

**Stapleton Business Plaza
4601-4605 S. Quebec St.
Denver, CO 80216**



**Level 1, Limited Reserve Analysis
Report Period – 01/01/19 – 12/31/19**



**Client Reference Number - 10022
Property Type – Commercial Warehouse**

**Final
Version**

**Fiscal Year End – December 31
Number of units- 30
Date of Property Observation - December 21, 2018**

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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 20% - 45% 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 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 conclusion 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 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?

State Legislation 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 should be 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. While this may mean a Reserve Analysis is not required, 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 Stapleton Business Plaza -

Assoc. ID # - 10022

Projected Starting Balance as of January 1, 2019 -	\$92,018
Ideal Reserve Balance as of January 1, 2019 -	\$428,215
Percent Funded as of January 1, 2019 -	21%
Recommended Reserve Allocation (per month) -	\$770 (budgeted net income 2019)
Recommended Reserve Allocation (per month) -	\$7,075 (starting 2020)
Minimum Reserve Allocation (per month) -	\$6,700 (starting 2020)
Recommended Special Assessment 2019 -	\$51,000 (\$1700/unit)

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on December 21, 2018. In addition, we obtained information by contacting local vendors and contractors, as well as 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 property contains 30 residential commercial warehouse units within 3 separate buildings that were constructed from 2003 - 2007. The maintenance responsibilities of the association include, but are not limited to, building exterior surfaces, a parking lot, some fencing, and some landscaping. 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.

The following are some general notes regarding components:

*** Depending on the scope of the report, there may be a few components (i.e. concrete repairs, irrigation system repairs, groundcover replenishment) that are considered partial replacement and should not be misconstrued as complete replacement of that particular item.**

*** If an N/A appears in the useful life column, then Reserve funding has not been set aside for this component for various reasons, including not being an HOA responsibility, or the replacement cost does not meet the threshold amount to consider Reserve funding.**

In comparing the projected balance of \$92,018 versus the ideal Reserve Balance of \$428,215, we find the association Reserve fund to be in a less than average financial position at this time (approximately 21% funded of ideal). Since the 2019 budget has already been established, we recommend maintaining the budgeted amount of \$770 per month to be deposited into the account. However, in order to help pay for the projects scheduled this year, we recommend passing a one-time Special Assessment of \$51,000 in 2019. Additionally, for the long term financial health of the association, we suggest increasing the Reserve contribution to \$7,075 per month starting in 2020 and continuing through 2030, followed by nominal annual increases of 2.30% thereafter to help offset the effects of inflation. This will increase the strength of the Reserve fund to a fully funded position within the 30-year report period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$6,700 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional 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 (only 5% in this case) between the two scenarios and how it would not make financial sense to contribute less money to the Reserve fund to only stay above a certain threshold.

Funding Summary For Stapleton Business Plaza

Beginning Assumptions

Financial Information Source	Research With Client
# of units	30
Fiscal Year End	December 31, 2019
Monthly Dues from 2019 budget	\$7,690.00
Monthly Reserve Allocation from 2019 Budget	\$770.00
Projected Starting Reserve Balance (as of 1/1/2019)	\$92,018
Reserve Balance: Average Per Unit	\$3,067
Ideal Starting Reserve Balance (as of 1/1/2019)	\$428,215
Ideal Reserve Balance: Average Per Unit	\$14,274

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	3.75%
Current Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	21%
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Recommendations for 2019 Fiscal Year

Monthly Reserve Allocation (2019)	\$770
Per Unit	\$25.67
Monthly Reserve Allocation (starting 2020)	\$7,075
Per Unit	\$235.83
Minimum Monthly Reserve Allocation (starting 2020)	\$6,700
Per Unit	\$223.33
Primary Annual Increases	0.00%
# of Years	10
Secondary Annual Increases	2.30%
# of Years	20
Special Assessment	\$51,000
Per Unit	\$1,700

