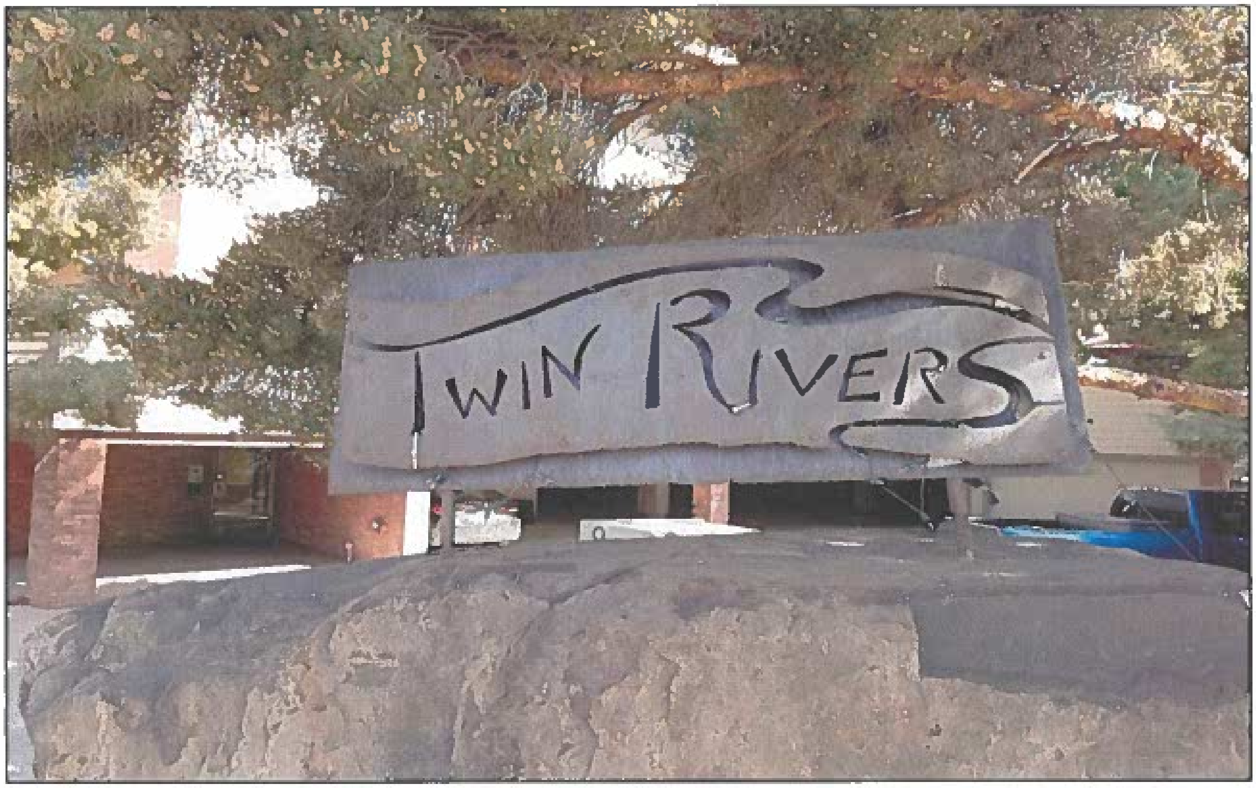
Twin Rivers Condo Association
100 Midland Ave.
Basalt, Co. 81621



Level 1, Limited Reserve Analysis
Report Period – 04/01/17 – 03/31/18

Final Version

Client Reference Number - 9354
Property Type – Condominiums

Fiscal Year End –	**December 31**
Number of units-	**16**
Date of Property Observation -	**June 6, 2017**
Project Manager -	**G. Michael Kelsen, RS, PRA**
Main Contact Person -	**Bob Rugile, Property Manager**
Report was prepared on -	**Wednesday, January 10, 2018**

P.O. Box 1762 • Castle Rock, CO 80104 • Phone (303) 790-7572 • Fax (303) 688-3083
www.aspenrs.com

Table of Contents

SECTION 1:

SECTION 2:

Financial Analysis

SECTION 3:

Aspen Reserve Specialties

Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 20% - 45% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

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

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

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

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

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

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

Now that we have "it", what do we do with "it"?

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

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

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

How often do we update or review "it"?

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

Is it the law to have a Reserve Study conducted?

State Legislation requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. While this may mean a Reserve Analysis is not required, how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think $100,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of the project is going to exceed $125,000. So while $100,000 sounds like a lot of money, in reality it won't even cover the cost of the component, let alone all the other amenities the association is responsible to maintain.

What makes an asset a "Reserve" item versus an "Operating" item?

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

The GREY area of "maintenance" items that are often seen in a Reserve Study –

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

The Property Observation –

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

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

The Reserve Fund Analysis –

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

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

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

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

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

Summary of Twin Rivers Condo Association - Assoc. ID # - 09354-17

Projected Starting Balance as of April 1, 2017 -	**$52,389**
Ideal Reserve Balance as of April 1, 2017 -	**$311,092**
Percent Funded as of April 1, 2017 -	**17%**
Recommended Reserve Allocation (per month) -	**$1,000 (rest of 2017/2018 fiscal year)**
Recommended Reserve Allocation (per month) -	**$4,500 (starting 2018/2019 fiscal year)**
Minimum Reserve Allocation (per month) -	**$3,975 (starting 2018/2019 fiscal year)**
Recommended Special Assessment -	**$76,000 (2017/2018, $4,750/unit)**
	$38,000 (2018/2019, $2,375/unit)

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on June 6, 2017. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 16 units within a condominium building that was originally constructed 1983. Common area assets the association is responsible to maintain include, but are not limited to, building exterior surfaces, a lobby area, an elevator, interior hallways, a spa and deck area, underground parking, and a fire suppression system. Please refer to the *Projected Reserve Expenditures* table of the financial analysis section of the report for a detailed list of components that will need to be addressed in the near future.

