

# 2024 “Traditional” RESERVE STUDY

FOR

Grantham A Condominium Association, Inc.

216 Grantham A, Deerfield Beach, FL 33442

Budget Year: 2025



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# TABLE OF CONTENTS

## 1. Narrative Section (A pages)

- Introduction
- Purpose of Reserves
- Navigating & Understanding this Report
- General Analyst Recommendation
- Special Notes & Financial Notes

## 2. Reserve Summary (B1 page)

- includes the total(s) and grand total(s) for all main reserve categories
- provides the total Reserve Replacement Cost, Normal Annual Contribution, Current Reserve Requirement, Association/Coop's Current Reserve Balance, and Next Budget Year's Fully Funding Reserve Contribution

## 3. Reserve Forecast (B2 & B3 & B4 pages)

- provides the association/Coop's current year's reserve annual contribution and the future reserve fully funding annual contribution for the next 20 years

## 4. Reserve Analysis (C pages)

- this section includes the detailed field and desktop work completed by the reserve analyst/specialist for each reserve category
- provides an in-depth, line-by-line reserve components/assets for each reserve category
- note: each reserve component item will have the quantity of units used, unit cost, replacement cost, normal life, remaining life, normal annual contribution and the current reserve requirement for each specific component item

## 5. Reserve Funding Analysis (D pages)

- this section includes the cash flow analysis of the normal annual reserve contribution to be collected each year against the annual reserve expenditures incurred on a yearly basis for the next 20 years
- the analysis will show your estimated fund balance for the next 20 years based on the cash flow method of funding and how we have added any reserve fund deficit amount(s) to your normal annual contribution that might be created over the next 20 years
- this section will show why and when a reserve fund deficit amount is created (deficit amounts that are added will be shown in blue text)
- Note: the new yearly contribution calculated/stated in this section is also provided on the B2-B4 summary page of this report

## 6. Photos of Component Items

## 7. Association/Cooperative Financials

## 8. Definition for Reserve Names & Contractor's List

## 9. Florida Statutes



# “TRADITIONAL” RESERVE STUDY REPORT

**Grantham A Condominium Association, Inc.**

**216 Grantham A, Deerfield, Florida 33442**

**Date of Site Visit: October 7<sup>th</sup>, 2024**

**Budget Year: January 1<sup>st</sup>, 2025**



## **PURPOSE OF THE FULL RESERVE STUDY:**

To provide the basis for the necessary funding to repair and replace those reserve components/assets which are the Association’s responsibility.

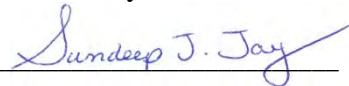
## **SCOPE OF THE FULL RESERVE STUDY:**

Identify and examine specific components for all the reserve category needs and use the “**Cash Flow**” method with “**Pooled Reserves**” for future reserve financial analysis. This report is a “reserve study update which includes a site visit”. This association has 1 condominium building with 64 residential units. Included in this reserve study are the following categories: Paving, Elevator, and General Components. The Study will quantify the individual components in each reserve category by actual field measurements and a visual review of asset items where possible. Establish current cost estimates for replacement using Marshall & Swift Valuation Service, Means Building Construction Cost Data, Trade Service Electrical Price Guide, J. R. Frazer collected proprietary costs, and local contractors. Identify the useful life expectancy for each component. Estimate each component’s remaining useful life through non-destructive methods. Calculate the normal annual contribution over the useful life expectancy. Establish the current Fully Funded Balance (Total Accrued Depreciation). Complete the reserve funding financial analysis using the threshold funding goal and make calculations to amortize any cash flow deficits over the twenty-five to thirty -year analysis. The Study will also adjust the normal annual contributions to include amortized deficit funding, if needed, to meet all anticipated expenditures over the next twenty-five to thirty years. The Reserve Study reflects information provided by your association and assembled for the association’s use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. This report is not a Structural Integrity Reserve Study.

## **CERTIFICATION:**

I hereby certify that I have no interest in the property, present or contemplated, and that neither the assignment to complete this study nor the fee derived there from is contingent upon its results. I have personally conducted an on-site visit of the association, unless otherwise noted in the report, and to the best of my knowledge and belief, all statements and data in this report are true, subject to any contingent limiting conditions noted herein.

This report is furnished at your request in strict confidence by us as your agent for your exclusive use. The report is not to be construed as a guarantee or warranty, expressed or implied, of the property or the equipment therein or of their fitness for a particular purpose. This report is made under the guidelines of the American Institute of Certified Public Accountants, the Community Associations Institute guidelines, and the Professional Reserve Specialists Code of ethics.

  
Sundeeep J. Jay – RS & PRA

## INTRODUCTION

**To have a better understanding of the scope of this report, the purpose of reserves, and to help incorporate the figures into your budget, we recommend reading the entire narrative section of the report. The narrative section is the “A” pages of this report.**

J. R. FRAZER, INC. (Reserve Studies and Valuation Services) was retained by the Cooperative to prepare a reserve study of the common areas for the purpose of developing a repair, maintenance, and replacement needs plan for the cooperative’s long-term components/assets. The “Reserve Study update which includes a Site Visit” was completed by Sundeep J. Jay - senior reserve specialist/PRA certified.

This report is prepared as a budgeting tool to assist the association in its long-range financial planning. Its use for any other purpose is not appropriate. The visual observations made do NOT constitute an “Engineering Inspection” and are not detailed enough to be relied upon, nor should they be relied upon to determine building ordinances, local/state codes, safety of the building, soundness of the structure, and or habitability of any building and or structure related to any individual components.

The statutory requirement for condominium associations simply states that reserves must be 100% annually funded for roofing, painting, and paving plus any other items in which the cost to maintain, repair or replace those items exceeds \$10,000. This association’s board feels it is prudent and fiducially incumbent upon them to have a Reserve Study and accordingly has elected to engage an independent analyst/specialist to prepare a reserve schedule for inclusion in the association’s budget. This reserve study includes multiple components/assets within each reserve category with a twenty-five to thirty-year cash flow analysis.

This study uses the “**Pooled Reserves**” which is the funding for multiple categories/assets which are combined into one general account in the Reserve Funding Analysis section of the report, from which you pay all expenses.

There are 3 types of Funding Goals – Baseline Funding, Threshold Funding, and Full Funding. The explanation for each of the funding types is in the back of this reserve study under definitions. **This reserve study uses the Threshold Funding Goal which establishes an annual reserve funding goal of keeping the year-end reserve balance above a specified dollar amount over a period of 30 years.** This minimum reserve amount is derived by taking approximately 10% of the association’s annual operating revenues and or the annual operating expenses (whichever the reserve analyst deems appropriate). As we calculate the reserve

funding analysis on the D pages of this report, we will ensure that the year-end reserve balance never falls below the minimum threshold of 10% of the current year's annual operating revenues/expenses over the next 30 years. In some cases, we may use a lower or higher amount depending upon the association's current financial situation. The board may, at any time, decide to increase the minimum threshold to an amount that is more conservative and financially responsible.

The financial analysis uses the cash flow method to determine the financial needs of the association. This analysis further takes into consideration all the components/assets which are then combined into one general account from which all expenses are paid (pooled reserves) to create a twenty-five to thirty-year cash flow analysis above a minimum threshold while meeting the association reserve obligations. The physical analysis data includes those components that are included on the C pages of the reserve study. Each reserve component item used in this reserve study uses the straight-line funding calculation by obtaining the quantity of units, calculating the replacement costs, establishing a normal/useful life, and estimating the remaining useful life of each component item. The information is gathered through the on-site visit (or prior on-site visits), independent research, reviewing existing maintenance records, association's management, and verification of actual historical replacement cost of the components.

Since inflation cannot be accurately predicted, replacement costs herein are at current construction cost. Inflation is taken into consideration when reserve study updates are ordered. If your association does not order annual reserve study updates, we recommend adding 3% to 5% to every year's annual reserve contribution until the next reserve study update is ordered.

The reserve program is designed to provide all or part of the funds necessary to pay for maintaining, repairing, and replacing the capital improvements of the Association. Not every circumstance can be accounted for future loss possibilities such as catastrophic disasters. At the request of the board, this reserve study may include reserves for uninsurable losses due to a catastrophe. These losses may be caused by flooding, lightning, hurricanes, tornados, or un-named windstorms and may include damage to such uninsurable items. These items are not common to a reserve study because the replacement costs, useful life, and remaining life cannot be determined. Other items where the replacement costs, useful life and more specifically the remaining life cannot be reasonably determined are Landscaping Reserves, Storm Clean-up Reserves, Lakeshore Restoration, and Underground Drainage & Irrigation Piping Systems. If any of these items are included into this reserve study upon the request from the association and or the property manager, we recommend contacting the association's CPA to evaluate any tax consequences. The replacement costs, useful life and remaining life has been derived from the association and or the property manager's past experiences. These reserve items will be re-evaluated on every future reserve update to help calculate and obtain reasonable cost estimates and time frames.

This report is not an inspection report, safety inspection report, or an engineering report. No destructive testing is completed. A Reserve Study is a budgeting tool used to assist the board to arrive at a fully funding annual contribution amount. The association should hire the services of engineers on a periodic basis to help evaluate some of the association's larger components/asset items such as the roofing system, building concrete, structural components, mechanical items, seawalls, etc.

Code changes, "pre-maturely" structural failing items, construction defects, upgrades, surprises, sudden technological changes, and builder defects are not a part of this reserve study. These items, if encountered, may require special assessments and or a bank loan.

## PURPOSE OF RESERVES

Reserves are monies budgeted, collected, and set aside for components/asset replacements or deferred maintenance. The establishment of reserve accounts begins with the developer and or the board who has a fiduciary responsibility for the establishment of an association's budget. With the assistance of this report or a prior reserve study, the board will or has established the reserve accounts for the future replacements or deferred maintenance of the common area assets.

Without adequate reserves, owners may be subject to either special assessments or the association may not be able to repair or replace the common area assets. Reserve funds enable an association to maintain the common areas by reducing the risk of special assessments and thereby minimizing the impact of financial challenges to the unit owners. The establishment of "fully funding" annual reserve contributions accomplish the following:

- Establishes and preserves reserves for a strong financial position to meet future expenditures.
- Reserves reduce the probability for special assessments.
- It allows for the replacement/maintenance of the items listed on the C pages of this report over a period of 30 years according to the remaining life estimated.
- All owners share the expenses of the association "equally/equitable" by paying their fair share of the cost while living in the association.