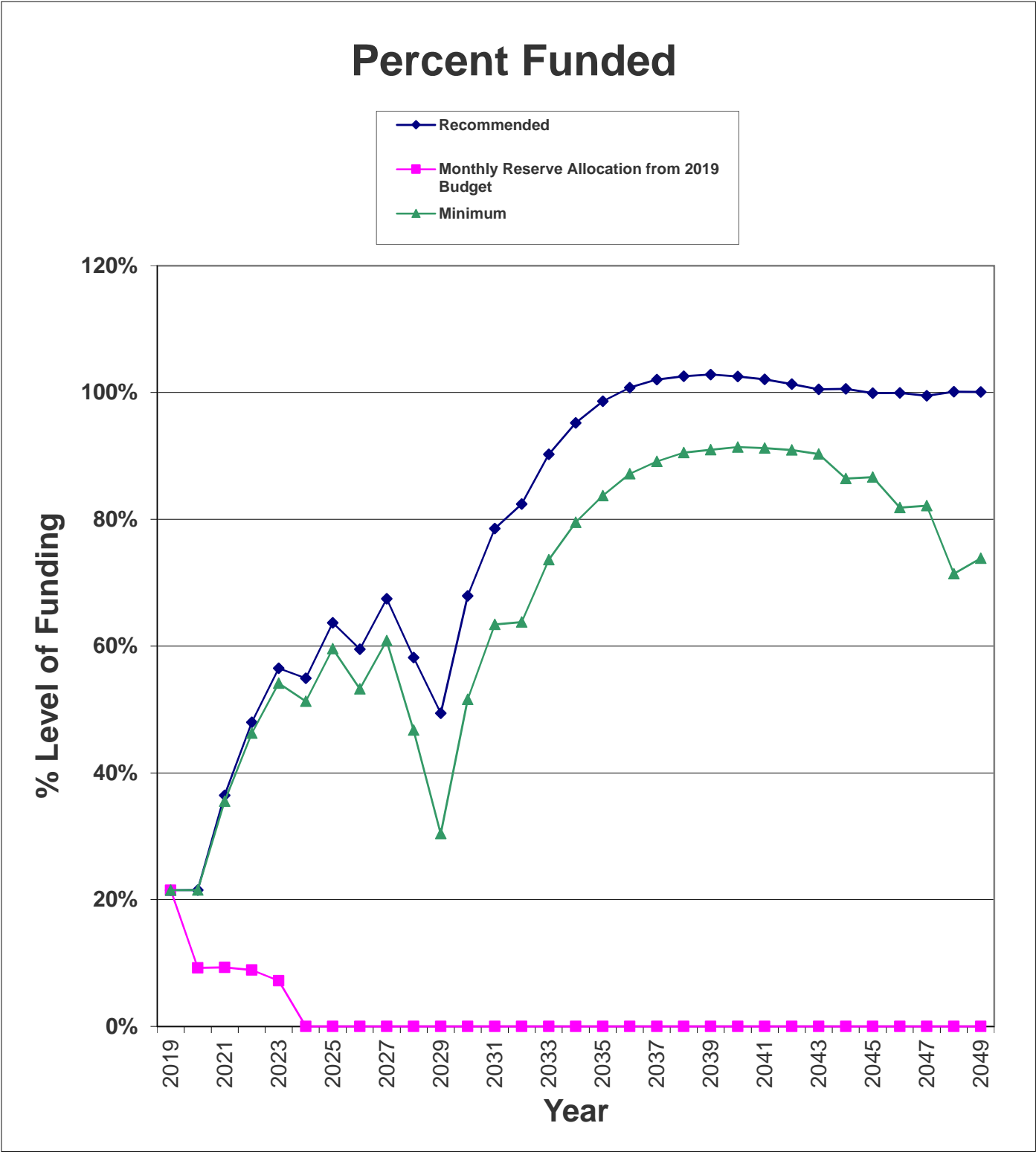
Changes To Current 2019 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$0
as Percentage	0%
Average Per Unit	\$0.00

Changes from 2019 to 2020 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$6,305
as Percentage	819%
Average Per Unit	\$210.17