The following are some general notes regarding components:

- **You may notice several components that may have an N/A under the Useful Life column. This indicates that funding is not included for these items either because the association is not responsible to maintain these components, or the threshold cost is not significant enough to warrant Reserve funding and should be addressed as needed with general operating funds.**
- **There are a few components (deck repairs, siding repairs, and stairway systems) that are considered partial replacement and should not be misconstrued as complete replacement of that particular item.**

In comparing the projected balance of $52,389 versus the ideal Reserve Balance of $311,092, we find the association Reserve fund to be in a poor financial position at this time (approximately 17% funded of ideal). Since the 2017/2018 budget has already been established, we recommend maintaining the budgeted amount of $1,000 per month to continue to be deposited into the account. However, in order to help pay for the projects scheduled this year, we recommend passing a one-time Special Assessment of $76,000 immediately. Additionally, for the long term financial health of the association, we suggest increasing the Reserve contribution to $4,500 per month starting in 2018/2019, followed by nominal annual increases of 3.50% thereafter to help offset the effects of inflation. In addition, another Special Assessment of $38,000 should be passed for the 2018/2019 fiscal period. This will increase the strength of the Reserve fund to a fully funded position within the 30-year report period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of $3,975 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are likely at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money to the Reserve fund to only stay above a certain threshold.

Funding Summary For Twin Rivers Condo. Assoc.

Beginning Assumptions

Financial Information Source	Research With Client
# of units	16
Fiscal Year End	March 31, 2018
Monthly Dues from 2017/2018 budget	$6,242.35
Monthly Reserve Allocation from 2017/2018 Budget	$1,000.00
Projected Starting Reserve Balance (as of 4/1/2017)	$52,389
Reserve Balance: Average Per Unit	$3,274
Ideal Starting Reserve Balance (as of 4/1/2017)	$311,092
Ideal Reserve Balance: Average Per Unit	$19,443

Economic Factors

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

Current Reserve Status

Current Balance as a % of Ideal Balance	17%

Recommendations for 2017/2018 Fiscal Year

Monthly Reserve Allocation (2017/2018)	$1,000
Per Unit	$62.50
Monthly Reserve Allocation (starting 2018/2019)	$4,500
Per Unit	$281.25
Minimum Monthly Reserve Allocation (starting 2018/2019)	$3,975
Per Unit	$248.44
Primary Annual Increases	3.50%
# of Years	30
Special Assessment (2017/2018)	$76,000
Per Unit	$4,750
Special Assessment (2018/2019)	$38,000
Per Unit	$2,375

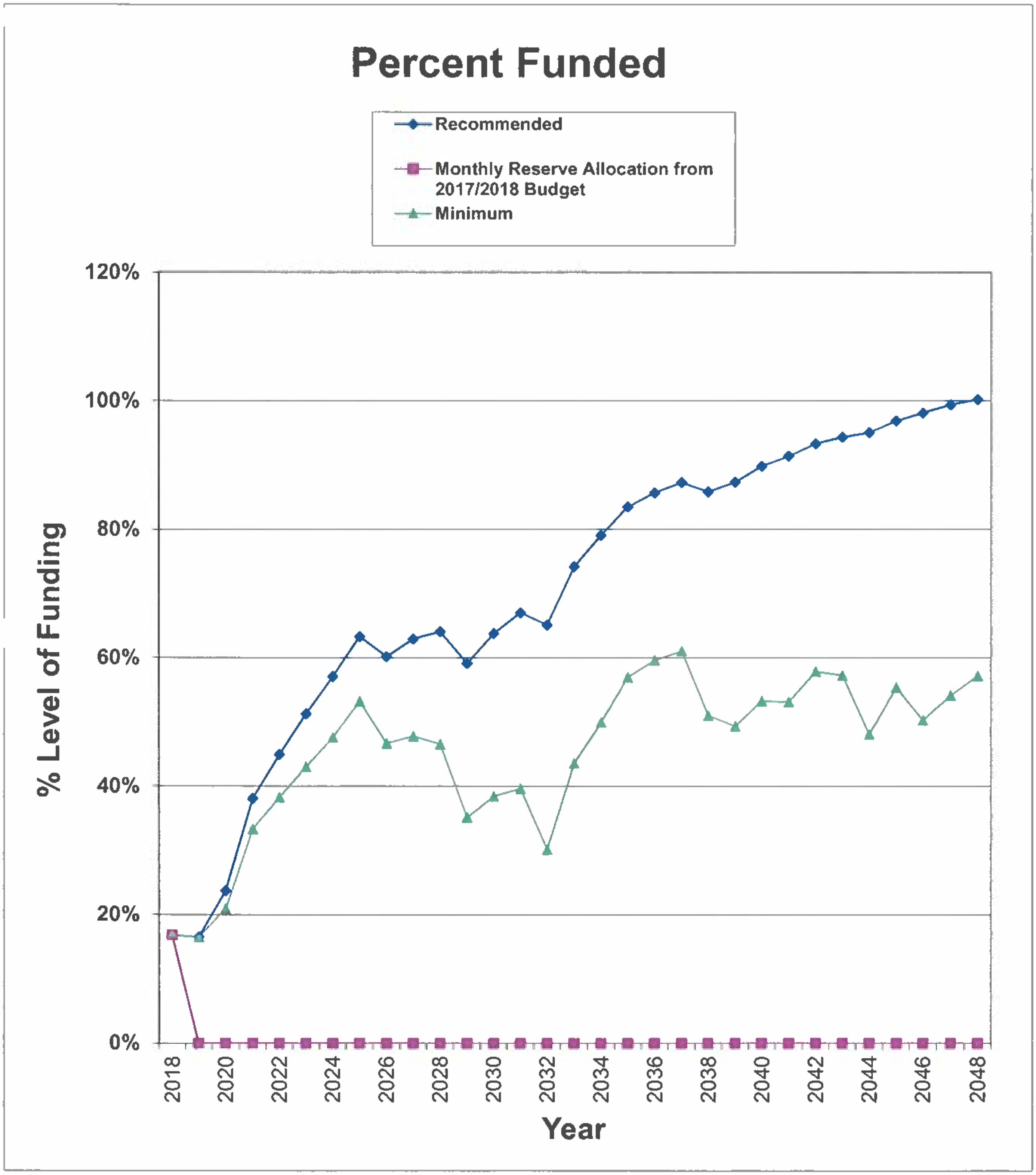
Changes From Prior Year (2016/2017 to 2017/2018)