**Reserve funding is for TODAY'S component/asset depreciation collected either monthly, quarterly, semi-annually, or annually. Every day the sun and wind are decomposing the roof and building, friction is wearing down the elevators, and car tires and nature are cracking the asphalt. The daily depreciation will eventually require the replacement or maintenance of these assets.**

Adequate funding is the key to reserves. Just having reserve funds does not make an associations' financial future strong. Reserves must be set at an annual goal of 100% funding according to Florida Condominium Statutes. A proper asset funding plan is the same for all condominiums, cooperatives, homeowner associations, and various other types of associations. For condominiums and or Homeowner Associations with statutory reserves, the membership can elect to partially fund reserves or waive reserve funding altogether by a majority vote of its members. J.R. Frazer, Inc. does not recommend anything less than annually fully

funding reserves.

By annually fully funding reserves, the association will have the monies set aside to pay and replace the components/asset items listed on the C pages of this report based on the estimated remaining lives of each of the assets. There will be cost variances when it comes time to have the component items replaced/maintained due to inflation, code changes, and or upgrades. At the time of replacement, the association should obtain 3 bids from various vendors and accordingly choose a vendor that will best accomplish the goals of the association.

This report does not assist in reducing and or bridging the gap between the Fully Funded Balance/Total Accrued Depreciation and the Association's Current Reserve Balance as stated on the B1 page of this report. The association can elect to close this deficit gap through a special assessment. This report "does assist" in providing the funds necessary to pay for all component replacements over a period of 30 years provided the association is 100% contributing towards their annual reserve contributions.



## NAVIGATING & UNDERSTANDING THIS REPORT

### **Reserve Summary Section – (B1 & B2 pages):**

This section summarizes the entire report providing the grand total for the Current Replacement Cost, Normal Annual Contribution, Fully Funded Balance (Total Accrued Depreciation), Association’s Current Reserve “Fund Balance,” Fund Deficit, and the Contribution needed for future years. For definitions of terminology, such as Fully Funded Balance, please see “Definitions” section located at the end of this report.

The Normal Annual Contribution (stated on page B1) versus the Fully Funded Annual Contributions (stated on the B2 page) for either next year or future years might be different depending upon your current reserve balance and expenses related to projects that will materialize over the next 1 to 30 years. The Annual Contributions stated on the B2 page will be higher if there is a deficit in your reserve balance over the next 30 years. The annual contributions stated on page B2 and B3 of the report are the State of Florida required fully funding annual reserve contribution amounts.

The Normal/Useful Life and Remaining Life on the Reserve Summary page are “averages” of life. The actual Useful Life and Remaining Life for each individual reserve component are contained in the Reserve Analysis section (C pages). Do not consider the useful life and remaining life of any single reserve category from page B1 – it is an average and not specific. For example, in Paving, the sidewalk will have a useful life of 50 to 60 years while the asphalt will only have a useful life of 20 years.

The Summary page B2 provides the association’s current year contribution and the newly calculated Fully Funded Annual Contribution for the next 30 years adding in any deficit amounts that “might” have occurred in the funding analysis located on the D pages of this report. On page B2, we have added the normal annual contribution with any deficit amounts (if applicable) that were needed to maintain a positive balance (minimum threshold) in your reserve account.

The payments listed on page B2 are the recommended fully funding annual contribution amounts that are required by the State of Florida.

### **Reserve Analysis Section - (C pages):**

This section provides a detailed breakdown of all component items (assets) into each major reserve category listed from page B1.

All reserve component items are further broken down to provide the number of units (measurements), individual unit cost, useful life, estimated remaining life, annual contribution for that component item and the Fully Funded Balance/Total Accrued Depreciation. Information gathered from the on-site visit (or prior on-site visit) along with information received by your association is in this section of the report.

The unit of measurement used throughout the report is square feet and or unit counts (such as the number of light poles in the parking lot). If the measurement is anything different, then on the C pages of the report, it will be stated with the component line item as “lf” (linear feet), “sy” (square yards). Linear feet measurements are usually found with fencing, railings, and curbs. Square yards are usually found with asphalt and carpeting.

Please keep in mind when reviewing the C pages of this report that any component items with a remaining life of 1 year are due to be replaced during the next budget year. In some cases, depending upon the condition of the asset, it may require replacement and or maintenance in the current year.

**Reserve Funding Analysis – (D pages):**

In this section, broken down year by year for the next 30 years, are all the annual reserve expenses, annual reserve contributions, beginning and year-end reserve balances. It is in this section under “amortized deficit” that will show the additional deficit contribution needed (if applicable) to the Normal Annual Contribution to maintain a positive balance in the reserve account. The amortized deficit column can vary year by year. In any given year, if the association’s reserve fund balance falls below the minimum threshold fund balance (i.e., \$5,000 - \$50,000) an amount is added to bring the fund balance to the stated minimum threshold amount. This deficit amount is then equally divided into the preceding years hence not creating a burden in any 1 particular year. To further clarify..., if the minimum threshold fund balance is \$5,000 and then in year 5 the association’s fund balance is a negative \$1,500, then \$6,500 will be needed to bring the fund balance to \$5,000. This \$6,500 deficit will then be divided by the 5 preceding years adding \$1,300 a year to the normal annual contribution.

The minimum threshold is set at approximately 10% of the association’s operating revenues or expenses, but this amount can be lower or higher depending upon the discretion of the reserve analyst.

**Photo Section:**

This section provides photographs of most of the component items listed in this reserve study – but not all. It does not provide photographs of problem areas, though they may be observable in the photographs – such as cracking on the asphalt paving.

**Financial & Other Documentation:**

This section provides some of the information your association has provided to us to prepare this report. It includes items such as the association’s Balance Sheet, Profit & Loss Statements, and Budget Statements.

**Definitions and Consulting Contractors:**

This section provides the definition of terms that are used in this report to better help the reader understand the terminology used in this report.

Also, in this section are the names and phone numbers of contractors that our company has gathered over the last 25 years. We cannot guarantee their workmanship, nor do we have a preference to any one contractor. We recommend interviewing at least 3 contractors and obtaining a copy of their license(s) and insurance prior to signing any agreements. Please contact our office if your experience with any of the contractors is less than professional. We do not gain from your use of these contractors, and we also do not want to promote their business if their business practices are not professional. They will be removed from our list.

This section also includes the Florida Statutes related to condominium reserve funding and budgeting.

## GENERAL ANALYST RECOMMENDATIONS

1. We recommend making the stated annual contributions on the B2 page of this report. The contribution is made up of the Normal Annual Contribution plus a required amortized deficit amount (if applicable) to meet anticipated cash flows over the next twenty-five to thirty years. By funding the recommended contributions using the cash flow funding method, the Association should be able to pay future reserve expenditures over the next 30 years with adequate contributions from the reserve funds.

The Normal Annual Contribution represents the replacement cost divided by the number of years of normal/useful life.

2. We recommend the income generated within the reserves remain in the reserves. Our financial analysis indicates interest generated by reserve funds will help offset a small portion of inflation cost. This system of compounding interest allows the Association to control some reserve increases but should be updated at a minimum of every 1 to 2 years. This report does not consider future interest earned on the bank reserve balance for 3 reasons. Firstly, interest earned on the reserve balance can vary on an annual basis. Secondly, we consider the interest in helping bridge the difference between the Fully Funded Balance/Total Accrued Depreciation and the actual Current Reserve Balance. Thirdly, it helps offset a small portion of future inflation. If reserve study updates are not ordered annually, we recommend associations to make inflationary adjustments to their future annual contributions.

3. The association's current reserve schedule may not have been complete in identifying all the needs of the association. We may have added components and recommend the association reserve for all components in this reserve study. In some cases, we might have combined certain reserve categories to help simplify and or improve budgeting methods. If there are components/assets items that might have been omitted from the reserve schedule and the association wishes to have these items included, please contact our office for a revised copy of the report.

4. All expenditures are based upon a cash flow analysis with pooled reserves to meet expenses. This allows all funds in each reserve category to be used for paying any appropriate component(s) which may suddenly and unexpectedly need to be repaired or replaced. We strongly recommend annual updates of the reserve study to maintain adequate funding levels.

5. When undertaking large projects, the reserve study should be used to compare the costs stated in the report with the actual costs on the contract. Accordingly, the association should either special assess the difference and or adjust the future years reserve

contributions to help fund the costs differences. This will typically apply for major interior renovation projects, concrete restoration projects, and or mechanical change outs where code changes may be applicable.

6. Annually, the association should compare the reserve balances budgeted on the last column of the D pages of this report with the association's current balance sheet and or current bank statement. Any major differences should be accounted for and adjusted into future reserve contributions. If there are large differences, the association should update their reserve study.

7. There will be times when natural disasters such as floods, hurricanes, and windstorms can cause considerable damage to uninsurable property. A policy of special assessments should be considered and adopted by the board to help fund for these unforeseeable events.

8. Special assessments, even with fully funding reserves annually, may still be required under certain circumstances. The following are some, but not all, circumstances where the costs may exceed the amounts stated in this report.

a. Mechanical Items (fire pumps & fire systems, elevators, generators, etc.)

Additional costs due to code changes, relocation of mechanical item(s), additional wiring and or piping needed, complete change out of the wiring and or the plumbing system, upgrades, technological changes, etc.

b. Concrete Restoration

Additional costs due to unusual weather, prior poor workmanship, material defects, lack of ongoing maintenance, not properly sealing/painting the building within a reasonable time period, aging conditions, excessive salt intrusion, etc.

c. Roofing Systems

Additional costs due to prolonging the replacement of the roofing system, code changes, unusual weather, prior material and or workmanship defects, settlement of the building causing the sloping of flat roofing system to redirect water away from the drains, damage to wood trusses, etc.

d. Paving/Asphalt

Additional costs due to tree root intrusion, additional subsurface work required, prolonging the asphalt project, drainage issues, etc.

e. Interior Renovations

Additional costs due to interior designer's fees, moving of interior walls, upgrades, etc.

## SPECIAL NOTES

Information supplied by the Association includes a copy of the 2024 financial reports, a copy of the current reserve budget, and contracts/invoices. We may have also obtained verbal information from the association's management company regarding past and future repairs and or replacements along with the timing of past replacements. All past and present information received by the association is deemed reliable for the purposes of this report. The actual or projected total presented in the Reserve Study is based upon information provided and was not audited.

As a result of the study, if the current reserve fund balance is less than the total accrued depreciation, you have a reserve fund deficit. If the fund balance is greater than the reserve requirement, you have a reserve fund overage.

When the association's current reserve fund balance is less than the current total accrued depreciation, additional funds MAY be added to the normal annual contribution if current funding levels will not meet the projected twenty-five to thirty-year cash flow analysis. This will allow the funding deficit to be paid down over a period of years within the twenty-five to thirty-year period.

As stated earlier, this report does not assist in reducing and or bridging the gap between the Fully Funded Balance/Total Accrued Depreciation and the Association's Current Reserve Balance as stated on the B1 page of this report. The association can elect to close this deficit gap through a special assessment. This report "does assist" in providing the funds necessary to pay for all component/asset replacements over a period of 30 years provided the association is 100% contributing towards their annual reserve contributions.

