from 2016 Budget	\$816.50
Projected Starting Reserve Balance (as of 1/1/2013)	\$93,910
Ideal Starting Reserve Balance (as of 1/1/2013)	\$149,981

Economic Factors

Past 20 year Average Inflation Rate	4.50%
Past 20 year Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	63%
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Recommendations for 2013 Fiscal Year

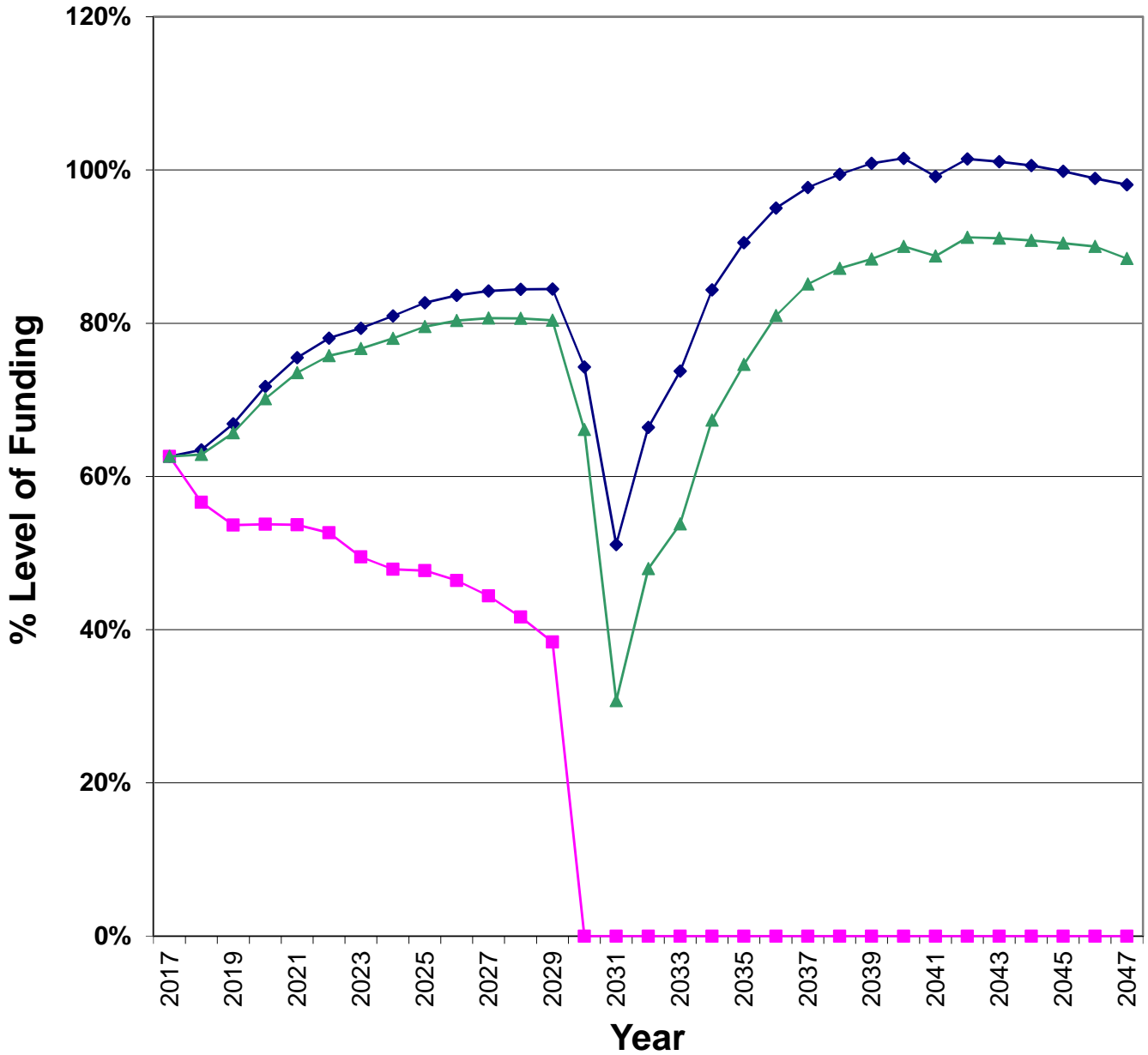
Monthly Reserve Allocation	\$1,650
Per Square Foot	\$0.103
Average Per Unit	\$206.25
Minimum Monthly Reserve Allocation	\$1,575
Per Square Foot	\$0.098
Average Per Unit	\$196.88
Nominal Annual Increases	3.75%
# of Years	30
Special Assessment	\$0
Per Square Foot	\$0
Average Per Unit	\$0.00