Percent Funded Graph For Stapleton Business Plaza



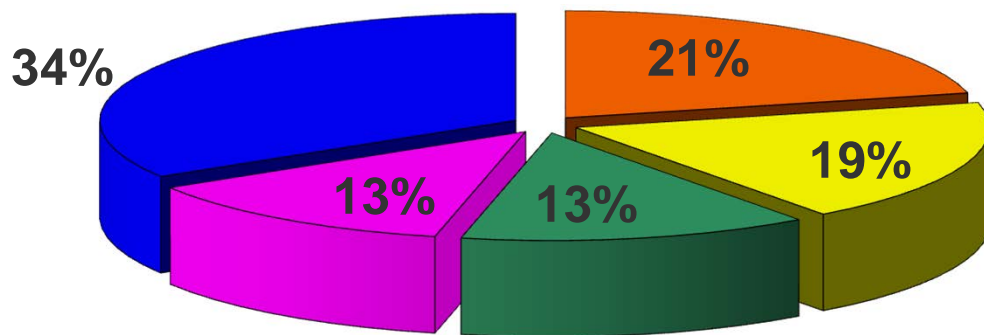
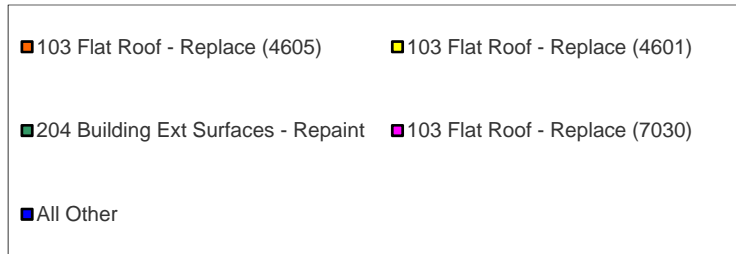
Component Inventory for Stapleton Business Plaza

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	103	Flat Roof - Replace (4601)	20	6	\$139,925	\$149,575
	103	Flat Roof - Replace (7030)	20	4	\$95,700	\$102,300
	103	Flat Roof - Replace (4605)	20	8	\$159,500	\$170,500
	120	Downspouts - Replace	N/A		\$0	\$0
Painted Surfaces	204	Building Ext Surfaces - Repaint	12	0	\$59,675	\$66,850
Drive Materials	401	Asphalt - Major Overlay	24	9	\$92,500	\$103,350
	402	Asphalt - Surface Application	4	3	\$8,175	\$9,800
	407	Curb and Gutters - Partial Replace	5	4	\$4,700	\$5,100
Walking Surfaces	601	Concrete Flatwork - Partial Replace	5	4	\$7,950	\$8,625
Prop. Identification	801	Monument - Rebuild	N/A		\$0	\$0
	804	Awnings - Replace	N/A		\$0	\$0
Fencing/Walls	1008	PVC Vinyl Fencing - Replace	25	23	\$8,600	\$9,400
	1011	Rock Retaining Wall - Replace	N/A		\$0	\$0
Light Fixtures	1602	Exterior Wall Sconces - Replace	22	8	\$5,775	\$6,600
	1602	Exterior Wall Paks - Replace	17	4	\$6,650	\$7,600
Irrig. System	1701	Irrigation System - Major Repairs	6	3	\$4,200	\$5,000
	1703	Irrigation Controllers - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	4	1	\$3,750	\$4,500
	1804	Tree - Replace/Major Maintenance	5	2	\$6,000	\$6,800

Significant Components For Stapleton Business Plaza

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
103	Flat Roof - Replace (4601)	20	6	\$144,750	\$7,238	18.6475%
103	Flat Roof - Replace (4605)	20	8	\$165,000	\$8,250	21.2562%
103	Flat Roof - Replace (7030)	20	4	\$99,000	\$4,950	12.7537%
204	Building Ext Surfaces - Repaint	12	0	\$63,263	\$5,272	13.5830%
401	Asphalt - Major Overlay	24	9	\$97,925	\$4,080	10.5127%
402	Asphalt - Surface Application	4	3	\$8,988	\$2,247	5.7891%
407	Curb and Gutters - Partial Replace	5	4	\$4,900	\$980	2.5250%
601	Concrete Flatwork - Partial Replace	5	4	\$8,288	\$1,658	4.2706%
1008	PVC Vinyl Fencing - Replace	25	23	\$9,000	\$360	0.9275%
1602	Exterior Wall Paks - Replace	17	4	\$7,125	\$419	1.0799%
1602	Exterior Wall Sconces - Replace	22	8	\$6,188	\$281	0.7246%
1701	Irrigation System - Major Repairs	6	3	\$4,600	\$767	1.9753%
1801	Groundcover - Replenish	4	1	\$4,125	\$1,031	2.6570%
1804	Tree - Replace/Major Maintenance	5	2	\$6,400	\$1,280	3.2979%