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

Changes From 2017/2018 to 2018/2019

Increase/Decrease to Reserve Allocation	$3,500
as Percentage	350%
Average Per Unit	$218.75

Percent Funded Graph For Twin Rivers Condo. Assoc.



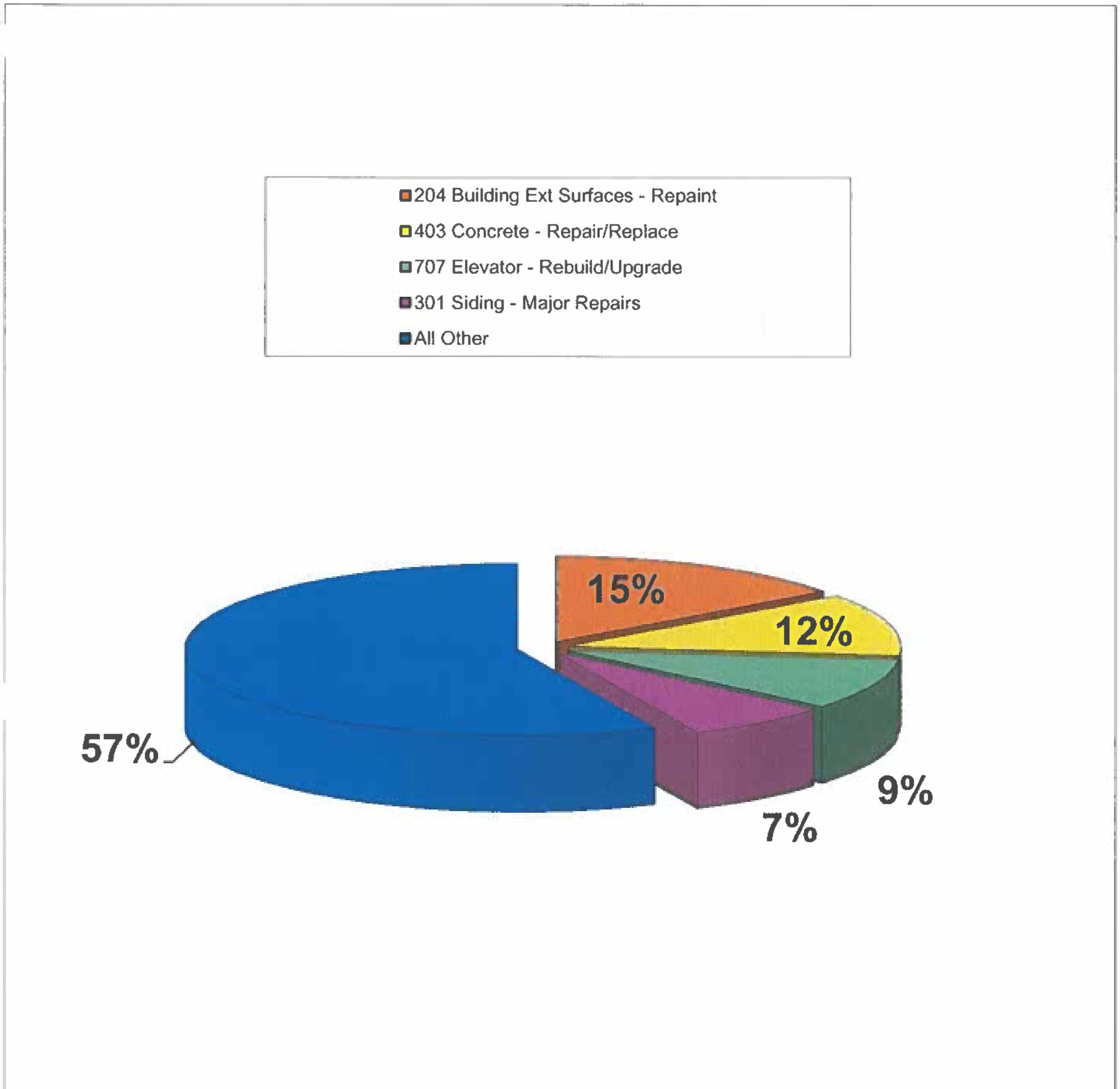
Component Inventory for Twin Rivers Condos Association