Changes From Prior Year (2012 to 2013)

Increase/Decrease to Reserve Allocation	\$834
as Percentage	102%
Per Square Foot	\$0.052
Average Per Unit	\$26.05

Percent Funded Graph For Daniels Loft Condominium Association

Percent Funded



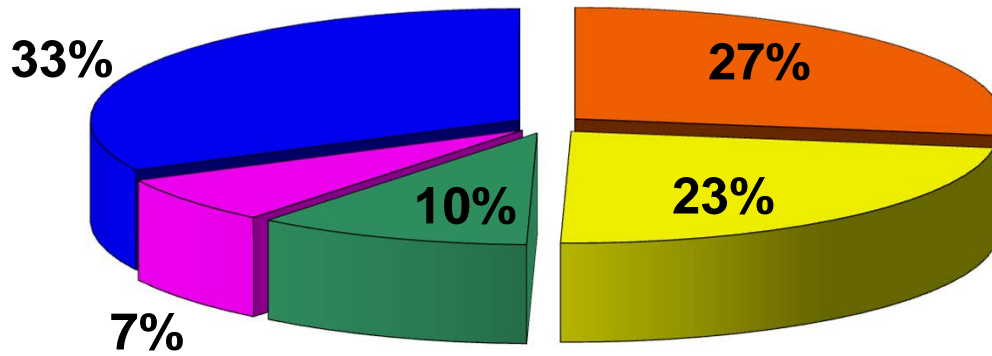
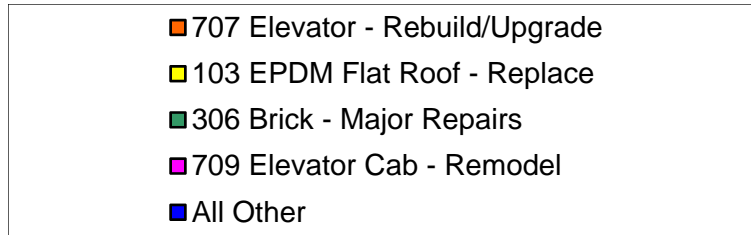
Component Inventory for Daniels Loft Condominium OA

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	103	EPDM Flat Roof - Replace	25	13	\$66,400	\$72,625
	120	Gutters/Downspouts - Replace	N/A		\$0	\$0
Painted Surfaces	203	Garage Walls/Surfaces - Repaint	15	0	\$3,750	\$3,950
	212	Metal Surfaces - Repaint	5	0	\$550	\$675
	216	Interior Surfaces - Repaint	12	8	\$4,600	\$5,600
	217	Restrooms and Hallway - Repaint	5	1	\$650	\$800
Siding Materials	305	Miscellaneous Siding - Replace	N/A		\$0	\$0
	306	Brick - Major Repairs (One -Time)	99	0	\$12,000	\$13,000
	306	Brick - Major Repairs	4	1	\$4,500	\$5,500
Drive Materials	403	Concrete - Repair/Replace	N/A		\$0	\$0
Property Access	501	Common Doors - Replace	27	11	\$6,200	\$6,800
	502	Garage Doors - Replace	20	10	\$5,000	\$6,000
	507	Garage Door Openers - Replace (A)	12	10	\$550	\$750
	507	Garage Door Openers - Replace (B)	12	0	\$550	\$750
Walking Surfaces	606	Unit Decks/Balconies - Replace	N/A		\$0	\$0
	610	Steel Stairs - Replace	N/A		\$0	\$0
Mechanical Equip.	706	Cabinet Unit Heaters Replace	20	6	\$5,200	\$6,000
	707	Elevator - Rebuild/Upgrade	28	12	\$85,000	\$100,000
	709	Elevator Cab - Remodel	17	12	\$13,000	\$15,000
	730	Garage CO System - Replace	7	0	\$800	\$1,000
Prop. Identification	803	Mailboxes - Replace	N/A		\$0	\$0
Security	901	Fire Protection System - Replace	20	10	\$3,250	\$3,750
	905	Intercom - Replace	15	0	\$1,600	\$1,900
Interiors	1413	Restrooms/Hallway - Remodel	20	1	\$4,400	\$4,900
Flooring	1501	Carpeting - Replace	20	4	\$3,300	\$3,600
	1504	Slate Tile - Replace	27	11	\$5,625	\$6,300
	1505	Hardwood - Refinish	5	0	\$950	\$1,050
	1506	Hardwood - Replace (2nd Floor)	30	15	\$6,000	\$7,200
	1506	Hardwood - Replace (3rd Floor)	30	5	\$4,500	\$5,400
Light Fixtures	1601	Interior Hallway - Replace	18	9	\$2,950	\$3,350
	1602	Exterior Wall Mount - Replace	15	14	\$3,600	\$4,100
	1610	Florescent Tube Lights - Replace	N/A		\$0	\$0
	1611	Exit Signs/Emergency Lights - Replace	N/A		\$0	\$0