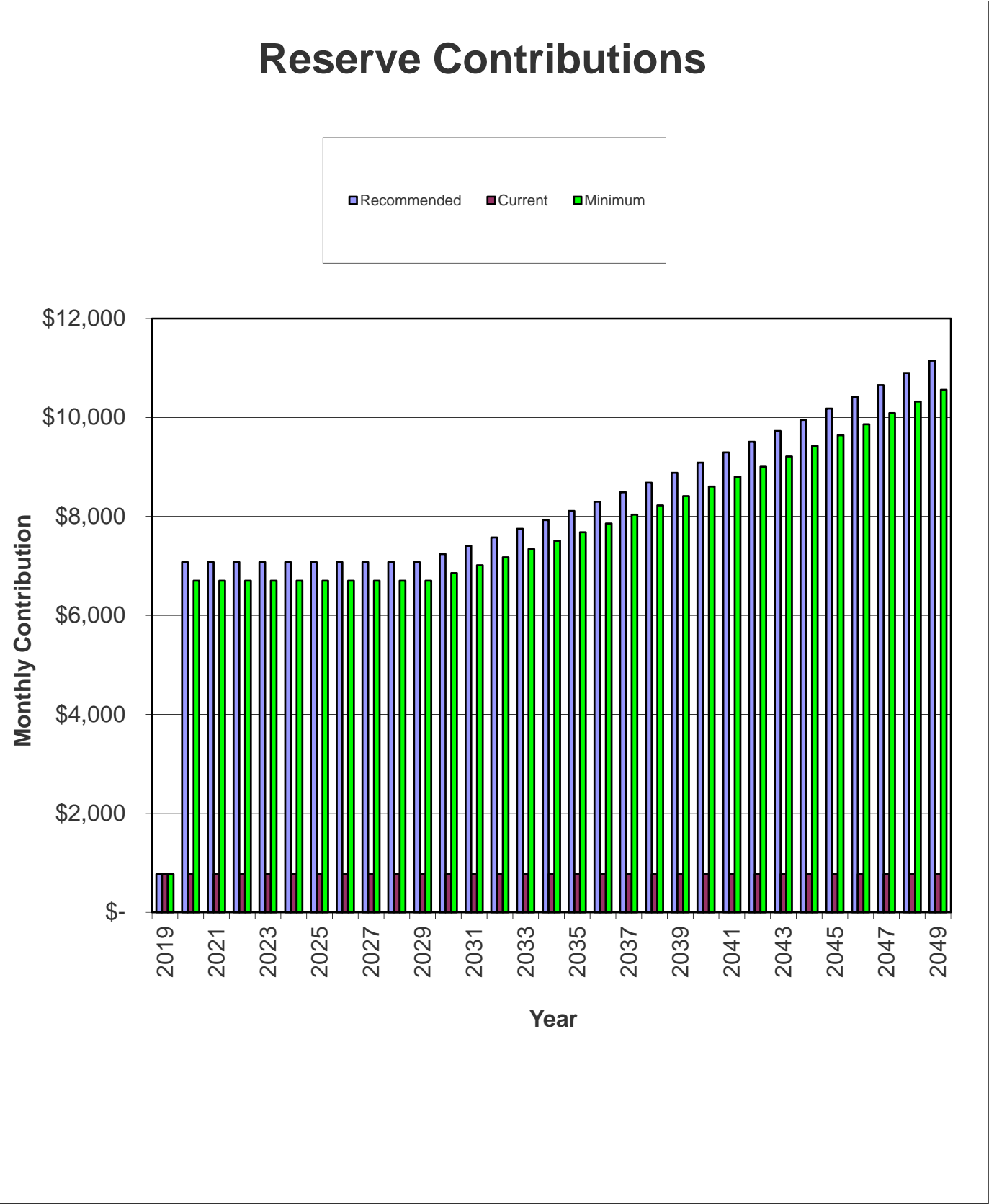
Significant Components Graph For Stapleton Business Plaza