All funding deficits in this study are amortized into previous years (when applicable) based upon the cash flow analysis. This amortized deficit amount is added to the normal annual contribution yielding the new fully funding annual contribution amount. The goal is to meet anticipated reserve expenditures over the next twenty-five to thirty years without the reserve fund balance falling below the minimum threshold balance. **Additional funds over the Normal Annual Contribution ARE needed for your association to meet minimal threshold funding requirements and anticipated expenditures.**

Please review the D pages of this report to see when the funding deficit occurs. Each ending year reserve balance highlighted in "yellow" signifies an occurrence where the reserve balance fell below the minimum threshold amount.

We do not add future inflation or interest earned on the association reserve bank balance. These items are difficult to predict and can mislead the user of the report. Instead, we use current costs with no inflation and no interest. In addition, depending upon how you decide to allocate future reserve funding, and whether you opt to fund at recommended levels, these decisions will also impact the status of the reserve fund. To ensure continued adequate funding, we strongly recommend annual updates to adjust for increased cost, adjustments to estimated remaining life, reserve spending, and changes in your funding allocations. The only way to maintain accurate reserves and reduce the need for special assessments would be to update your reserve study annually.

This reserve study is not only based on estimated cost figures for replacement, but also an estimated time frame for the replacement of the association's components/assets. The useful life and remaining can adjust by a couple of years and most things will not be replaced unless it is broken, such as a gate operator, pool pump and or an air conditioning unit. Painting is probably the only item that an association can control and should maintain a planned course of action to have the association's buildings, walls, fences, etc. painted according to a set schedule based on your location. But for the purposes of this report, we have provided a roadmap that will help guide this association to meet future obligations without the reserve fund balance falling below the minimum threshold. As your association orders future updates, we will replace estimated market prices with actual amounts incurred by the association. We will also adjust either the useful life and or the remaining life of the component/asset depending upon how an asset is depreciating.

Please keep in mind while reviewing this reserve study that this is not a general inspection report, safety inspection report, or an engineering report. No destructive testing or sample gathering is completed during the on-site visit. The on-site visit should not be considered a project audit or quality inspection. Reserve studies are a budgeting tool for the replacement of the association's long-term components/assets. We have based our findings on the age of the building/association, information that has been provided by your association and obvious visual deterioration on components/assets seen during the on-site visit. It is the responsibility of the association to periodically hire the services of engineer(s) and or general contractor(s) on items such as building restoration, large mechanical items, elevators, seawalls, roofing structure, perimeter walls, roofing systems, drainage, etc. By completing this report, we hope to provide the association with a reasonable budget to have the funds in place to complete replacements of their long and short-term assets without having to "special" assess its members. Through the annual contributions stated in this report, we hope to reduce the possibility of future special assessments. Lastly, though we try to narrow down the remaining lives for the replacement of your components/assets, the variance can be as much as 5 (+/-) years. In some cases, such as seawalls, it can vary as much as 10-20 years.

## FINANCIAL NOTES

This report has been prepared based on the cash flow method of reserve funding. The cash flow method begins with the current year's reserve balance and then calculates the funding balance based on the yearly reserve contributions coming in and expenses/money going out for the next 30 years. This report was prepared to always maintain a minimum reserve fund balance (minimum threshold) of \$30,000 for the next 30 years. To arrive at the year-end reserve fund balance, we take the beginning fund balance and minus the estimated component item expense(s) and then add the annual contribution we have stated on this report. On the D pages of this report, we show this calculation on a year-by-year basis starting in the year the report was ordered. While we are running the reserve analysis on the D pages of this report, if in one of those years, the reserve fund balance falls below the minimum threshold of \$30,000, we add more money to the annual contribution to stay at a minimum fund balance of \$30,000. This amount that is added to the normal annual contribution is called a fund deficit amount – highlighted in blue on the D pages of this report IF applicable to your association.

Not having sufficient funds in reserves has caused a reserve fund deficit over the next 16 years with increases in the reserve budget needed to meet the anticipated reserve expenditure. The association may wish to consider alternative financial resources such as a bank loan if the significant increase over the next few years creates a financial burden. A bank loan can spread the funding over a larger number of years and reduce the annual reserve funding requirement.

Please review the C pages of this report and specifically the D analysis pages of this report to see where and when these deficits occur. Keep in mind that if a deficit occurs in year 12 (for example), we will then divide the amount needed to obtain a positive fund balance by amortizing the amount into the previous 12 years. This will help spread out the cost of the deficit and fairly distribute/amortize this into the preceding years.

This association's financial strength is average at the current 35% to 69% reserve level of funding. This association's reserves are approximately 46.4% funded. The percentage is derived by dividing the Association's Reserve Fund Balance of \$115,217 on December 31<sup>st</sup>, 2024, by the Fully Funded Balance/Total Accrued Depreciation stated on page B1 of this report. The association's risk of special assessments is average during any one yearly period. Associations that are less than 70% funded run the risk of reserve shortfalls, special assessments, and detrimental deferred maintenance.

We had to supplement the Normal Annual Contribution of \$16,578 with an additional contribution of \$4,591 in years 1 through



5 annually, and \$2,660 in years 6 through 16 annually to meet the anticipated reserve expenditures. Additional deficit contributions beyond these years are not required. The total contributions stated on the B2 page of this report will put the association back in line to meet future expenses with minimal contributions. Please keep in mind that this reserve study does not take into consideration future inflation, unexpected mechanical/structural failing items, construction defects, components/assets that are neglected, upgrades, code changes, major interior renovations, and or the interest earned on the association's reserve balance.

The association should set a goal of collecting the recommended annual reserve contributions stated in this report to reduce the possibility of special assessments. We urge associations to be at least 50% to 70% funded to greatly reduce the risk of special assessments and or to reduce the likelihood of future deficit funding on future reserve updates.

J. R. Frazer, Inc. recommends a decrease in the association's annual reserve contribution. The newly calculated annual reserve contribution is a more accurate reserve budget number which can benefit the entire association. This decreased annual reserve contribution amount will allow the current owners to pay their fair share of today's component/asset depreciation of which assets will eventually require future maintenance & replacements.

## **ADDITIONAL NOTES**

**Fully funding reserves on an annual basis allows an association to "reduce" the possibility of current and or future special assessments. Fully funding reserves may still require special assessments due to unforeseen circumstances such as code changes, increase in project costs, upgrades/major renovations, and other circumstances that may arise in the future of an association. When collecting less than the annual fully funding reserve contribution, the association "greatly" increases the risk of special assessments.**

**While reviewing this report, keep in mind that the report is not calculated to close the gap between the Fully Funded Balance/Total Accrued Depreciation (reserves that should have been saved by the association) and the Current Reserve Funds held by the association as of the date of this report (see page B1). This report is prepared to help fund all the maintenance/replacements of components/assets listed on the C pages of this report over a period of 30 years.**

**The association can decide to fund the deficit by closing the gap between the Fully Funded Balance/Total Accrued Depreciation and the Current Reserve Fund Balance. They will need to determine whether they want to fund the difference with 1 special assessment and or spread it out over future years. Florida statutes do not require associations to close this gap, but to prepare a plan that will help fund future maintenance and or replacements of their components/assets over a period of 20 to 30 years.**

**According to Florida State Statutes, an annual "fully" funding reserve contribution does not require a vote amongst association members. A majority vote is required when an association decides to collect less than the annual "fully" contribution amount. For this reason, it is important that all association members vote to provide their input regarding either fully fund reserves and or fund less than the fully funding reserve contribution. Annual partial funding and or not funding reserves does not apply to Structural Integrity Reserve Studies. Structural Integrity Reserve Studies must be annually fully funding reserves.**

**Reasons associations collect less than fully funding reserve contributions may be due to unit owner budgeting constraints, competition in reserve dues with neighboring similar associations, and or the association may have just recently collected a large special assessment to complete a project. In either case, if the association chooses to collect less than what is stated in this report, the likelihood of future special assessments will increase.**

## **LIMITATIONS, EXCEPTIONS, AND EXCLUSIONS**

### **Section 1 – Site Visit.**

The following are typically excluded from the “Site Visit”. Items excluded from the Site Visit are not necessarily excluded from the Physical Analysis or Financial Analysis.

- A. Systems or components of a building, or portions thereof, which are not Readily Accessible, or are excluded due to circumstances beyond the control of the Reserve Analyst or which the Client has agreed or specified to be excluded.
- B. Systems or components, or portions thereof, which are underground, underwater, or where the reserve analyst must encounter water.
- C. Determining compliance with manufacturers' installation guidelines or specifications, building codes, accessibility standards, conservation or energy standards, regulations, ordinances, covenants, or other restrictions.
- D. Structural, architectural, forensic, geological, environmental, hydrological, land surveying, or soil-related examinations.
- E. Acoustical or other nuisance characteristics of any system or component of a building, complex, adjoining property, or neighborhood.
- F. Conditions related to animals, insects, or other organisms, including fungus/mold, and any hazardous, illegal, or controlled substance, or the damage or health risks related items.
- G. Risks associated with events or conditions of nature including, but not limited to; geological, seismic, wildfire, and flood.
- H. Water testing any building, system, or component or determine leakage in shower pans, pools, spas, or any body of water.
- I. Differentiating between original construction or subsequent additions or modifications.
- J. Fire extinguishing and suppression systems and components or determining fire resistive qualities of materials or assemblies.
- K. Elevators, lifts, and dumbwaiters.
- L. Lighting pilot lights or activating or operating any system, component, or appliance that is shut down, unsafe to operate or does not respond to normal user controls.
- M. Operating shutoff valves or shutting down any system or component.
- N. Dismantling any system, structure, or component or removing access panels.

### **Section 2 – Physical Analysis.**

The following are typically excluded from the “Physical Analysis”.

- A. Specifying repairs/replacement procedures or estimating cost to correct.
- B. Systems or components that typically experience an Extended Useful Life.
- C. Systems or components that do not have a predictable Remaining Useful Life.
- D. Systems or components that the client has advised the Reserve Analyst to omit from the Reserve Study.

- E. Systems or components provided for in whole under a maintenance contract.
- F. Systems or components provided for in whole within another part of the budget.
- G. Leased systems or components.
- H. Services of a legal nature including legal interpretations or opinions of any documents, maps, etc.

### **Section 3 – Financial Analysis**

The following are typically excluded from the “Financial Analysis”.

- A. Expected rates of return on investments significantly beyond that of current savings rates.
- B. Expected settlements or monies owed or to be transferred to reserves before the final amount has been set and approved by the board.
- C. Limitations to increases of the reserve contribution or assessments from Governing Documents.
- D. Investment strategies or financial planning advice beyond that of the recommended reserve contribution.
- E. Auditing or other accounting services, Reserve Analyst shall assume financial information provided by the client or client’s representative is accurate.