Significant Components For Daniels Loft Condominium Association

ID	Asset Name	UL	RUL	Significance:		
				Ave Curr Cost	(Curr Cost/UL) As \$	As %
103	EPDM Flat Roof - Replace	25	13	\$69,513	\$2,781	23.0296%
203	Garage Walls/Surfaces - Repaint	15	0	\$3,850	\$257	2.1259%
212	Metal Surfaces - Repaint	5	0	\$613	\$123	1.0146%
216	Interior Surfaces - Repaint	12	8	\$5,100	\$425	3.5201%
217	Restrooms and Hallway - Repaint	5	1	\$725	\$145	1.2010%
306	Brick - Major Repairs	4	1	\$5,000	\$1,250	10.3532%
306	Brick - Major Repairs (One -Time)	99	0	\$12,500	\$0	0.0000%
501	Common Doors - Replace	27	11	\$6,500	\$241	1.9939%
502	Garage Doors - Replace	20	10	\$5,500	\$275	2.2777%
507	Garage Door Openers - Replace (A)	12	10	\$650	\$54	0.4486%
507	Garage Door Openers - Replace (B)	12	0	\$650	\$54	0.4486%
706	Cabinet Unit Heaters Replace	20	6	\$5,600	\$280	2.3191%
707	Elevator - Rebuild/Upgrade	28	12	\$92,500	\$3,304	27.3620%
709	Elevator Cab - Remodel	17	12	\$14,000	\$824	6.8209%
730	Garage CO System - Replace	7	0	\$900	\$129	1.0649%
901	Fire Protection System - Replace	20	10	\$3,500	\$175	1.4494%
905	Intercom - Replace	15	0	\$1,750	\$117	0.9663%
1413	Restrooms/Hallway - Remodel	20	1	\$4,650	\$233	1.9257%
1501	Carpeting - Replace	20	4	\$3,450	\$173	1.4287%
1504	Slate Tile - Replace	27	11	\$5,963	\$221	1.8291%
1505	Hardwood - Refinish	5	0	\$1,000	\$200	1.6565%
1506	Hardwood - Replace (2nd Floor)	30	15	\$6,600	\$220	1.8222%
1506	Hardwood - Replace (3rd Floor)	30	5	\$4,950	\$165	1.3666%
1601	Interior Hallway - Replace	18	9	\$3,150	\$175	1.4494%
1602	Exterior Wall Mount - Replace	15	14	\$3,850	\$257	2.1259%