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
103	Flat Roof - Replace (4605)	20	8	\$165,000	\$8,250	21%
103	Flat Roof - Replace (4601)	20	6	\$144,750	\$7,238	19%
204	Building Ext Surfaces - Repaint	12	0	\$63,263	\$5,272	14%
103	Flat Roof - Replace (7030)	20	4	\$99,000	\$4,950	13%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$13,103	34%

Yearly Summary For Stapleton Business Plaza

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2019	\$428,215	\$92,018	21%	\$9,240	\$51,000	\$1,165	\$63,263
2020	\$418,906	\$90,161	22%	\$84,900	\$0	\$1,311	\$4,280
2021	\$471,952	\$172,092	36%	\$84,900	\$0	\$2,121	\$6,889
2022	\$525,847	\$252,224	48%	\$84,900	\$0	\$2,884	\$15,174
2023	\$574,793	\$324,834	57%	\$84,900	\$0	\$2,995	\$138,241
2024	\$499,579	\$274,487	55%	\$84,900	\$0	\$3,159	\$4,959
2025	\$561,574	\$357,588	64%	\$84,900	\$0	\$3,112	\$180,529
2026	\$445,555	\$265,071	59%	\$84,900	\$0	\$2,989	\$19,911
2027	\$493,711	\$333,049	67%	\$84,900	\$0	\$2,618	\$229,814
2028	\$327,851	\$190,753	58%	\$84,900	\$0	\$1,504	\$166,911
2029	\$223,060	\$110,246	49%	\$84,900	\$0	\$1,534	\$0
2030	\$289,614	\$196,680	68%	\$86,853	\$0	\$2,344	\$13,474
2031	\$346,865	\$272,403	79%	\$88,850	\$0	\$2,639	\$108,357
2032	\$310,087	\$255,535	82%	\$90,894	\$0	\$2,990	\$6,657
2033	\$379,792	\$342,762	90%	\$92,984	\$0	\$3,800	\$22,080
2034	\$438,547	\$417,466	95%	\$95,123	\$0	\$4,553	\$23,603
2035	\$500,453	\$493,540	99%	\$97,311	\$0	\$5,447	\$0
2036	\$591,791	\$596,297	101%	\$99,549	\$0	\$6,392	\$19,680
2037	\$668,859	\$682,558	102%	\$101,839	\$0	\$7,368	\$0
2038	\$772,057	\$791,765	103%	\$104,181	\$0	\$8,253	\$44,631
2039	\$835,751	\$859,569	103%	\$106,577	\$0	\$9,171	\$0
2040	\$951,176	\$975,316	103%	\$109,028	\$0	\$10,173	\$34,338
2041	\$1,038,458	\$1,060,179	102%	\$111,536	\$0	\$11,139	\$14,385
2042	\$1,152,985	\$1,168,469	101%	\$114,101	\$0	\$12,101	\$41,947
2043	\$1,246,606	\$1,252,724	100%	\$116,726	\$0	\$11,039	\$424,490
2044	\$950,370	\$955,998	101%	\$119,410	\$0	\$10,152	\$10,354
2045	\$1,076,345	\$1,075,206	100%	\$122,157	\$0	\$9,522	\$376,972
2046	\$830,468	\$829,912	100%	\$124,966	\$0	\$8,694	\$54,005
2047	\$914,382	\$909,567	99%	\$127,841	\$0	\$7,456	\$462,542
2048	\$581,666	\$582,322	100%	\$130,781	\$0	\$6,254	\$50,352



Component Funding Information For Stapleton Business Plaza

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
103	Flat Roof - Replace (4601)	\$144,750	\$101,325	\$0	\$143.59
103	Flat Roof - Replace (4605)	\$165,000	\$99,000	\$0	\$163.67
103	Flat Roof - Replace (7030)	\$99,000	\$79,200	\$17,275	\$98.20
204	Building Ext Surfaces - Repaint	\$63,263	\$63,263	\$63,263	\$104.59
401	Asphalt - Major Overlay	\$97,925	\$61,203	\$0	\$80.95
402	Asphalt - Surface Application	\$8,988	\$2,247	\$2,247	\$44.58
407	Curb and Gutters - Partial Replace	\$4,900	\$980	\$0	\$19.44
601	Concrete Flatwork - Partial Replace	\$8,288	\$1,658	\$0	\$32.88
1008	PVC Vinyl Fencing - Replace	\$9,000	\$720	\$0	\$7.14
1602	Exterior Wall Paks - Replace	\$7,125	\$5,449	\$0	\$8.31
1602	Exterior Wall Sconces - Replace	\$6,188	\$3,938	\$0	\$5.58
1701	Irrigation System - Major Repairs	\$4,600	\$2,300	\$2,300	\$15.21
1801	Groundcover - Replenish	\$4,125	\$3,094	\$3,094	\$20.46
1804	Tree - Replace/Major Maintenance	\$6,400	\$3,840	\$3,840	\$25.39