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	104	Vinyl/TPO Flat Roof - Replace	25	20	$42,900	$46,800
	108	Metal Roof - Replace	35	8	$12,000	$14,400
	120	Gutters/Downspouts - Replace	24	4	$2,900	$3,350
	121	Heat Tape - Replace	8	4	$3,200	$3,850
Painted Surfaces	204	Building Ext Surfaces - Repaint	6	1	$32,500	$37,500
	216	Interior Surfaces - Repaint	8	3	$7,000	$8,100
Siding Materials	301	Siding - Major Repairs	6	1	$15,000	$18,000
	306	Brick - Major Repairs	N/A		$0	$0
	307	Stucco - Major Repair	6	1	$4,750	$5,500
Drive Materials	403	Concrete - Repair/Replace	4	1	$17,550	$19,200
Property Access	502	Garage Doors - Replace	20	2	$3,600	$4,200
	503	Utility doors - Replace	N/A		$0	$0
	508	Unit Doors - Replace	N/A		$0	$0
Walking Surfaces	604	Unit Decks - Resurface	12	0	$30,250	$34,550
	605	Unit Deck Drains - Major Repairs (partial)	4	3	$10,000	$11,500
	606	Wood Deck - Reseal	3	0	$1,675	$1,950
	607	Wood Deck - Replace	18	9	$27,750	$33,300
	611	Stairway Systems - Major Repairs	10	8	$12,000	$15,000
Mechanical Equip.	707	Elevator - Rebuild/Upgrade	25	10	$85,000	$100,000
	709	Elevator Cab - Remodel	18	7	$13,000	$16,000
	726	Air Compressor - Replace	10	5	$1,550	$1,700
Prop. Identification	803	Mailboxes - Replace	25	4	$1,650	$1,900
	806	Decorative Signs - Replace	N/A		$0	$0
Security	901	Fire Sprinkler System - Replace/Upgrade	30	0	$20,000	$23,600
	902	Fire Alarm System - Replace	22	0	$35,000	$36,550
	905	Intercom - Replace	12	6	$5,250	$5,750
Fencing/Walls	1001	Wood Fencing - Replace	N/A		$0	$0
	1002	Metal Railings - Replace	N/A		$0	$0
	1007	Railroad Ties - Replace	25	1	$2,400	$2,800
Pool/Spa	1106	Spa Heater - Replace	12	8	$1,800	$2,300
	1109	Spa Filter - Replace	20	1	$1,100	$1,350
	1114	Hot Tub - Replace	15	4	$14,000	$16,000
Recreation Equip.	1306	Outdoor Furnishings - Replace	N/A		$0	$0
Interiors	1415	Lobby - Remodel	16	11	$8,000	$10,000
	1422	Millwork - Replace	24	19	$12,150	$13,100
Flooring	1501	Carpeting - Replace	8	3	$5,200	$5,850
Light Fixtures	1601	Interior Hallway - Replace	16	11	$9,000	$10,000
	1602	Exterior Mounted Lights - Replace	18	0	$5,775	$6,600
	1611	Exit Signs/Emerg Lights - Replace	N/A		$0	$0
Landscaping	1801	Landscaping - Replenish	5	2	$2,200	$2,600

Significant Components For Twin Rivers Condo. Assoc.

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL) As $	As %
104	Vinyl/TPO Flat Roof - Replace	25	20	$44,850	$1,794	4.5962%
108	Metal Roof - Replace	35	8	$13,200	$377	0.9662%
120	Gutters/Downspouts - Replace	24	4	$3,125	$130	0.3336%
121	Heat Tape - Replace	8	4	$3,525	$441	1.1289%
204	Building Ext Surfaces - Repaint	6	1	$35,000	$5,833	14.9448%
216	Interior Surfaces - Repaint	8	3	$7,550	$944	2.4179%
301	Siding - Major Repairs	6	1	$16,500	$2,750	7.0454%
307	Stucco - Major Repair	6	1	$5,125	$854	2.1884%
403	Concrete - Repair/Replace	4	1	$18,375	$4,594	11.7691%
502	Garage Doors - Replace	20	2	$3,900	$195	0.4996%
604	Unit Decks - Resurface	12	0	$32,400	$2,700	6.9173%
605	Unit Deck Drains - Major Repairs (partial)	4	3	$10,750	$2,688	6.8853%
606	Wood Deck - Reseal	3	0	$1,813	$604	1.5479%
607	Wood Deck - Replace	18	9	$30,525	$1,696	4.3447%
611	Stairway Systems - Major Repairs	10	8	$13,500	$1,350	3.4587%
707	Elevator - Rebuild/Upgrade	25	10	$92,500	$3,700	9.4793%
709	Elevator Cab - Remodel	18	7	$14,500	$806	2.0638%
726	Air Compressor - Replace	10	5	$1,625	$163	0.4163%
803	Mailboxes - Replace	25	4	$1,775	$71	0.1819%
901	Fire Sprinkler System - Replace/Upgrade	30	0	$21,800	$727	1.8617%
902	Fire Alarm System - Replace	22	0	$35,775	$1,626	4.1661%
905	Intercom - Replace	12	6	$5,500	$458	1.1742%
1007	Railroad Ties - Replace	25	1	$2,600	$104	0.2664%
1106	Spa Heater - Replace	12	8	$2,050	$171	0.4377%
1109	Spa Filter - Replace	20	1	$1,225	$61	0.1569%
1114	Hot Tub - Replace	15	4	$15,000	$1,000	2.5620%
1415	Lobby - Remodel	16	8	$9,000	$563	1.4411%
1422	Millwork - Replace	24	19	$12,625	$526	1.3477%
1501	Carpeting - Replace	8	3	$5,525	$691	1.7694%
1601	Interior Hallway - Replace	16	11	$9,500	$594	1.5212%
1602	Exterior Mounted Lights - Replace	18	0	$6,188	$344	0.8807%
1801	Landscaping - Replenish	5	2	$2,400	$480	1.2297%

Significant Components Graph For Twin Rivers Condo. Assoc.