## CONDITIONS OF RESERVE STUDY

Unless otherwise stated, this evaluation is subject to the following conditions:

J. R. Frazer, a reserve specialty firm, has not formed a legal opinion as to what components may be included or are the responsibility of the association. We therefore assume no responsibility in the determination of which components and their related cost may be excluded from the reserve study application.

Information as to the association's responsibilities has been obtained from the client in discussions or a review of the documents. We make no guarantee nor assume liability for the accuracy of any data, financial statements or fund balances supplied by the client, opinions, or estimates as furnished by others that we used in formulating this evaluation. Any changes to our reports resulting from missing information or misinformation will be added to the report at an expense equal to our hourly fee rate.

The dimensions and quantities were gathered either by actual physical measurements, review of construction plans, or supplied by the association. All previous measurements and quantifications are deemed accurate for future use and updates.

Neither all nor any part of the contents of the association's reserve study report shall be conveyed to another reserve specialist, estimator, valuation person, or the public through advertising, news, or other media without the written consent and approval from J. R. Frazer, Inc. The report can be given to association members, banks for mortgage/financing purposes, and potential buyers that have signed a purchase contract with a seller of the association.

The valuation includes a description of the premises. Our assessment of the physical condition of the improvements described within has been based upon visual observation without destructive intrusions. No warranty is made, and no liability is assumed for the soundness of the structure or its components. The Association should consider additional inspection(s) for any safety concerns or hidden defects. The valuations derived and expressed within are not applicable to any other property regardless of similarity. The valuation is as of the date specified.

The values provided in this analysis are derived and based upon cost during common and normal economic conditions. These values do not reflect the significant impact on cost which may occur because of supply shortages and demand increases which are typically created as a result of disasters such as hurricanes, windstorms, etc. All updates are based upon the previous validated data.

This analysis represents my opinion based on accepted valuation systems and reserve methodology as to the values of the described property. As stated in the report, it has in no way been contingent upon the report of predetermined or specified value, nor has compensation for this reserve analysis report been contingent upon the value of the property considered.

Report completed by:  
J. R. FRAZER, INC.  
Sundeep J. Jay  
125 South State Road 7 – suite: 104/197  
Wellington, Florida 33414  
561-488-3012

## 2024 "Traditional" RESERVE SUMMARY

**Association Name**

**Address**

CASH FLOW METHOD WITH POOLED RESERVES

Prepared for Budget Year 2025 - January 1st through December 31st

RESERVE CATEGORY	REPLACEMENT COST	USEFUL LIFE (YEARS)	REMAIN LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTION	FULLY FUNDED BALANCE	ASSOCIATION FUND BALANCE 12/31/2024	FUND (DEFICIT) OVERAGE	2025 ANNUAL RESERVE CONTRIBUTION	2025 MONTHLY CONTRIBUTION
A - Paving	54,207	17	11	3,233	18,413	*	*	*	*
B - Elevator	156,500	31	6	5,034	123,958	*	*	*	*
C - General Components	178,264	21	9	8,311	106,125	*	*	*	*
Sept. - Dec. Reserve Contribution						11,666			
Association Fund Balance (8/31/24)	-			-		103,551			
<b>TOTAL</b>	<b>\$ 388,971</b>		Life range of years are averaged, see actual estimated years in "C" pages.	<b>\$ 16,578</b>	<b>\$ 248,496</b>	<b>115,217</b>	<b>(133,279)</b>	<b>\$ 21,169</b>	<b>\$ 1,764</b>

Note: Fully Funded Balance - "Total Accrued Depreciation" (for a complete definition, see the glossary section of this report)

Note: The category "Paving" will/may include items such Asphalt, Curbs, Valley Drains, Sidewalks, and Pavers - for further details, see the section for Paving in the "C" pages of this report

Note 1: An additional \$14,000 has been added to the total 8/31/24 reserve balance from a past due unit owner

Note 2: The association has approximately \$295,862.36 in their reserve account as of August 31st, 2024

Note 3: Based on the Fully Funded Balance, we separated the current reserve balance based on the following: Traditional Reserve Account = \$103,551 (35%) and SIRS = \$192,311 (65%)

Note 4: It is required that the association create a separate line item on the balance sheet for the Traditional Reserve Balance and another account for the Structural Integrity Reserve Balance

Note 5: The Traditional Reserve monies cannot be comingled with the Structural Integrity Reserve monies as per Florida Statutes

## RESERVE CONTRIBUTION FORECAST

Association Name

Address

RESERVE CATEGORY	Yr. 2024 Contribution	Yr. 2025 Contribution	Yr. 2026 Contribution	Yr. 2027 Contribution	Yr. 2028 Contribution	Yr. 2029 Contribution	Yr. 2030 Contribution	Yr. 2031 Contribution	Yr. 2032 Contribution	Yr. 2033 Contribution	Yr. 2034 Contribution
Normal Annual Contribution	35,000	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578
Plus Amortized Deficit Amount		4,591	4,591	4,591	4,591	4,591	2,660	2,660	2,660	2,660	2,660
<b>TOTAL ANNUAL FULLY FUNDING RESERVE CONTRIBUTIONS</b>	<b>\$ 35,000</b>	<b>\$ 21,169</b>	<b>\$ 21,169</b>	<b>\$ 21,169</b>	<b>\$ 21,169</b>	<b>\$ 21,169</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>
Annual Accumulated Inflation Used:			3.50%	7.00%	10.50%	14.00%	17.50%	21.00%	24.50%	28.00%	31.50%
Future Inflationary Annual Contributions:			\$21,910	\$22,651	\$23,392	\$24,133	\$22,605	\$23,278	\$23,951	\$24,625	\$25,298

The association may adjust replacement reserve assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item.

## RESERVE CONTRIBUTION FORECAST

Association Name

Address

RESERVE CATEGORY	2035 Contribution	2036 Contribution	2037 Contribution	2038 Contribution	2039 Contribution	2040 Contribution	2041 Contribution	2042 Contribution	2043 Contribution	2044 Contribution
Normal Annual Contribution	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578
Plus Amortized Deficit Amount	2,660	2,660	2,660	2,660	2,660	2,660	0	0	0	0
<b>TOTAL ANNUAL FULLY FUNDING RESERVE CONTRIBUTIONS</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 19,238</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>
Annual Accumulated Inflation Used:	35.00%	38.50%	42.00%	45.50%	49.00%	52.50%	56.00%	59.50%	63.00%	66.50%
Future Inflationary Annual Contributions:	\$25,971	\$26,645	\$27,318	\$27,991	\$28,665	\$29,338	\$25,862	\$26,442	\$27,022	\$27,602

The association may adjust replacement reserve assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item.



## RESERVE CONTRIBUTION FORECAST

Association Name

Address

RESERVE CATEGORY	2045 Contribution	2046 Contribution	2047 Contribution	2048 Contribution	2049 Contribution	2050 Contribution	2051 Contribution	2052 Contribution	2053 Contribution	2054 Contribution
Normal Annual Contribution	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578	16,578
Plus Amortized Deficit Amount	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ANNUAL FULLY FUNDING RESERVE CONTRIBUTIONS</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>	<b>\$ 16,578</b>
Annual Accumulated Inflation Used:	70.00%	73.50%	77.00%	80.50%	84.00%	87.50%	91.00%	94.50%	98.00%	101.50%
Future Inflationary Annual Contributions:	\$28,183	\$28,763	\$29,343	\$29,923	\$30,504	\$31,084	\$31,664	\$32,244	\$32,824	\$33,405

The association may adjust replacement reserve assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item.

# 2024 PHYSICAL RESERVE ANALYSIS

Association Name

		Values						
Reserve C	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
<b>A - Paving</b>								
	<b>1 - Asphalt &amp; 1" Milling (sy)</b>							
	a - asphalt/mill parking areas (sy) 20/21	2,580	10.00	\$25,800	20	16	\$1,290	\$5,160
	b - sealcoat asphalt	2,580	2.00	\$5,160	5	1	\$1,032	\$4,128
	<b>1 - Asphalt &amp; 1" Milling (sy) Subtotal</b>			<b>\$30,960</b>			<b>\$2,322</b>	<b>\$9,288</b>
	<b>2 - Sidewalk Repair &amp; Replacements (sf)</b>							
	a - sidewalk R&R (sf)	510	12.00	\$6,120	60	25	\$102	\$3,570
	<b>2 - Sidewalk Repair &amp; Replacements (sf) Subtotal</b>			<b>\$6,120</b>			<b>\$102</b>	<b>\$3,570</b>
	<b>3 - Trash Area Concrete</b>							
	a - trash area concrete - 2 (sf)	326	16.50	\$5,379	40	20	\$134	\$2,680
	<b>3 - Trash Area Concrete Subtotal</b>			<b>\$5,379</b>			<b>\$134</b>	<b>\$2,680</b>
	<b>4 - Car Stops</b>							
	a - rubber car stops	80	125.00	\$10,000	20	16	\$500	\$2,000
	<b>4 - Car Stops Subtotal</b>			<b>\$10,000</b>			<b>\$500</b>	<b>\$2,000</b>
	<b>5 - Paving Other</b>							
	a - paving repairs & misc.	3,496	0.50	\$1,748	10	5	\$175	\$875
	b - note: only parking spaces have been considered for asphalt and milling							
	<b>5 - Paving Other Subtotal</b>			<b>\$1,748</b>			<b>\$175</b>	<b>\$875</b>
	<b>A - Paving Total</b>			<b>\$54,207</b>	<b>60</b>	<b>25</b>	<b>\$3,233</b>	<b>\$18,413</b>

# 2024 PHYSICAL RESERVE ANALYSIS

Association Name

		Values						
Reserve C:	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
<b>B - Elevator</b>								
<b>1 - Modernize Elevator</b>								
- note: mechanicals include: loop door operator, car door, drive arm, header, gate switch, clutch, hangers & rollers, door track, hatch door								
	a - modernize elevator 99/00	1	58,000.00	\$58,000	30	5	\$1,933	\$48,325
	b - elevator hydraulic pump	1	24,500.00	\$24,500	30	5	\$817	\$20,425
	c - elevator mechanicals	1	35,000.00	\$35,000	30	5	\$1,167	\$29,175
	d - elevator pistons	1	25,000.00	\$25,000	60	11	\$417	\$20,433
	<b>1 - Modernize Elevator Subtotal</b>			<b>\$142,500</b>			<b>\$4,334</b>	<b>\$118,358</b>
<b>2 - Elevator Cabs</b>								
	a - elevator cab flooring 23	1	2,600.00	\$2,600	20	12	\$130	\$1,040
	b - elevator cab walls	1	9,000.00	\$9,000	20	12	\$450	\$3,600
	c - elevator cab lighting	1	2,400.00	\$2,400	20	12	\$120	\$960
	<b>2 - Elevator Cabs Subtotal</b>			<b>\$14,000</b>			<b>\$700</b>	<b>\$5,600</b>
	<b>B - Elevator Total</b>			<b>\$156,500</b>	<b>60</b>	<b>12</b>	<b>\$5,034</b>	<b>\$123,958</b>