Yearly Cash Flow For Stapleton Business Plaza

Year	2019	2020	2021	2022	2023
Starting Balance	\$92,018	\$90,161	\$172,092	\$252,224	\$324,834
<i>Reserve Income</i>	\$9,240	\$84,900	\$84,900	\$84,900	\$84,900
<i>Interest Earnings</i>	\$1,165	\$1,311	\$2,121	\$2,884	\$2,995
<i>Special Assessments</i>	\$51,000	\$0	\$0	\$0	\$0
Funds Available	\$153,423	\$176,372	\$259,113	\$340,008	\$412,729
Reserve Expenditures	\$63,263	\$4,280	\$6,889	\$15,174	\$138,241
Ending Balance	\$90,161	\$172,092	\$252,224	\$324,834	\$274,487

Year	2024	2025	2026	2027	2028
Starting Balance	\$274,487	\$357,588	\$265,071	\$333,049	\$190,753
<i>Reserve Income</i>	\$84,900	\$84,900	\$84,900	\$84,900	\$84,900
<i>Interest Earnings</i>	\$3,159	\$3,112	\$2,989	\$2,618	\$1,504
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$362,546	\$445,600	\$352,960	\$420,567	\$277,157
Reserve Expenditures	\$4,959	\$180,529	\$19,911	\$229,814	\$166,911
Ending Balance	\$357,588	\$265,071	\$333,049	\$190,753	\$110,246