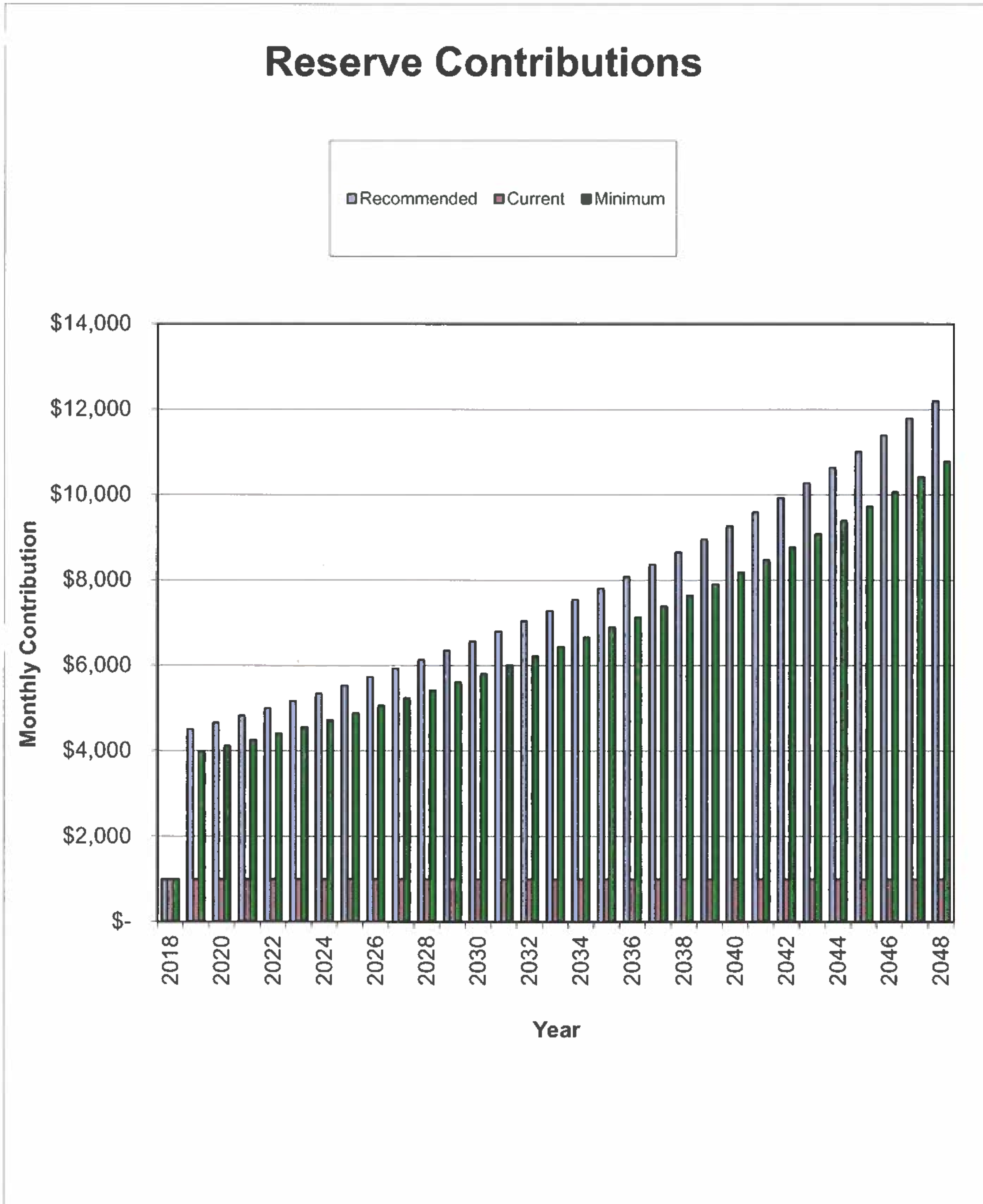


Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL) As $	As %
204	Building Ext Surfaces - Repaint	6	1	$35,000	$5,833	15%
403	Concrete - Repair/Replace	4	1	$18,375	$4,594	12%
707	Elevator - Rebuild/Upgrade	25	10	$92,500	$3,700	9%
301	Siding - Major Repairs	6	1	$16,500	$2,750	7%
All Other	See Expanded Table on Page 4 For Additional Breakdown				$22,155	57%

Yearly Summary For Twin Rivers Condo. Assoc.

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2018	$311,092	$52,389	17%	$12,000	$76,000	$858	$97,975
2019	$261,605	$43,272	17%	$54,000	$38,000	$677	$81,781
2020	$228,582	$54,168	24%	$55,890	$0	$791	$6,781
2021	$273,708	$104,067	38%	$57,846	$0	$1,192	$28,631
2022	$299,493	$134,474	45%	$59,871	$0	$1,515	$27,141
2023	$329,485	$168,719	51%	$61,966	$0	$1,885	$24,042
2024	$365,578	$208,529	57%	$64,135	$0	$2,371	$9,120
2025	$420,331	$265,915	63%	$66,380	$0	$2,457	$109,047
2026	$375,356	$225,704	60%	$68,703	$0	$2,358	$50,678
2027	$391,218	$246,087	63%	$71,108	$0	$2,475	$70,633
2028	$389,011	$249,036	64%	$73,596	$0	$2,200	$133,667
2029	$323,438	$191,166	59%	$76,172	$0	$2,052	$49,962
2030	$344,445	$219,429	64%	$78,838	$0	$2,287	$62,432
2031	$355,578	$238,122	67%	$81,598	$0	$2,194	$121,034
2032	$308,692	$200,880	65%	$84,454	$0	$2,442	$0
2033	$388,071	$287,776	74%	$87,410	$0	$3,206	$24,645
2034	$447,399	$353,747	79%	$90,469	$0	$4,008	$0
2035	$537,160	$448,224	83%	$93,635	$0	$4,778	$38,845
2036	$592,722	$507,792	86%	$96,912	$0	$5,325	$52,378
2037	$639,166	$557,651	87%	$100,304	$0	$5,013	$217,520
2038	$518,964	$445,449	86%	$103,815	$0	$4,468	$105,295
2039	$513,743	$448,436	87%	$107,449	$0	$4,812	$46,389
2040	$572,613	$514,307	90%	$111,209	$0	$5,250	$94,572
2041	$586,990	$536,195	91%	$115,102	$0	$5,839	$25,069
2042	$677,430	$632,066	93%	$119,130	$0	$6,423	$104,550
2043	$692,341	$653,070	94%	$123,300	$0	$6,031	$228,739
2044	$582,639	$553,661	95%	$127,615	$0	$6,169	$6,771
2045	$702,927	$680,674	97%	$132,082	$0	$6,578	$183,902
2046	$647,907	$635,432	98%	$136,705	$0	$6,786	$56,486
2047	$727,122	$722,437	99%	$141,489	$0	$7,674	$58,604

Reserve Contributions For Twin Rivers Condo. Assoc.