# 2024 PHYSICAL RESERVE ANALYSIS

Association Name

		Values						
Reserve C:	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
<b>C - General Components</b>								
	<b>01 - Trash Chutes</b>							
	a - trash chutes R&R	8	3,000.00	\$24,000	30	20	\$800	\$8,000
	b - note: trash chute R&R line item is for the trash chute doors and the actual trash chutes themselves. Total replacement costs is approximately \$5,5							
	<b>01 - Trash Chutes Subtotal</b>			<b>\$24,000</b>			<b>\$800</b>	<b>\$8,000</b>
	<b>02 - Cluster Mailboxes</b>							
	a - cluster 18 slot mailboxes 22	2	1,850.00	\$3,700	45	42	\$82	\$246
	b - cluster 35 slot mailboxes 22	1	2,150.00	\$2,150	45	42	\$48	\$144
	b - outgoing mailbox	1	500.00	\$500	45	10	\$11	\$385
	<b>02 - Cluster Mailboxes Subtotal</b>			<b>\$6,350</b>			<b>\$141</b>	<b>\$775</b>
	<b>03 - Condo Bldg. Lighting</b>							
	a - condo catwalk wall lights 10	68	140.00	\$9,520	15	1	\$635	\$8,890
	b - condo stairwell wall lights 10	9	140.00	\$1,260	15	1	\$84	\$1,176
	c - elevator lobby ceiling lights	4	140.00	\$560	15	12	\$37	\$111
	d - front bldg. other flood lights	8	475.00	\$3,800	15	10	\$253	\$1,265
	e - rear bldg. flood lights	4	475.00	\$1,900	15	10	\$127	\$635
	f - note: the 5 column flood lights are the responsibility of the master association - excluded from reserves							
	<b>03 - Condo Bldg. Lighting Subtotal</b>			<b>\$17,040</b>			<b>\$1,136</b>	<b>\$12,077</b>
	<b>04 - Elevator Lobby Tiles</b>							
	a - elevator lobby wall tiles	832	16.50	\$13,728	30	14	\$458	\$7,328
	<b>04 - Elevator Lobby Tiles Subtotal</b>			<b>\$13,728</b>			<b>\$458</b>	<b>\$7,328</b>
	<b>05 - Bldg. Exterior Mosaic Wall Tile</b>							
	a - front bldg. exterior wall tile (sf)	1,230	50.00	\$61,500	40	10	\$1,538	\$46,140
	<b>05 - Bldg. Exterior Mosaic Wall Tile Subtotal</b>			<b>\$61,500</b>			<b>\$1,538</b>	<b>\$46,140</b>
	<b>06 - Laundry Rooms</b>							
	a - laundry room vinyl	864	9.00	\$7,776	25	5	\$311	\$6,220
	b - laundry room paint	2,688	0.80	\$2,150	10	1	\$215	\$1,935
	c - laundry room lighting	16	185.00	\$2,960	20	18	\$148	\$296
	d - laundry room counters - 8 (lf)	32	150.00	\$4,800	20	5	\$240	\$3,600
	e - laundry room washers	8	1,800.00	\$14,400	10	5	\$1,440	\$7,200

# 2024 PHYSICAL RESERVE ANALYSIS

Association Name

		Values						
Reserve C:	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
	f - laundry room dryers	8	1,600.00	\$12,800	10	5	\$1,280	\$6,400
	h - laundry 1st level 80 gallon water heater	2	2,800.00	\$5,600	15	8	\$373	\$2,611
	<b>06 - Laundry Rooms Subtotal</b>			<b>\$50,486</b>			<b>\$4,007</b>	<b>\$28,262</b>
	<b>07 - Other Railings</b>							
	a - sidewalk 2.5' metal railings (lf)	82	55.00	\$4,510	30	8	\$150	\$3,300
	<b>07 - Other Railings Subtotal</b>			<b>\$4,510</b>			<b>\$150</b>	<b>\$3,300</b>
	<b>08 - Security Cameras</b>							
	a - elevator lobby security camera	1	650.00	\$650	8	5	\$81	\$243
	<b>08 - Security Cameras Subtotal</b>			<b>\$650</b>			<b>\$81</b>	<b>\$243</b>
<b>C - General Components Total</b>				<b>\$178,264</b>	<b>45</b>	<b>42</b>	<b>\$8,311</b>	<b>\$106,125</b>
<b>Grand Total</b>				<b>\$388,971</b>	<b>60</b>	<b>42</b>	<b>\$16,578</b>	<b>\$248,496</b>

# RESERVE FUNDING FINANCIAL ANALYSIS

**Association Name**

		12/31/24			FUND				
		RESERVE	FULLY FUNDED BALANCE /		OVERAGE				
		BALANCE	TOTAL ACCRUED DEPRECIATION		(DEFICIT)			Minimum Threshold Reserve Fund Balance:	
		\$115,217	\$248,496		(\$133,279)			\$30,000	
		<u>Financial year runs January 1st to December 31st</u>							
		BEGINNING			Minus	Plus	Plus	Equals	ENDING
FISCAL	YEAR	RESERVE			YEARLY	NORMAL ANNUAL	AMORTIZED	TOTAL YEARLY	RESERVE
YEAR	YEAR	FUND	COMPONENT EXPENSE ITEMS BY YEAR		EXPENSE	CONTRIBUTION	DEFICIT	CONTRIBUTION	FUND
		BALANCE			EXPENSE	CONTRIBUTION	DEFICIT	CONTRIBUTION	BALANCE
					0				
					months				
					0 remaining	0	0	0	\$115,217
2024	0	115,217			0	0	0	0	\$115,217
2025	1	115,217	b - sealcoat asphalt a - condo catwalk wall lights 10 b - condo stairwell wall lights 10 b - laundry room paint		18,090	16,578	4,591	21,169	\$118,296
2026	2	118,296			0	16,578	4,591	21,169	\$139,465
2027	3	139,465			0	16,578	4,591	21,169	\$160,634
2028	4	160,634			0	16,578	4,591	21,169	\$181,803
2029	5	181,803	a - paving repairs & misc. a - modernize elevator 99/00 b - elevator hydraulic pump c - elevator mechanicals a - laundry room vinyl d - laundry room counters - 8 (lf) e - laundry room washers f - laundry room dryers a - elevator lobby security camera		159,674	16,578	4,591	21,169	\$43,298
2030	6	43,298	b - sealcoat asphalt		5,160	16,578	2,660	19,238	\$57,376
2031	7	57,376			0	16,578	2,660	19,238	\$76,614
2032	8	76,614	h - laundry 1st level 80 gallon water heater a - sidewalk 2.5' metal railings (lf)		10,110	16,578	2,660	19,238	\$85,742
2033	9	85,742			0	16,578	2,660	19,238	\$104,980
2034	10	104,980	b - outgoing mailbox d - front bldg. other flood lights e - rear bldg. flood lights a - front bldg. exterior wall tile (sf)		67,700	16,578	2,660	19,238	\$56,518
2035	11	56,518	b - sealcoat asphalt d - elevator pistons b - laundry room paint		32,310	16,578	2,660	19,238	\$43,446
2036	12	43,446	a - elevator cab flooring 23 b - elevator cab walls c - elevator cab lighting c - elevator lobby ceiling lights		14,560	16,578	2,660	19,238	\$48,124
2037	13	48,124	a - elevator lobby security camera		650	16,578	2,660	19,238	\$66,712
2038	14	66,712	a - elevator lobby wall tiles		13,728	16,578	2,660	19,238	\$72,222
2039	15	72,222	a - paving repairs & misc. e - laundry room washers f - laundry room dryers		28,948	16,578	2,660	19,238	\$62,512
2040	16	62,512	a - asphalt/mill parking areas (sy) 20/21 b - sealcoat asphalt a - rubber car stops a - condo catwalk wall lights 10 b - condo stairwell wall lights 10		51,740	16,578	2,660	19,238	\$30,010
2041	17	30,010			0	16,578	0	16,578	\$46,588
2042	18	46,588	c - laundry room lighting		2,960	16,578	0	16,578	\$60,206
2043	19	60,206			0	16,578	0	16,578	\$76,784

		BEGINNING							ENDING
		RESERVE		Minus		Plus	Plus	Equals	RESERVE
FISCAL		FUND		YEARLY		NORMAL ANNUAL	AMORTIZED	TOTAL YEARLY	FUND
YEAR	YEAR	BALANCE	COMPONENT EXPENSE ITEMS BY YEAR	EXPENSE		CONTRIBUTION	DEFICIT	CONTRIBUTION	BALANCE
2044	20	76,784	a - trash area concrete - 2 (sf) a - trash chutes R&R	29,379		16,578	0	16,578	\$63,983
2045	21	63,983	b - sealcoat asphalt b - laundry room paint a - elevator lobby security camera	7,960		16,578	0	16,578	\$72,601
2046	22	72,601		0		16,578	0	16,578	\$89,179
2047	23	89,179	h - laundry 1st level 80 gallon water heater	5,600		16,578	0	16,578	\$100,157
2048	24	100,157		0		16,578	0	16,578	\$116,735
2049	25	116,735	a - sidewalk R&R (sf) a - paving repairs & misc. d - front bldg. other flood lights e - rear bldg. flood lights d - laundry room counters - 8 (lf) e - laundry room washers f - laundry room dryers	45,568		16,578	0	16,578	\$87,745
2050	26	87,745	b - sealcoat asphalt	5,160		16,578	0	16,578	\$99,163
2051	27	99,163	c - elevator lobby ceiling lights	560		16,578	0	16,578	\$115,181
2052	28	115,181		0		16,578	0	16,578	\$131,759
2053	29	131,759	a - elevator lobby security camera	650		16,578	0	16,578	\$147,687
2054	30	147,687	a - laundry room vinyl	7,776		16,578	0	16,578	\$156,489
<b>In this reserve study, deficits beyond 25 years are not considered or amortized into previous years</b>									
END			<b>THIRTY YEAR REPAIR / REPLACEMENT PROJECTIONS</b>						



Condo Building Exteriors

Grantham A Condominium Association, Inc.





Elevator Equipment & Cabs / Association Lighting / Trash Chutes / Security Camera

Grantham A Condominium Association, Inc.



Association Cluster Mailboxes / Laundry Rooms / Trash Roll-up Doors / Sidewalk Railings / Paving

Grantham A Condominium Association, Inc.

#215,000 Special assess.