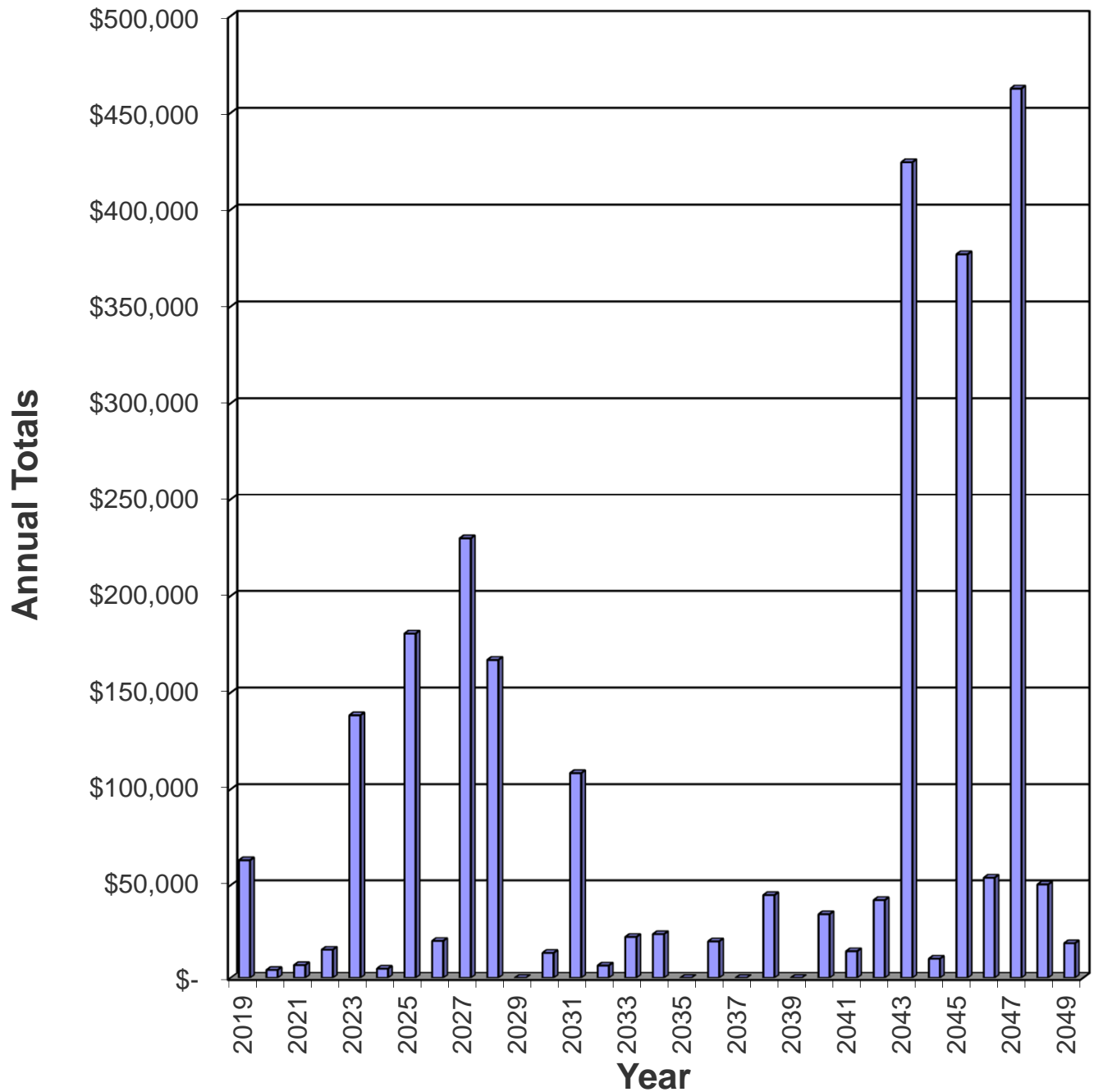
Year	2029	2030	2031	2032	2033
Starting Balance	\$110,246	\$196,680	\$272,403	\$255,535	\$342,762
<i>Reserve Income</i>	\$84,900	\$86,853	\$88,850	\$90,894	\$92,984
<i>Interest Earnings</i>	\$1,534	\$2,344	\$2,639	\$2,990	\$3,800
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$196,680	\$285,877	\$363,892	\$349,419	\$439,546
Reserve Expenditures	\$0	\$13,474	\$108,357	\$6,657	\$22,080
Ending Balance	\$196,680	\$272,403	\$255,535	\$342,762	\$417,466

Year	2034	2035	2036	2037	2038
Starting Balance	\$417,466	\$493,540	\$596,297	\$682,558	\$791,765
<i>Reserve Income</i>	\$95,123	\$97,311	\$99,549	\$101,839	\$104,181
<i>Interest Earnings</i>	\$4,553	\$5,447	\$6,392	\$7,368	\$8,253
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$517,142	\$596,297	\$702,238	\$791,765	\$904,200
Reserve Expenditures	\$23,603	\$0	\$19,680	\$0	\$44,631
Ending Balance	\$493,540	\$596,297	\$682,558	\$791,765	\$859,569

Year	2039	2040	2041	2042	2043
Starting Balance	\$859,569	\$975,316	\$1,060,179	\$1,168,469	\$1,252,724
<i>Reserve Income</i>	\$106,577	\$109,028	\$111,536	\$114,101	\$116,726
<i>Interest Earnings</i>	\$9,171	\$10,173	\$11,139	\$12,101	\$11,039
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$975,316	\$1,094,518	\$1,182,854	\$1,294,671	\$1,380,489
Reserve Expenditures	\$0	\$34,338	\$14,385	\$41,947	\$424,490
Ending Balance	\$975,316	\$1,060,179	\$1,168,469	\$1,252,724	\$955,998

Year	2044	2045	2046	2047	2048
Starting Balance	\$955,998	\$1,075,206	\$829,912	\$909,567	\$582,322
<i>Reserve Income</i>	\$119,410	\$122,157	\$124,966	\$127,841	\$130,781
<i>Interest Earnings</i>	\$10,152	\$9,522	\$8,694	\$7,456	\$6,254
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,085,561	\$1,206,885	\$963,573	\$1,044,864	\$719,357
Reserve Expenditures	\$10,354	\$376,972	\$54,005	\$462,542	\$50,352
Ending Balance	\$1,075,206	\$829,912	\$909,567	\$582,322	\$669,006