Component Funding Information For Twin Rivers Condo. Assoc.

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
104	Vinyl/TPO Flat Roof - Replace	$44,850	$8,970	$0	$45.96
108	Metal Roof - Replace	$13,200	$10,183	$0	$9.66
120	Gutters/Downspouts - Replace	$3,125	$2,604	$0	$3.34
121	Heat Tape - Replace	$3,525	$1,763	$0	$11.29
204	Building Ext Surfaces - Repaint	$35,000	$29,167	$0	$149.45
216	Interior Surfaces - Repaint	$7,550	$4,719	$0	$24.18
301	Siding - Major Repairs	$16,500	$13,750	$0	$70.45
307	Stucco - Major Repair	$5,125	$4,271	$0	$21.88
403	Concrete - Repair/Replace	$18,375	$13,781	$0	$117.69
502	Garage Doors - Replace	$3,900	$3,510	$0	$5.00
604	Unit Decks - Resurface	$32,400	$32,400	$32,400	$69.17
605	Unit Deck Drains - Major Repairs (partial)	$10,750	$2,688	$0	$68.85
606	Wood Deck - Reseal	$1,813	$1,813	$1,813	$15.48
607	Wood Deck - Replace	$30,525	$15,263	$0	$43.45
611	Stairway Systems - Major Repairs	$13,500	$2,700	$0	$34.59
707	Elevator - Rebuild/Upgrade	$92,500	$55,500	$0	$94.79
709	Elevator Cab - Remodel	$14,500	$8,861	$0	$20.64
726	Air Compressor - Replace	$1,625	$813	$0	$4.16
803	Mailboxes - Replace	$1,775	$1,491	$0	$1.82
901	Fire Sprinkler System - Replace/Upgrade	$21,800	$21,800	$18,176	$18.62
902	Fire Alarm System - Replace	$35,775	$35,775	$0	$41.66
905	Intercom - Replace	$5,500	$2,750	$0	$11.74
1007	Railroad Ties - Replace	$2,600	$2,496	$0	$2.66
1106	Spa Heater - Replace	$2,050	$683	$0	$4.38
1109	Spa Filter - Replace	$1,225	$1,164	$0	$1.57
1114	Hot Tub - Replace	$15,000	$11,000	$0	$25.62
1415	Lobby - Remodel	$9,000	$4,500	$0	$14.41
1422	Millwork - Replace	$12,625	$2,630	$0	$13.48
1501	Carpeting - Replace	$5,525	$3,453	$0	$17.69
1601	Interior Hallway - Replace	$9,500	$2,969	$0	$15.21
1602	Exterior Mounted Lights - Replace	$6,188	$6,188	$0	$8.81
1801	Landscaping - Replenish	$2,400	$1,440	$0	$12.30

Yearly Cash Flow For Twin Rivers Condo. Assoc.

Year	2018	2019	2020	2021	2022
Starting Balance	$52,389	$43,272	$54,168	$104,067	$134,474
Reserve Income	$12,000	$54,000	$55,890	$57,846	$59,871
Interest Earnings	$858	$677	$791	$1,192	$1,515
Special Assessments	$76,000	$38,000	$0	$0	$0
Funds Available	$141,247	$135,949	$110,849	$163,106	$195,860
Reserve Expenditures	$97,975	$81,781	$6,781	$28,631	$27,141
Ending Balance	$43,272	$54,168	$104,067	$134,474	$168,719

Year	2023	2024	2025	2026	2027
Starting Balance	$168,719	$208,529	$265,915	$225,704	$246,087
Reserve Income	$61,966	$64,135	$66,380	$68,703	$71,108
Interest Earnings	$1,885	$2,371	$2,457	$2,358	$2,475
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$232,571	$275,035	$334,752	$296,765	$319,669
Reserve Expenditures	$24,042	$9,120	$109,047	$50,678	$70,633
Ending Balance	$208,529	$265,915	$225,704	$246,087	$249,036

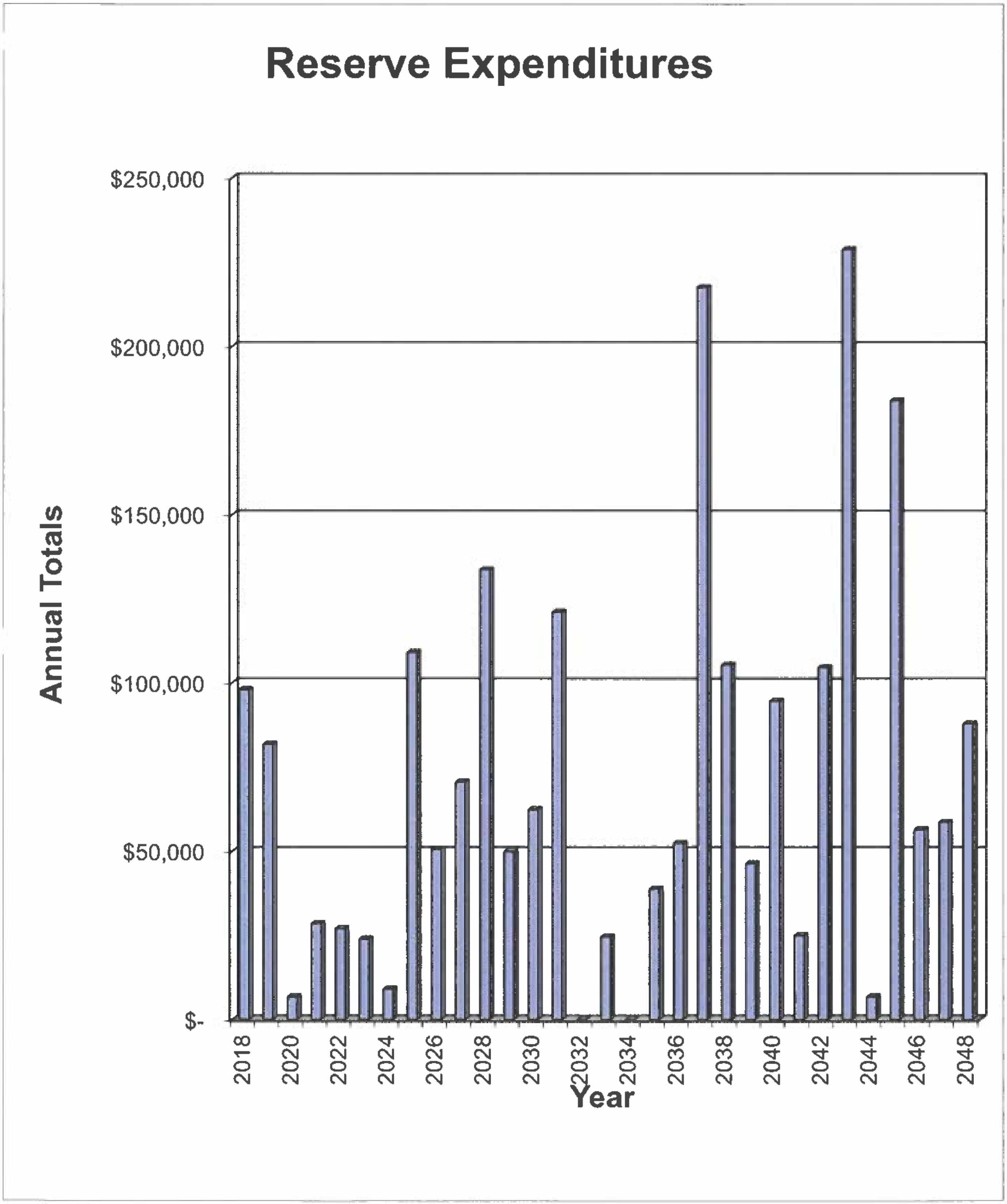
Year	2028	2029	2030	2031	2032
Starting Balance	$249,036	$191,166	$219,429	$238,122	$200,880
Reserve Income	$73,596	$76,172	$78,838	$81,598	$84,454
Interest Earnings	$2,200	$2,052	$2,287	$2,194	$2,442
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$324,833	$269,391	$300,554	$321,914	$287,776
Reserve Expenditures	$133,667	$49,962	$62,432	$121,034	$0
Ending Balance	$191,166	$219,429	$238,122	$200,880	$287,776

Year	2033	2034	2035	2036	2037
Starting Balance	$287,776	$353,747	$448,224	$507,792	$557,651
Reserve Income	$87,410	$90,469	$93,635	$96,912	$100,304
Interest Earnings	$3,206	$4,008	$4,778	$5,325	$5,013
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$378,392	$448,224	$546,637	$610,029	$662,969
Reserve Expenditures	$24,645	$0	$38,845	$52,378	$217,520
Ending Balance	$353,747	$448,224	$507,792	$557,651	$445,449

Year	2038	2039	2040	2041	2042
Starting Balance	$445,449	$448,436	$514,307	$536,195	$632,066
Reserve Income	$103,815	$107,449	$111,209	$115,102	$119,130
Interest Earnings	$4,468	$4,812	$5,250	$5,839	$6,423
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$553,731	$560,696	$630,767	$657,135	$757,619
Reserve Expenditures	$105,295	$46,389	$94,572	$25,069	$104,550
Ending Balance	$448,436	$514,307	$536,195	$632,066	$653,070

Year	2043	2044	2045	2046	2047
Starting Balance	$653,070	$553,661	$680,674	$635,432	$722,437
Reserve Income	$123,300	$127,615	$132,082	$136,705	$141,489
Interest Earnings	$6,031	$6,169	$6,578	$6,786	$7,674
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$782,400	$687,446	$819,334	$778,923	$871,600
Reserve Expenditures	$228,739	$6,771	$183,902	$56,486	$58,604
Ending Balance	$553,661	$680,674	$635,432	$722,437	$812,996

Yearly Expenditures Graph For Twin Rivers Condo. Assoc.



Projected Reserve Expenditures For Twin Rivers Condo. Assoc.

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2018	604	Unit Decks - Resurface	$32,400	
	606	Wood Deck - Reseal	$1,813	
	901	Fire Sprinkler System - Replace/Upgrade	$21,800	
	902	Fire Alarm System - Replace	$35,775	
	1602	Exterior Mounted Lights - Replace	$6,188	$97,975
2019	204	Building Ext Surfaces - Repaint	$36,313	
	301	Siding - Major Repairs	$17,119	
	307	Stucco - Major Repair	$5,317	
	403	Concrete - Repair/Replace	$19,064	
	1007	Railroad Ties - Replace	$2,698	
	1109	Spa Filter - Replace Complete FY18	$1,271	$81,781
2020	502	Garage Doors - Replace	$4,198	
	1801	Landscaping - Replenish	$2,583	$6,781
2021	216	Interior Surfaces - Repaint	$8,432	
	605	Unit Deck Drains - Major Repairs (partial)	$12,005	
	606	Wood Deck - Reseal	$2,024	
	1501	Carpeting - Replace	$6,170	$28,631
2022	120	Gutters/Downspouts - Replace	$3,621	
	121	Heat Tape - Replace	$4,084	
	803	Mailboxes - Replace	$2,057	
	1114	Hot Tub - Replace	$17,380	$27,141
2023	403	Concrete - Repair/Replace	$22,089	
	726	Air Compressor - Replace	$1,953	$24,042
2024	606	Wood Deck - Reseal	$2,261	
	905	Intercom - Replace	$6,859	$9,120
2025	204	Building Ext Surfaces - Repaint	$45,288	
	301	Siding - Major Repairs	$21,350	
	307	Stucco - Major Repair	$6,631	
	605	Unit Deck Drains - Major Repairs (partial)	$13,910	
	709	Elevator Cab - Remodel	$18,762	
	1801	Landscaping - Replenish	$3,105	$109,047
2026	108	Metal Roof - Replace	$17,721	
	611	Stairway Systems - Major Repairs	$18,123	
	1106	Spa Heater - Replace	$2,752	
	1415	Lobby - Remodel	$12,082	$50,678
2027	403	Concrete - Repair/Replace	$25,593	
	606	Wood Deck - Reseal	$2,524	
	607	Wood Deck - Replace	$42,516	$70,633
2028	707	Elevator - Rebuild/Upgrade	$133,667	$133,667
2029	216	Interior Surfaces - Repaint	$11,319	
	605	Unit Deck Drains - Major Repairs (partial)	$16,117	
	1501	Carpeting - Replace	$8,283	
	1601	Interior Hallway - Replace	$14,243	$49,962
2030	121	Heat Tape - Replace	$5,483	
	604	Unit Decks - Resurface	$50,397	
	606	Wood Deck - Reseal	$2,819	
	1801	Landscaping - Replenish	$3,733	$62,432
2031	204	Building Ext Surfaces - Repaint	$56,482	
	301	Siding - Major Repairs	$26,627	
	307	Stucco - Major Repair	$8,271	
	403	Concrete - Repair/Replace	$29,653	$121,034
2032		No Expenditures Projected		$0
2033	605	Unit Deck Drains - Major Repairs (partial)	$18,674	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	606	Wood Deck - Reseal	$3,148	
	726	Air Compressor - Replace	$2,823	$24,645
2034		No Expenditures Projected		$0
2035	403	Concrete - Repair/Replace	$34,358	
	1801	Landscaping - Replenish	$4,488	$38,845
2036	606	Wood Deck - Reseal	$3,516	
	611	Stairway Systems - Major Repairs	$26,189	
	905	Intercom - Replace	$10,670	
	1602	Exterior Mounted Lights - Replace	$12,003	$52,378
2037	204	Building Ext Surfaces - Repaint	$70,444	
	216	Interior Surfaces - Repaint	$15,196	
	301	Siding - Major Repairs	$33,209	
	307	Stucco - Major Repair	$10,315	
	605	Unit Deck Drains - Major Repairs (partial)	$21,636	
	1114	Hot Tub - Replace	$30,190	
	1422	Millwork - Replace	$25,410	
	1501	Carpeting - Replace	$11,120	$217,520
2038	104	Vinyl/TPO Flat Roof - Replace	$93,654	
	121	Heat Tape - Replace	$7,361	
	1106	Spa Heater - Replace	$4,281	$105,295
2039	403	Concrete - Repair/Replace	$39,809	
	606	Wood Deck - Reseal	$3,927	
	1109	Spa Filter - Replace	$2,654	$46,389
2040	502	Garage Doors - Replace	$8,766	
	902	Fire Alarm System - Replace	$80,411	
	1801	Landscaping - Replenish	$5,394	$94,572
2041	605	Unit Deck Drains - Major Repairs (partial)	$25,069	$25,069
2042	604	Unit Decks - Resurface	$78,390	
	606	Wood Deck - Reseal	$4,385	
	1415	Lobby - Remodel	$21,775	$104,550
2043	204	Building Ext Surfaces - Repaint	$87,856	
	301	Siding - Major Repairs	$41,418	
	307	Stucco - Major Repair	$12,865	
	403	Concrete - Repair/Replace	$46,124	
	709	Elevator Cab - Remodel	$36,397	
	726	Air Compressor - Replace	$4,079	$228,739
2044	1007	Railroad Ties - Replace	$6,771	$6,771
2045	216	Interior Surfaces - Repaint	$20,400	
	605	Unit Deck Drains - Major Repairs (partial)	$29,046	
	606	Wood Deck - Reseal	$4,897	
	607	Wood Deck - Replace	$82,477	
	1501	Carpeting - Replace	$14,928	
	1601	Interior Hallway - Replace	$25,669	
	1801	Landscaping - Replenish	$6,485	$183,902
2046	120	Gutters/Downspouts - Replace	$8,760	
	121	Heat Tape - Replace	$9,882	
	611	Stairway Systems - Major Repairs	$37,844	$56,486
2047	403	Concrete - Repair/Replace	$53,442	
	803	Mailboxes - Replace	$5,162	$58,604
2048	606	Wood Deck - Reseal	$5,469	
	901	Fire Sprinkler System - Replace/Upgrade	$65,781	
	905	Intercom - Replace	$16,596	$87,846

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

Asset or Component – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Cash Flow Method – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component Inventory – The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

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

Effective Age – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

Financial Analysis – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

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

Fully Fund Balance (aka – Ideal Balance) – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

FFB = Replacement Cost X Effective Age / Useful Life

Fund Status – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

Funding Goals – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the "Component Fully Funding" method.

Funding Plan – An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

Life and Valuation Estimates – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

Percent Funded – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have "0" Remaining Useful Life.

Replacement Cost – The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

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

Reserve Study – A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

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

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