**GRANTHAM A  
PROPOSED ANNUAL BUDGET  
01/01/2024 THRU 12/31/2024  
PROPOSED BUDGET**

	APPROVED 2023 BUDGET	Actuals As of 2023-06-30	2023 Annualized	PROPOSED 2024 BUDGET	Monthly Total 2024 BUDGET	Monthly Per Unit Cost 1.3650% 1"1 1/2 32	1.7700% 2" 32
<b>Income</b>						<b>\$346</b>	<b>\$452</b>
Maintenance Assessments	\$ 261,494.00	\$ 129,277.00	\$ 258,554.00	\$ 314,842.25	\$ 26,211.85	\$ -	\$ -
Late Fee	\$ -	\$ 1,775.00	\$ 3,550.00	\$ -	\$ -	\$ -	\$ -
Returned Check Fees	\$ -	\$ 35.00	\$ 70.00	\$ -	\$ -	\$ -	\$ -
Misc Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Laundry Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ 846.75	\$ 1,693.50	\$ -	\$ -	\$ -	\$ -
<b>Total Income</b>	<b>\$ 261,494.00</b>	<b>\$ 131,933.75</b>	<b>\$ 263,867.50</b>	<b>\$ 314,842.25</b>	<b>\$ 26,211.85</b>	<b>\$ 355.17</b>	<b>\$ 463.95</b>
<b>Management Fees</b>	<b>\$ 33,990.00</b>	<b>\$ 16,995.00</b>	<b>\$ 33,990.00</b>	<b>\$ 33,990.00</b>	<b>\$ 2,832.50</b>	<b>\$ 38.38</b>	<b>\$ 50.14</b>
<b>Insurance</b>	<b>\$ 75,000.00</b>	<b>\$ 36,643.02</b>	<b>\$ 73,286.04</b>	<b>\$ 132,000.00</b>	<b>\$ 11,000.00</b>	<b>\$ 149.05</b>	<b>\$ 194.70</b>
<b>Building Assessment</b>							
<b>Administrative Expenses:</b>							
Office/Administrative	\$ 300.00	\$ 1,015.23	\$ 2,030.46	\$ 1,000.00	\$ 83.33	\$ 1.13	\$ 1.48
Bank Charges	\$ 100.00	\$ 135.00	\$ 270.00	\$ 100.00	\$ 8.33	\$ 0.11	\$ 0.15
Taxes	\$ -	\$ 50.00	\$ 50.00	\$ 50.00	\$ 4.17	\$ 0.08	\$ 0.07
Legal Fees	\$ 1,000.00	\$ 2,082.30	\$ 4,164.60	\$ 2,000.00	\$ 166.67	\$ 2.26	\$ 2.96
Professional Fees	\$ 3,000.00	\$ 1,400.00	\$ 2,800.00	\$ 2,500.00	\$ 208.33	\$ 2.82	\$ 3.69
Board Compensation	\$ 14,520.00	\$ 5,000.00	\$ 10,000.00	\$ 14,520.00	\$ 1,210.00	\$ 16.40	\$ 21.42
Mailings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inspector Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appraisals/Mitigation	\$ 350.00	\$ -	\$ -	\$ 350.00	\$ 29.17	\$ 0.40	\$ 0.52
Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Maintenance Expenses:</b>							
Contingency	\$ 475.00	\$ -	\$ -	\$ 475.00	\$ 39.58	\$ 0.54	\$ 0.70
Electricity	\$ 3,690.00	\$ 2,527.22	\$ 5,054.44	\$ 5,500.00	\$ 458.33	\$ 6.21	\$ 8.11
Telephone	\$ 150.00	\$ -	\$ -	\$ 150.00	\$ 12.50	\$ 0.17	\$ 0.22
Landscape	\$ 6,000.00	\$ 2,959.00	\$ 5,918.00	\$ 6,000.00	\$ 500.00	\$ 6.78	\$ 8.85
Social Events	\$ 500.00	\$ 127.33	\$ 254.66	\$ 500.00	\$ 41.67	\$ 0.56	\$ 0.74
Exterior Pest Control	\$ 600.00	\$ 700.00	\$ 1,400.00	\$ 700.00	\$ 58.33	\$ 0.79	\$ 1.03
General Repairs & Maintenance	\$ 6,000.00	\$ 8,623.47	\$ 17,246.94	\$ 8,000.00	\$ 666.67	\$ 9.03	\$ 11.80
A/C Drain Cleaning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R&M Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Elevator Service & Contract	\$ 1,900.00	\$ 1,190.26	\$ 2,380.52	\$ 1,900.00	\$ 158.33	\$ 2.15	\$ 2.80
Telephone Elevator	\$ 530.00	\$ 331.87	\$ 663.74	\$ 530.00	\$ 44.17	\$ 0.60	\$ 0.78
Interior Pest Control	\$ -	\$ 80.00	\$ 160.00	\$ 160.00	\$ 13.33	\$ 0.18	\$ 0.24
Laundry Expense	\$ 3,072.00	\$ 500.00	\$ 1,000.00	\$ 3,100.00	\$ 258.33	\$ 3.50	\$ 4.57
<b>Social Activities:</b>							
Events & Recognition	\$ -	\$ -	\$ -	\$ 700.00	\$ 58.33	\$ 0.79	\$ 1.03
<b>Other:</b>							
Licenses, Taxes, Fees & Permits	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Division of Land Sales	\$ 256.00	\$ 256.00	\$ 256.00	\$ 256.00	\$ 21.33	\$ 0.29	\$ 0.38
Florida Corporate Fee	\$ 61.00	\$ 61.25	\$ 61.25	\$ 61.25	\$ 5.10	\$ 0.07	\$ 0.09
<b>Reserves:</b>							
Pooled Reserves	\$ 100,000.00	\$ 49,999.98	\$ 99,999.96	\$ 100,000.00	\$ 8,333.33	\$ 112.92	\$ 147.50
<b>Total Fees 2024</b>	<b>\$ 261,494.00</b>	<b>\$ 130,676.93</b>	<b>\$ 260,986.61</b>	<b>\$ 314,842.25</b>	<b>\$ 26,211.85</b>	<b>\$ 355.17</b>	<b>\$ 463.95</b>

Florida Corporate Fee	\$ 61.00	\$ 61.25	\$ 61.25	\$ 61.25	\$ 5.10	\$ 0.07	\$ 0.09
Reserves:	\$ 100,000.00	\$ 49,999.98	\$ 99,999.96	\$ 100,000.00	\$ 8,333.33	\$ 112.92	\$ 147.50
Pooled Reserves	\$ 100,000.00	\$ 49,999.98	\$ 99,999.96	\$ 297,842.25	\$ 24,820.19	\$ 336.31	\$ 439.32
<b>Total Fees 2024</b>	<b>\$ 261,494.00</b>	<b>\$ 130,676.93</b>	<b>\$ 260,986.61</b>	<b>\$ 297,842.25</b>	<b>\$ 24,820.19</b>	<b>\$ 336.31</b>	<b>\$ 439.32</b>

c/o Seacrest Services Inc.  
2101 Centrepark W Dr, Ste 110  
West Palm Beach FL 33409

Account	Description August 2024	Operating August 2024	Reserves August 2024	Totals August 2024
<b>CURRENT ASSETS</b>				
1001	Valley National Bank Operating	89,694.47	0.00	89,694.47
1003	Optimum Bank Operating Account	33.40	0.00	33.40
1099	Due To/From Reserve	0.00	53,200.00	53,200.00
1301	Valley National Bank Reserves	0.00	195,572.98	195,572.98
1399	Due From/To Operating	(53,200.00)	0.00	(53,200.00)
<b>TOTAL CURRENT ASSETS</b>		<b>36,527.87</b>	<b>248,772.98</b>	<b>285,300.85</b>
<b>OTHER ASSETS</b>				
1400	Maintenance Receivable	33,405.70	0.00	33,405.70
1410	Reserves Receivable	0.00	36,780.00	36,780.00
1600	Allowance for Doubtful Accounts	(1,912.52)	0.00	(1,912.52)
1810	Prepaid Insurance	41,229.71	0.00	41,229.71
<b>TOTAL OTHER ASSETS</b>		<b>72,722.89</b>	<b>36,780.00</b>	<b>109,502.89</b>
<b>TOTAL ASSETS</b>		<b>109,250.76</b>	<b>285,552.98</b>	<b>394,803.74</b>
<b>CURRENT LIABILITIES</b>				
2200	Prepaid Maintenance	2,534.98	0.00	2,534.98
2204	Prepaid Reserve Special Assessment	0.00	3,690.62	3,690.62
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,534.98</b>	<b>3,690.62</b>	<b>6,225.60</b>
<b>RESERVES</b>				
3000	Reserves - Pooled	0.00	39,292.65	39,292.65
3625	Fountain Reserve	0.00	216,982.00	216,982.00
3890	Interest on Reserves	0.00	25,587.71	25,587.71
<b>TOTAL RESERVES</b>		<b>0.00</b>	<b>281,862.36</b>	<b>281,862.36</b>
<b>EQUITY</b>				
3900	Retained Earnings	95,696.17	0.00	95,696.17
	Net Income +/-	11,019.61	0.00	11,019.61
<b>TOTAL OWNERS EQUITY</b>		<b>106,715.78</b>	<b>0.00</b>	<b>106,715.78</b>
<b>TOTAL LIABILITIES &amp; OWNERS EQUITY</b>		<b>109,250.76</b>	<b>285,552.98</b>	<b>394,803.74</b>

c/o Seacrest Services Inc.  
2101 Centrepark W Dr, Ste 110  
West Palm Beach FL 33409