Reserve Expenditures



Projected Reserve Expenditures For Stapleton Business Plaza

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2019	204	Building Ext Surfaces - Repaint	\$63,263	\$63,263
2020	1801	Groundcover - Replenish	\$4,280	\$4,280
2021	1804	Tree - Replace/Major Maintenance	\$6,889	\$6,889
2022	402	Asphalt - Surface Application	\$10,037	
	1701	Irrigation System - Major Repairs	\$5,137	\$15,174
2023	103	Flat Roof - Replace (7030)	\$114,706	
	407	Curb and Gutters - Partial Replace	\$5,677	
	601	Concrete Flatwork - Partial Replace	\$9,602	
	1602	Exterior Wall Paks - Replace	\$8,255	\$138,241
2024	1801	Groundcover - Replenish	\$4,959	\$4,959
2025	103	Flat Roof - Replace (4601)	\$180,529	\$180,529
2026	402	Asphalt - Surface Application	\$11,629	
	1804	Tree - Replace/Major Maintenance	\$8,281	\$19,911
2027	103	Flat Roof - Replace (4605)	\$221,508	
	1602	Exterior Wall Sconces - Replace	\$8,307	\$229,814
2028	401	Asphalt - Major Overlay	\$136,391	
	407	Curb and Gutters - Partial Replace	\$6,825	
	601	Concrete Flatwork - Partial Replace	\$11,543	
	1701	Irrigation System - Major Repairs	\$6,407	
	1801	Groundcover - Replenish	\$5,745	\$166,911
2029		No Expenditures Projected		\$0
2030	402	Asphalt - Surface Application	\$13,474	\$13,474
2031	204	Building Ext Surfaces - Repaint	\$98,402	
	1804	Tree - Replace/Major Maintenance	\$9,955	\$108,357
2032	1801	Groundcover - Replenish	\$6,657	\$6,657
2033	407	Curb and Gutters - Partial Replace	\$8,204	
	601	Concrete Flatwork - Partial Replace	\$13,876	\$22,080
2034	402	Asphalt - Surface Application	\$15,612	
	1701	Irrigation System - Major Repairs	\$7,991	\$23,603
2035		No Expenditures Projected		\$0
2036	1801	Groundcover - Replenish	\$7,713	
	1804	Tree - Replace/Major Maintenance	\$11,967	\$19,680
2037		No Expenditures Projected		\$0
2038	402	Asphalt - Surface Application	\$18,089	
	407	Curb and Gutters - Partial Replace	\$9,862	
	601	Concrete Flatwork - Partial Replace	\$16,680	\$44,631
2039		No Expenditures Projected		\$0
2040	1602	Exterior Wall Paks - Replace	\$15,436	
	1701	Irrigation System - Major Repairs	\$9,966	
	1801	Groundcover - Replenish	\$8,937	\$34,338
2041	1804	Tree - Replace/Major Maintenance	\$14,385	\$14,385
2042	402	Asphalt - Surface Application	\$20,959	
	1008	PVC Vinyl Fencing - Replace	\$20,988	\$41,947
2043	103	Flat Roof - Replace (7030)	\$239,524	
	204	Building Ext Surfaces - Repaint	\$153,060	
	407	Curb and Gutters - Partial Replace	\$11,855	
	601	Concrete Flatwork - Partial Replace	\$20,051	\$424,490
2044	1801	Groundcover - Replenish	\$10,354	\$10,354
2045	103	Flat Roof - Replace (4601)	\$376,972	\$376,972
2046	402	Asphalt - Surface Application	\$24,284	
	1701	Irrigation System - Major Repairs	\$12,429	
	1804	Tree - Replace/Major Maintenance	\$17,293	\$54,005
2047	103	Flat Roof - Replace (4605)	\$462,542	\$462,542

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2048	407	Curb and Gutters - Partial Replace	\$14,251	
	601	Concrete Flatwork - Partial Replace	\$24,103	
	1801	Groundcover - Replenish	\$11,997	\$50,352
2049	1602	Exterior Wall Sconces - Replace	\$18,671	\$18,671

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.