Significant Components Graph For Daniels Loft Condominium Association



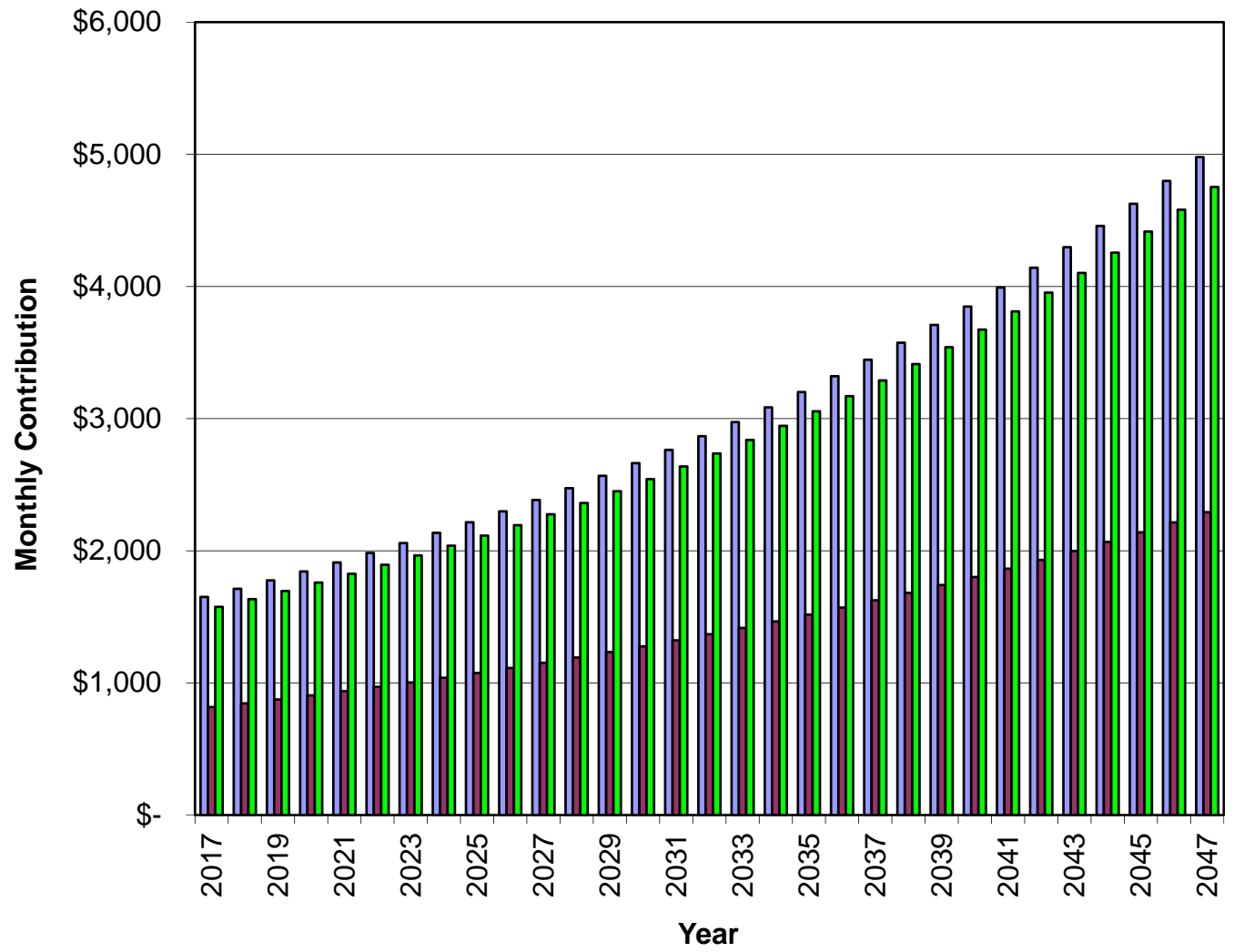
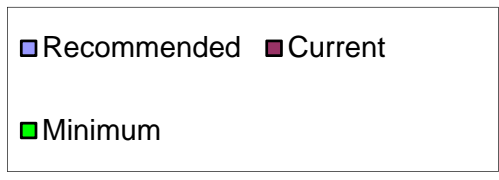
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
707	Elevator - Rebuild/Upgrade	28	12	\$92,500	\$3,304	27%
103	EPDM Flat Roof - Replace	25	13	\$69,513	\$2,781	23%
306	Brick - Major Repairs	4	1	\$5,000	\$1,250	10%
709	Elevator Cab - Remodel	17	12	\$14,000	\$824	7%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$3,916	32%