	MTD Actual August 2024	MTD Budget August 2024	Variance	YTD Actual August 2024	YTD Budget August 2024	Variance	Annual Budget 2024	
<b>INCOME</b>								
4000	Maintenance Income	25,536.00	25,545	(9.00)	204,288.00	204,360	(72.00)	306,542
4100	Late Fees	25.00	0	25.00	0.00	0	0.00	0
4900	Other Income	0.00	0	0.00	300.00	0	300.00	0
4950	Interest Income	98.41	0	98.41	526.01	0	526.01	0
	<b>TOTAL INCOME</b>	<b>25,659.41</b>	<b>25,545</b>	<b>114.41</b>	<b>205,114.01</b>	<b>204,360</b>	<b>754.01</b>	<b>306,542</b>
<b>EXPENSES</b>								
<b>ADMINISTRATIVE EXPENSE</b>								
5010	Office Expense/Permit/Fees	0.00	83	83.00	1,162.96	664	(498.96)	1,000
5120	Bank Charges	35.00	8	(27.00)	185.00	64	(121.00)	100
5145	Division of Land Sales	0.00	21	21.00	0.00	168	168.00	256
5150	Florida Corporate Fee	0.00	5	5.00	61.25	40	(21.25)	61
5190	Contingency	0.00	40	40.00	2,000.00	320	(1,680.00)	475
5200	Taxes/Compilation	0.00	4	4.00	175.00	32	(143.00)	50
5300	Legal Fees	0.00	167	167.00	899.00	1,336	437.00	2,000
5400	Professional Fees	0.00	208	208.00	600.00	1,664	1,064.00	2,500
5500	BOD Compensation	0.00	1,210	1,210.00	7,000.00	9,880	2,680.00	14,520
5700	Seacrest Service Fee	2,832.50	2,833	0.50	22,660.00	22,664	4.00	33,990
5899	Appraisals/Mitigation	0.00	29	29.00	0.00	232	232.00	350
5900	Insurance	10,307.43	10,333	25.57	82,459.44	82,664	204.56	124,000
	<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>13,174.93</b>	<b>14,941</b>	<b>1,766.07</b>	<b>117,202.65</b>	<b>119,528</b>	<b>2,325.35</b>	<b>179,302</b>
<b>UTILITIES</b>								
6000	Electricity	332.31	458	125.69	3,318.60	3,664	345.40	5,500
6300	Telephone	0.00	13	13.00	0.00	104	104.00	150
	<b>TOTAL UTILITIES</b>	<b>332.31</b>	<b>471</b>	<b>138.69</b>	<b>3,318.60</b>	<b>3,768</b>	<b>449.40</b>	<b>5,650</b>
<b>GROUNDS MAINTENANCE</b>								
7000	Landscape	(1,044.00)	0	1,044.00	0.00	0	0.00	0
7700	Special Projects	1,044.00	500	(544.00)	1,391.00	4,000	2,609.00	6,000
7740	Social Events	0.00	42	42.00	0.00	336	336.00	500
7745	Events & Recognition	0.00	58	58.00	0.00	464	464.00	700
7950	Pest Control - Exterior	0.00	58	58.00	0.00	464	464.00	700
	<b>TOTAL GROUNDS MAINTENANCE</b>	<b>0.00</b>	<b>658</b>	<b>658.00</b>	<b>1,391.00</b>	<b>5,264</b>	<b>3,873.00</b>	<b>7,900</b>
<b>FACILITIES</b>								
8450	General Repairs & Maintenance	0.00	667	667.00	2,796.30	5,336	2,539.70	8,000
8467	Elevator Service Contract	0.00	158	158.00	1,642.45	1,264	(378.45)	1,900
8469	Elevator Telephone	50.72	44	(6.72)	405.76	352	(53.76)	530
8470	Interior-Pest Control	40.00	13	(27.00)	671.00	104	(567.00)	160
8490	Laundry Contract/Repairs	0.00	258	258.00	0.00	2,064	2,064.00	3,100
	<b>TOTAL FACILITIES</b>	<b>90.72</b>	<b>1,140</b>	<b>1,049.28</b>	<b>5,515.51</b>	<b>9,120</b>	<b>3,604.49</b>	<b>13,690</b>
<b>RESERVES</b>								
9000	Resv: Pooled Reserves	8,333.33	8,333	(0.33)	66,666.64	66,664	(2.64)	100,000
	<b>TOTAL RESERVES</b>	<b>8,333.33</b>	<b>8,333</b>	<b>(0.33)</b>	<b>66,666.64</b>	<b>66,664</b>	<b>(2.64)</b>	<b>100,000</b>
	<b>TOTAL EXPENSES</b>	<b>21,931.29</b>	<b>25,543</b>	<b>3,611.71</b>	<b>194,094.40</b>	<b>204,344</b>	<b>10,249.60</b>	<b>306,542</b>
	<b>NET INCOME +/-</b>	<b>3,728.12</b>	<b>2</b>	<b>3,726.12</b>	<b>11,019.61</b>	<b>16</b>	<b>11,003.61</b>	<b>0</b>

# Definitions

**AMORTIZED DEFICIT:** A deficit is created when the association's reserve fund balance falls below the minimum threshold set by the reserve analyst and or the board over the 20-year reserve analysis. A deficit is typically created when the starting reserve balance plus the normal annual contributions are insufficient to cover the replacement of capital expenses over a period of 20 years. A deficit can occur once and or multiple times over a period of the 20-year analysis. For example: The minimum reserve threshold balance is \$50,000 and the normal annual contribution is \$60,000. During the analysis, if in year 5 the association's reserve fund balance is a negative \$20,000, we would need to add \$70,000 in order to maintain the minimum threshold of \$50,000 in year 5. This \$70,000 is not charged to that year's contribution but amortized into the previous years for a more equitable distribution of the deficit. The \$70,000 would then be divided by the preceding 5 years with an amortized deficit of \$14,000 a year. The new Annual Contribution would then be \$74,000 (\$60,000 + \$14,000) for the next 5 years.

**ASSOCIATION:** For the purposes of this document "Association" shall encompass Community Associations, schools, commercial buildings, mutual utility properties, worship facilities, and any other entity interested in the long-range planning for the maintenance and replacement of the major components.

**CAPITAL EXPENDITURE(S):** Any expenditure of funds related to the maintenance and or replacement of an asset that has a greater life expectancy than 1 year.

**CAPITAL IMPROVEMENTS:** Additions to the association's common elements that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction should not be taken from the reserve fund.

**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(S):** The individual assets listed in the reserve analysis section of the report within the reserve study. These assets form the building blocks for the reserve study. These components comprise the common elements of the community and typically are: 1. association responsibility, 2. with limited useful life expectancies, 3. predictable remaining useful life expectancies, and 4. above a minimum threshold cost. It should be noted that in certain jurisdictions there may be statutory requirements for including components or groups of components in the reserve study.

**COMPONENT ASSESSMENT AND VALUATION:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve Components. This task is accomplished either with or without onsite visual observations, based on Level of Service selected by the client.

**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, review of association precedents, and discussion with appropriate representative(s) of the association.

**COMPONENT METHOD:** A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for the individual components.

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

**CURRENT COST:** A component's current replacement cost as of the date of the financial analysis. Current cost may be less or greater than the total replacement cost depending on the defined replacement scope.

**DEFICIT:** An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

**ECONOMIC LIFE:** the portion of the total life of a property up until the infrastructure is no longer economically viable to maintain and a significant reinvestment, rebuilding, or renovation is necessary.

**EFFECTIVE AGE:** The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**FINANCIAL ANALYSIS:** The portion of a reserve study where the current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (funding plan) are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study.

**FULL STUDY:** Complete qualitative and quantitative study, includes site visit.

**FULLY FUNDED:** 100 percent funded. When the actual reserve balance of the association is equal to the fully funded balance/total accrued depreciation.

**FULLY FUNDED BALANCE (FFB):** Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve Balance can be compared. In essence, it is the Reserve Balance that is proportional to the current Repair/replacement cost and the fraction of life “used up”. This number is calculated for each Component, then summed together for an Association total. Two formulae can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

FFB = Current Cost X Effective Age divided by Useful Life Example: For a component with a \$10,000 current replacement cost, a 10-year useful life and effective age of 4 years the fully funded balance would be \$4,000.

**FUND STATUS:** The status of the reserve fund reported in terms of cash or percent funded.

**FUNDING GOALS:** Independent of methodology used, the following represent the basic categories of funding plan goals. They are presented in order of greatest risk to least risk. Risk includes, but is not limited to, cash problems, special assessments, and deferred maintenance.

**Baseline Funding:** Establishing a reserve funding goal of allowing the reserve cash balance to never fall below zero (\$0) during the cash flow projection period of 20 or 30 years. This is the funding goal with the greatest risk due to the variabilities encountered in the timing of component replacements and repair and replacement costs.

**Threshold Funding:** Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “Fully Funded” with respective higher risk or less risk of cash problems.

**Full Funding:** Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal. It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.

**FUNDING PLAN:** An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of twenty (20) years.

**INFLATED EXPENDITURES:** The combined annual expenditures for a given year inflated to reflect their estimated future replacement cost.

**INFLATIONARY MULTIPLIER:** The number multiplies by the annual expenditures to estimate the future replacement cost. If inflation was currently projected at 3%, the initial year multiplier would be 1.00, Next Year 1.03, Next year 1.061, etc.

**LIFE AND VALUATION ESTIMATES:** The task of estimating useful life, remaining useful life, and current repair or



replacement costs for the reserve components.

**NORMAL ANNUAL CONTRIBUTION:** Calculated using the individual component's replacement cost divided by the useful life of that particular component item. For example, a roof costing \$50,000 with a useful life of 20 years would create a normal annual contribution of \$2,500. The normal annual contribution can be different from the annual contribution if a deficit is created in the association's reserve fund balance over a period of 20 years. See "amortized deficit" above.

**PERCENT FUNDED:** The ratio, at a particular point in time, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan in light of the association's risk tolerance.

**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.

**QUANTITY:** The total Quantity of each Component.

**READILY ACCESSIBLE:** Can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may harm or endanger persons or property.

**REMAINING USEFUL LIFE (RUL):** Also referred to as "remaining life" (RL). The estimated time, in years, that a reserve component can be expected to serve its intended function. Projects expected to occur in the initial year have zero remaining useful life.

**REPLACEMENT COST:** The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, and design, permits, installation, disposal, etc.).

**RESERVE ANALYST:** A person who prepares Reserve Studies.

**RESERVE ASSESSMENT:** The portion of assessments contributed to the Reserve Fund.

**RESERVE BALANCE:** Actual or projected funds, as of a particular point in time that the association has identified, to defray the future repair or replacement cost of those major components that the association is obligated to maintain

or replace. Also known as reserves, reserve accounts, cash reserves. Based on information provided and not audited.

**RESERVE FUND:** Those funds set aside for the future repair, replacement, or restoration of the Reserve Components.

**RESERVE PROVIDER:** An individual who prepares reserve studies. In many instances the reserve provider will possess a specialized designation such as the Reserve Specialist (RS) designation provided by Community Associations Institute (CAI). Another important designation is the Professional Reserve Analyst (PRA) which is a designation/credentials provided by the Association of Professional Reserve Analyst. These designation(s) indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards.

**RESERVE CATEGORY(IES):** Major asset category types created for the association, for example: Roofing, Painting, Paving, Pool, Replace & Restoration, etc. Each major category will have individual components/assets that are related to the major category.

**RESERVE PROVIDER FIRM:** A company that prepares reserve studies as one of its primary business activities.

**RESERVE STUDY:** A budgeting tool which identified 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.

**SITE VISIT:** A visit to the common areas of the Association for the purposes of determining the Component Inventory and the Component Assessment and Valuation.

**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 applicable statutes.

**STATUTORY FUNDINGS:** Establishing a Reserve Funding Goal of setting aside the specific minimum amount of funds required by applicable statutes.

**STRAIGHT LINE:** A formula used to calculate the annual Reserve Fund contribution for a specific Component. Projected replacement cost divided by the Useful Life equals the annual payment.

**UNIT COST:** The cost of a Component. The Unit Cost is multiplied by the Component’s Quantity to obtain the total estimated replacement cost for the Component.