Yearly Summary For Daniels Loft Condominium Association

Year	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2017	\$149,981	\$93,910	63%	\$19,800	\$0	\$936	\$21,263
2018	\$147,128	\$93,384	63%	\$20,543	\$0	\$987	\$10,842
2019	\$155,603	\$104,071	67%	\$21,313	\$0	\$1,153	\$0
2020	\$176,383	\$126,536	72%	\$22,112	\$0	\$1,382	\$0
2021	\$198,719	\$150,031	75%	\$22,941	\$0	\$1,602	\$4,114
2022	\$218,408	\$170,460	78%	\$23,802	\$0	\$1,760	\$14,409
2023	\$228,901	\$181,612	79%	\$24,694	\$0	\$1,907	\$8,237
2024	\$247,025	\$199,976	81%	\$25,620	\$0	\$2,131	\$1,225
2025	\$274,031	\$226,503	83%	\$26,581	\$0	\$2,373	\$7,253
2026	\$296,726	\$248,204	84%	\$27,578	\$0	\$2,571	\$12,112
2027	\$316,172	\$266,241	84%	\$28,612	\$0	\$2,731	\$17,490
2028	\$331,716	\$280,093	84%	\$29,685	\$0	\$2,855	\$21,401
2029	\$344,754	\$291,232	84%	\$30,798	\$0	\$2,168	\$181,714
2030	\$191,774	\$142,484	74%	\$31,953	\$0	\$929	\$132,051
2031	\$84,770	\$43,315	51%	\$33,151	\$0	\$557	\$8,797
2032	\$102,758	\$68,227	66%	\$34,394	\$0	\$724	\$26,731
2033	\$103,865	\$76,614	74%	\$35,684	\$0	\$942	\$1,466
2034	\$132,523	\$111,773	84%	\$37,022	\$0	\$1,256	\$10,567
2035	\$154,109	\$139,484	91%	\$38,411	\$0	\$1,594	\$0
2036	\$188,908	\$179,489	95%	\$39,851	\$0	\$2,003	\$0
2037	\$226,526	\$221,343	98%	\$41,345	\$0	\$2,350	\$16,189
2038	\$250,231	\$248,850	99%	\$42,896	\$0	\$2,573	\$28,416
2039	\$263,595	\$265,903	101%	\$44,504	\$0	\$2,886	\$1,712
2040	\$306,896	\$311,582	102%	\$46,173	\$0	\$3,362	\$0
2041	\$364,146	\$361,117	99%	\$47,905	\$0	\$3,809	\$11,792
2042	\$395,389	\$401,040	101%	\$49,701	\$0	\$4,179	\$19,873
2043	\$430,333	\$435,046	101%	\$51,565	\$0	\$4,530	\$19,865
2044	\$468,565	\$471,276	101%	\$53,499	\$0	\$4,951	\$10,338
2045	\$520,255	\$519,388	100%	\$55,505	\$0	\$5,481	\$3,087
2046	\$583,713	\$577,287	99%	\$57,586	\$0	\$5,677	\$81,895

Reserve Contributions For Daniels Loft Condominium Association

Reserve Contributions



Component Funding Information For Daniels Loft Condominium Association

ID	Component Name	Ave Current Cost	Future Cost	Ideal Balance	Current Fund Balance	Monthly
103	EPDM Flat Roof - Replace	\$69,513	\$123,190	\$33,366	\$0	\$379.99
203	Garage Walls/Surfaces - Repaint	\$3,850	\$7,451	\$3,850	\$3,850	\$35.08
212	Metal Surfaces - Repaint	\$613	\$763	\$613	\$613	\$16.74
216	Interior Surfaces - Repaint	\$5,100	\$7,253	\$1,700	\$1,700	\$58.08
217	Restrooms and Hallway - Repaint	\$725	\$758	\$580	\$580	\$19.82
306	Brick - Major Repairs	\$5,000	\$5,225	\$3,750	\$3,750	\$170.83
306	Brick - Major Repairs (One -Time)	\$12,500	\$0	\$12,500	\$12,500	\$0.00
501	Common Doors - Replace	\$6,500	\$10,549	\$3,852	\$3,852	\$32.90
502	Garage Doors - Replace	\$5,500	\$8,541	\$2,750	\$2,750	\$37.58
507	Garage Door Openers - Replace (A)	\$650	\$1,009	\$108	\$108	\$7.40
507	Garage Door Openers - Replace (B)	\$650	\$1,102	\$650	\$650	\$7.40
706	Cabinet Unit Heaters Replace	\$5,600	\$7,293	\$3,920	\$3,920	\$38.27
707	Elevator - Rebuild/Upgrade	\$92,500	\$156,869	\$52,857	\$37,826	\$451.47
709	Elevator Cab - Remodel	\$14,000	\$23,742	\$4,118	\$0	\$112.55
730	Garage CO System - Replace	\$900	\$1,225	\$900	\$900	\$17.57
901	Fire Protection System - Replace	\$3,500	\$5,435	\$1,750	\$1,750	\$23.92
905	Intercom - Replace	\$1,750	\$3,387	\$1,750	\$1,750	\$15.94
1413	Restrooms/Hallway - Remodel	\$4,650	\$4,859	\$4,418	\$4,418	\$31.77
1501	Carpeting - Replace	\$3,450	\$4,114	\$2,760	\$2,760	\$23.57
1504	Slate Tile - Replace	\$5,963	\$9,676	\$3,533	\$3,533	\$30.18
1505	Hardwood - Refinish	\$1,000	\$1,246	\$1,000	\$1,000	\$27.33
1506	Hardwood - Replace (2nd Floor)	\$6,600	\$12,773	\$3,300	\$0	\$30.07
1506	Hardwood - Replace (3rd Floor)	\$4,950	\$6,169	\$4,125	\$4,125	\$22.55
1601	Interior Hallway - Replace	\$3,150	\$4,681	\$1,575	\$1,575	\$23.92
1602	Exterior Wall Mount - Replace	\$3,850	\$7,130	\$257	\$0	\$35.08

Yearly Cash Flow For Daniels Loft Condominium Association

Year	2017	2018	2019	2020	2021
Starting Balance	\$93,910	\$93,384	\$104,071	\$126,536	\$150,031
<i>Reserve Income</i>	\$19,800	\$20,543	\$21,313	\$22,112	\$22,941
<i>Interest Earnings</i>	\$936	\$987	\$1,153	\$1,382	\$1,602
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$114,646	\$114,913	\$126,536	\$150,031	\$174,574
Reserve Expenditures	\$21,263	\$10,842	\$0	\$0	\$4,114
Ending Balance	\$93,384	\$104,071	\$126,536	\$150,031	\$170,460

Year	2022	2023	2024	2025	2026
Starting Balance	\$170,460	\$181,612	\$199,976	\$226,503	\$248,204
<i>Reserve Income</i>	\$23,802	\$24,694	\$25,620	\$26,581	\$27,578
<i>Interest Earnings</i>	\$1,760	\$1,907	\$2,131	\$2,373	\$2,571
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$196,021	\$208,213	\$227,728	\$255,457	\$278,353
Reserve Expenditures	\$14,409	\$8,237	\$1,225	\$7,253	\$12,112
Ending Balance	\$181,612	\$199,976	\$226,503	\$248,204	\$266,241

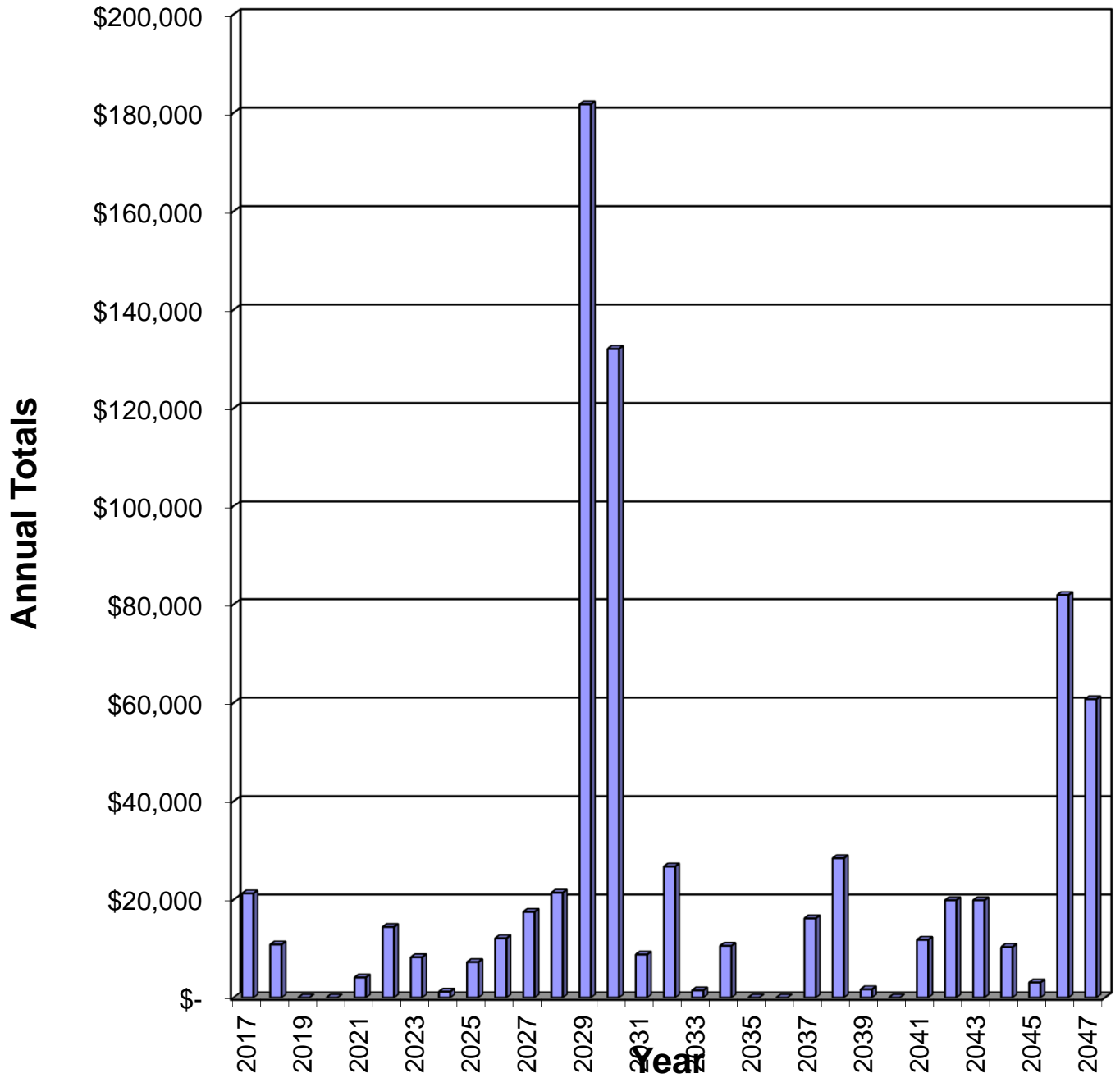
Year	2027	2028	2029	2030	2031
Starting Balance	\$266,241	\$280,093	\$291,232	\$142,484	\$43,315
<i>Reserve Income</i>	\$28,612	\$29,685	\$30,798	\$31,953	\$33,151
<i>Interest Earnings</i>	\$2,731	\$2,855	\$2,168	\$929	\$557
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$297,583	\$312,633	\$324,198	\$175,365	\$77,023
Reserve Expenditures	\$17,490	\$21,401	\$181,714	\$132,051	\$8,797
Ending Balance	\$280,093	\$291,232	\$142,484	\$43,315	\$68,227

Year	2032	2033	2034	2035	2036
Starting Balance	\$68,227	\$76,614	\$111,773	\$139,484	\$179,489
<i>Reserve Income</i>	\$34,394	\$35,684	\$37,022	\$38,411	\$39,851
<i>Interest Earnings</i>	\$724	\$942	\$1,256	\$1,594	\$2,003
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$103,345	\$113,239	\$150,051	\$179,489	\$221,343
Reserve Expenditures	\$26,731	\$1,466	\$10,567	\$0	\$0
Ending Balance	\$76,614	\$111,773	\$139,484	\$179,489	\$221,343

Year	2037	2038	2039	2040	2041
Starting Balance	\$221,343	\$248,850	\$265,903	\$311,582	\$361,117
<i>Reserve Income</i>	\$41,345	\$42,896	\$44,504	\$46,173	\$47,905
<i>Interest Earnings</i>	\$2,350	\$2,573	\$2,886	\$3,362	\$3,809
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$265,039	\$294,319	\$313,294	\$361,117	\$412,831
Reserve Expenditures	\$16,189	\$28,416	\$1,712	\$0	\$11,792
Ending Balance	\$248,850	\$265,903	\$311,582	\$361,117	\$401,040

Year	2042	2043	2044	2045	2046
Starting Balance	\$401,040	\$435,046	\$471,276	\$519,388	\$577,287
<i>Reserve Income</i>	\$49,701	\$51,565	\$53,499	\$55,505	\$57,586
<i>Interest Earnings</i>	\$4,179	\$4,530	\$4,951	\$5,481	\$5,677
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$454,920	\$491,141	\$529,726	\$580,374	\$640,551
Reserve Expenditures	\$19,873	\$19,865	\$10,338	\$3,087	\$81,895
Ending Balance	\$435,046	\$471,276	\$519,388	\$577,287	\$558,656

Reserve Expenditures



Projected Reserve Expenditures For Daniels Loft Condominium Association

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2017	203	Garage Walls/Surfaces - Repaint	\$3,850	
	212	Metal Surfaces - Repaint	\$613	
	306	Brick - Major Repairs (One -Time)	\$12,500	
	507	Garage Door Openers - Replace (B)	\$650	
	730	Garage CO System - Replace	\$900	
	905	Intercom - Replace	\$1,750	
	1505	Hardwood - Refinish	\$1,000	\$21,263
2018	217	Restrooms and Hallway - Repaint	\$758	
	306	Brick - Major Repairs	\$5,225	
	1413	Restrooms/Hallway - Remodel	\$4,859	\$10,842
2019		No Expenditures Projected		\$0
2020		No Expenditures Projected		\$0
2021	1501	Carpeting - Replace	\$4,114	\$4,114
2022	212	Metal Surfaces - Repaint	\$763	
	306	Brick - Major Repairs	\$6,231	
	1505	Hardwood - Refinish	\$1,246	
	1506	Hardwood - Replace (3rd Floor)	\$6,169	\$14,409
2023	217	Restrooms and Hallway - Repaint	\$944	
	706	Cabinet Unit Heaters Replace	\$7,293	\$8,237
2024	730	Garage CO System - Replace	\$1,225	\$1,225
2025	216	Interior Surfaces - Repaint	\$7,253	\$7,253
2026	306	Brick - Major Repairs	\$7,430	
	1601	Interior Hallway - Replace	\$4,681	\$12,112
2027	212	Metal Surfaces - Repaint	\$951	
	502	Garage Doors - Replace	\$8,541	
	507	Garage Door Openers - Replace (A)	\$1,009	
	901	Fire Protection System - Replace	\$5,435	
	1505	Hardwood - Refinish	\$1,553	\$17,490
2028	217	Restrooms and Hallway - Repaint	\$1,177	
	501	Common Doors - Replace	\$10,549	
	1504	Slate Tile - Replace	\$9,676	\$21,401
2029	507	Garage Door Openers - Replace (B)	\$1,102	
	707	Elevator - Rebuild/Upgrade	\$156,869	
	709	Elevator Cab - Remodel	\$23,742	\$181,714
2030	103	EPDM Flat Roof - Replace	\$123,190	
	306	Brick - Major Repairs	\$8,861	\$132,051
2031	730	Garage CO System - Replace	\$1,667	
	1602	Exterior Wall Mount - Replace	\$7,130	\$8,797
2032	203	Garage Walls/Surfaces - Repaint	\$7,451	
	212	Metal Surfaces - Repaint	\$1,185	
	905	Intercom - Replace	\$3,387	
	1505	Hardwood - Refinish	\$1,935	
	1506	Hardwood - Replace (2nd Floor)	\$12,773	\$26,731
2033	217	Restrooms and Hallway - Repaint	\$1,466	\$1,466
2034	306	Brick - Major Repairs	\$10,567	\$10,567
2035		No Expenditures Projected		\$0
2036		No Expenditures Projected		\$0
2037	212	Metal Surfaces - Repaint	\$1,477	
	216	Interior Surfaces - Repaint	\$12,300	
	1505	Hardwood - Refinish	\$2,412	\$16,189
2038	217	Restrooms and Hallway - Repaint	\$1,827	
	306	Brick - Major Repairs	\$12,601	
	730	Garage CO System - Replace	\$2,268	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1413	Restrooms/Hallway - Remodel	\$11,719	\$28,416
2039	507	Garage Door Openers - Replace (A)	\$1,712	\$1,712
2040		No Expenditures Projected		\$0
2041	507	Garage Door Openers - Replace (B)	\$1,869	
	1501	Carpeting - Replace	\$9,922	\$11,792
2042	212	Metal Surfaces - Repaint	\$1,841	
	306	Brick - Major Repairs	\$15,027	
	1505	Hardwood - Refinish	\$3,005	\$19,873
2043	217	Restrooms and Hallway - Repaint	\$2,277	
	706	Cabinet Unit Heaters Replace	\$17,588	\$19,865
2044	1601	Interior Hallway - Replace	\$10,338	\$10,338
2045	730	Garage CO System - Replace	\$3,087	\$3,087
2046	306	Brick - Major Repairs	\$17,920	
	709	Elevator Cab - Remodel	\$50,177	
	1602	Exterior Wall Mount - Replace	\$13,799	\$81,895
2047	203	Garage Walls/Surfaces - Repaint	\$14,419	
	212	Metal Surfaces - Repaint	\$2,294	
	502	Garage Doors - Replace	\$20,599	
	901	Fire Protection System - Replace	\$13,109	
	905	Intercom - Replace	\$6,554	
	1505	Hardwood - Refinish	\$3,745	\$60,721

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.