**UNIT OF MEASURE:** Refers to the method of measurement applied to a particular Component. The following are examples:

Square Feet

Lineal Feet or Linear Feet

Each

Square Yards

Lump Sum

Squares

**UPDATE WITH SITE VISIT:** Qualitative only update and review study, includes site visit.

**UPDATE WITHOUT SITE VISIT:** Financial only update study, does not include site visit.

**USEFUL/NORMAL LIFE (UL):** The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

PRODUCT & MATERIAL  
PRICING ~ DESCRIPTIONS ~ LONGEVITY  
RESOURCES

**Marshall & Swift Publications (Corelogic)** – monthly/quarterly pricing updates)

“Marshall Valuation Service Manual” is a national authoritative pricing guide for developing replacement cost, insurable values, equipment cost, depreciation, and normal useful lives on nearly every type of equipment or improved property. This on-line software is a national authoritative pricing guide for developing replacement cost valuation of commercial and agricultural properties.

**Additional Resources:** local consulting trade contractors, invoices & contracts collected in current and prior years from similar types of associations and cooperatives in your local area.

# Florida Statutes - Chapter 718

## Florida Statutes 718 (Condominiums)

### **(f)Annual budget:**

1. The proposed annual budget of estimated revenues and expenses must be detailed and must show the amounts budgeted by accounts and expense classifications, including, at a minimum, any applicable expenses listed in s. 718.504(21). The board shall adopt the annual budget at least 14 days before the start of the association's fiscal year. In the event that the board fails to timely adopt the annual budget a second time, it is deemed a minor violation and the prior year's budget shall continue in effect until a new budget is adopted. A multi-condominium association must adopt a separate budget of common expenses for each condominium the association operates and must adopt a separate budget of common expenses for the association. In addition, if the association maintains limited common elements with the cost to be shared only by those entitled to use the limited common elements as provided for in s. 718.113(1), the budget or a schedule attached to it must show the amount budgeted for this maintenance. If, after turnover of control of the association to the unit owners, any of the expenses listed in s. 718.504(21) are not applicable, they do not need to be listed.

2.a. In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000. The amount to be reserved must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of the reserve item. In a budget adopted by an association that is required to obtain a structural integrity reserve study, reserves must be maintained for the items identified in paragraph (g) for which the association is responsible pursuant to the declaration of condominium, and the reserve amount for such items must be based on the findings and recommendations of the association's most recent structural integrity reserve study. With respect to items for which an estimate of useful life is not readily ascertainable or with an estimated remaining useful life of greater than 25 years, an association is not required to reserve replacement costs for such items, but an association must reserve the amount of deferred maintenance expense, if any, which is recommended by the structural integrity reserve study for such items. The association may adjust replacement reserve assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. The members of a unit-owner-controlled association may determine, by a majority vote of the total voting interests of the association, to provide no reserves or less reserves than required by this subsection. For a budget adopted on or after December 31, 2024, the members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not determine to provide no reserves or less reserves than required by this subsection for items listed in paragraph (g), except that members of an association operating a multi-condominium may determine to provide no reserves or less reserves than required by this subsection if an

alternative funding method has been approved by the division. If the local building official, as defined in s. 468.603, determines that the entire condominium building is uninhabitable due to a natural emergency, as defined in s. 252.34, the board, upon the approval of a majority of its members, may pause the contribution to its reserves or reduce reserve funding until the local building official determines that the condominium building is habitable. Any reserve account funds held by the association may be expended, pursuant to the board's determination, to make the condominium building and its structures habitable. Upon the determination by the local building official that the condominium building is habitable, the association must immediately resume contributing funds to its reserves.

b. Before turnover of control of an association by a developer to unit owners other than a developer under s. 718.301, the developer-controlled association may not vote to waive the reserves or reduce funding of the reserves. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves and no such result is achieved or a quorum is not attained, the reserves included in the budget shall go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and may be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote of all the total voting interests of the association. Before turnover of control of an association by a developer to unit owners other than the developer pursuant to s. 718.301, the developer-controlled association may not vote to use reserves for purposes other than those for which they were intended. For a budget adopted on or after December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds, or any interest accruing thereon, for any other purpose other than the replacement or deferred maintenance costs of the components listed in paragraph (g).

4. The only voting interests that are eligible to vote on questions that involve waiving or reducing the funding of reserves, or using existing reserve funds for purposes other than purposes for which the reserves were intended, are the voting interests of the units subject to assessment to fund the reserves in question. Proxy questions relating to waiving or reducing the funding of reserves or using existing reserve funds for purposes other than purposes for which the reserves were intended must contain the following statement in capitalized, bold letters in a font size larger than any other used on the face of the proxy ballot: **WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.**

**(g) *Structural integrity reserve study.*—**

1. A residential condominium association must have a structural integrity reserve study completed at least every 10 years after the condominium's creation for each building on the condominium property that is three stories or higher in height, as determined by the Florida Building Code, which includes, at a minimum, a study of the following items as related to the structural integrity and safety of the building:

a. Roof.

b. Structure, including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in s. 627.706.

- c. Fireproofing and fire protection systems.
- d. Plumbing.
- e. Electrical systems.
- f. Waterproofing and exterior painting.
- g. Windows and exterior doors.
- h. Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed in sub-subparagraphs a.-g., as determined by the visual inspection portion of the structural integrity reserve study.

2. A structural integrity reserve study is based on a visual inspection of the condominium property. A structural integrity reserve study may be performed by any person qualified to perform such study. However, the visual inspection portion of the structural integrity reserve study must be performed or verified by an engineer licensed under chapter 471, an architect licensed under chapter 481, or a person certified as a reserve specialist or professional reserve analyst by the Community Associations Institute or the Association of Professional Reserve Analysts.

3. At a minimum, a structural integrity reserve study must identify each item of the condominium property being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of each item of the condominium property being visually inspected, and provide a reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item of condominium property being visually inspected by the end of the estimated remaining useful life of the item. The structural integrity reserve study may recommend that reserves do not need to be maintained for any item for which an estimate of useful life and an estimate of replacement cost cannot be determined, or the study may recommend a deferred maintenance expense amount for such item. The structural integrity reserve study may recommend that reserves for replacement costs do not need to be maintained for any item with an estimated remaining useful life of greater than 25 years, but the study may recommend a deferred maintenance expense amount for such item.

4. This paragraph does not apply to buildings less than three stories in height; single-family, two-family, or three-family dwellings with three or fewer habitable stories above ground; any portion or component of a building that has not been submitted to the condominium form of ownership; or any portion or component of a building that is maintained by a party other than the association.

5. Before a developer turns over control of an association to unit owners other than the developer, the developer must have a turnover inspection report in compliance with s. 718.301(4)(p) and (q) for each building on the condominium property that is three stories or higher in height.

6. Associations existing on or before July 1, 2022, which are controlled by unit owners other than the developer, must have a structural integrity reserve study completed by December 31, 2024, for each building on the condominium property that is three stories or higher in height. An association that is required to complete a milestone inspection in accordance with s.

553.899 on or before December 31, 2026, may complete the structural integrity reserve study simultaneously with the milestone inspection. In no event may the structural integrity reserve study be completed after December 31, 2026.

7. If the milestone inspection required by s. 553.899, or an inspection completed for a similar local requirement, was performed within the past 5 years and meets the requirements of this paragraph, such inspection may be used in place of the visual inspection portion of the structural integrity reserve study.

8. If the officers or directors of an association willfully and knowingly fail to complete a structural integrity reserve study pursuant to this paragraph, such failure is a breach of an officer's and director's fiduciary relationship to the unit owners under s. 718.111(1).

9. Within 45 days after receiving the structural integrity reserve study, the association must distribute a copy of the study to each unit owner or deliver to each unit owner a notice that the completed study is available for inspection and copying upon a written request. Distribution of a copy of the study or notice must be made by United States mail or personal delivery to the mailing address, property address, or any other address of the owner provided to fulfill the association's notice requirements under this chapter, or by electronic transmission to the e-mail address or facsimile number provided to fulfill the association's notice requirements to unit owners who previously consented to receive notice by electronic transmission.

10. Within 45 days after receiving the structural integrity reserve study, the association must provide the division with a statement indicating that the study was completed and that the association provided or made available such study to each unit owner in accordance with this section. The statement must be provided to the division in the manner established by the division using a form posted on the division's website.

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## **Florida Administrative Code**

### **Florida Administrative Code 61B-22.005 Reserves**

**(1)** Reserves required by statute. Reserves required by Section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the



association separately. Alternatively, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but is not required to do so.

**(2)** Commingling operating and reserve funds. Associations that collect operating and reserve assessments as a single payment shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.

**(3)** Calculating reserves required by statute. Reserves for deferred maintenance and capital expenditures required by Section 718.112(2)(f), Florida Statutes, shall be calculated using a formula that will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost for an asset or group of assets over the remaining useful life of the asset or group of assets. Funding formulas for reserves required by Section 718.112(2)(f), Florida Statutes, shall be based on either a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.

**(a)** If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations:

- 1.** The total amount necessary, if any, to bring a negative account balance to zero; and
- 2.** The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may consider factors such as inflation and earnings on invested funds.

**(b)** If the association maintains a pooled account of two or more of the required reserve assets, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payments.

**(4)** Estimating reserves that are not required by statute. Reserves that are not required by Section 718.112(2)(f), Florida Statutes, are not required to be based on any specific formula.

**(5)** Estimating non-converter reserves when the developer is funding converter reserves. For the purpose of estimating non-converter reserves, the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to Section 718.618, Florida Statutes, shall be the sum of:

**(a)** The developer's total funding obligation, when all units are sold, for the converter reserve account pursuant to Section 718.618, Florida Statutes; and

**(b)** The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect.

**(6)** Timely funding. Reserves included in the adopted budget are common expenses and must be fully funded unless properly waived or reduced. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly).

**(7)** Restrictions on use. In a multi-condominium association, no vote to allow an association to use reserve funds for purposes other than that for which the funds were originally reserved shall be effective as to a particular condominium unless conducted at a meeting at which the same percentage of voting interests in that condominium that would otherwise be required for a quorum of the association is present in person or by proxy, and a majority of those present in person or by limited proxy, vote to use reserve funds for another purpose. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

**(8)** Annual vote required to waive reserves. Any vote to waive or reduce reserves for capital expenditures and deferred maintenance required by Section 718.112(2)(f) 2., Florida Statutes, shall be effective for only one annual budget. Additionally, in a multi-condominium association, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which the same percentage of voting interests in that condominium that would otherwise be required for a quorum of the association is present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves. For multi-condominium associations in which the developer is precluded from casting its votes to waive or reduce the funding of reserves, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which the same percentage of non-developer voting interests in that condominium that would otherwise be required for a quorum of the association is present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves.