

# **Carefree Club, Inc.**

---

## **Reserve Study Funding Plan**

Number of Units: 530

**July 6, 2015**



*Prepared by*

**RSI**   
**CONSULTANTS**  
A Subsidiary of Comer, Nowling and Associates, P.C.

8606 Allisonville Rd, Suite 120 Indianapolis, IN 46250 TEL 317-841-3393

**Carefree Club, Inc.**  
**Reserve Study**  
**July 6, 2015**

**Table of Contents**

<b>1. Executive Summary</b>	<b>1</b>
<b>2. Recommendations</b>	<b>4</b>
<b>3. Physical Analysis</b>	<b>5</b>
<b>4. Financial Analysis</b>	<b>7</b>
<b>5. Exhibits</b>	<b>9</b>
A. Property Profile	
B. Assumptions and Disclosures	
C. Reserve Fund Expenditure Schedule	
D. Charts and Graphs	
E. Component Inventory	
F. Definitions	

# **Executive Summary**

---

# Carefree Club, Inc.

## Reserve Study

### July 6, 2015

## Executive Summary

We have been engaged by the Association to perform a **Reserve Study** covering the fiscal years beginning January 1, 2016 and ending December 31, 2035. The purpose of a **Reserve Study** is to provide projections of future capital expenditures for replacement and non-routine maintenance of the common property of the Association and to make recommendations regarding the member contributions that should be made to the Association's **Reserve Fund** over the period covered by the study. The data and recommendations provided by the study should be used by the Association to prepare long-term budgets and to project member assessments in upcoming years.

The Association is a non-profit association incorporated in the State of Indiana and consists of **530** residential units located in **Greenwood, Indiana**. The Association is responsible for the repair and replacement of a variety of common property components including:

- Club/Pool House Interior
- Club/Pool House Exterior
- Pool Facilities
- Landscape
- Tennis Court
- Basketball Court
- Playground and Volley Ball
- General Contingency, Entrance and Misc.

The Association maintains a reserve fund to cover major repairs and replacement of common components. Each unit owner is responsible for contributing to both the operating and reserve fund of the Association.

A Reserve Study consists of two parts, a physical analysis and a financial analysis. The **physical analysis** involves working with members of management and the Association Board to develop an inventory of the components of common property and to assess the cost and timing of the replacement or overhaul of each component. The **financial analysis** uses the information from the physical analysis and various assumptions and calculations to develop a funding plan to meet the financial demands of component replacement when necessary and to avoid special assessments on the members.

# Carefree Club, Inc.

## Reserve Study

### July 6, 2015

### Executive Summary (continued)

#### Recommended Annual Reserve Fund Contribution

Based on our study, to meet the future reserve fund expenditure needs of the Association, we recommend adjusting the contributions to the reserve fund over the next five years according to the following table:

Association Total Year	Monthly Contribution	Annual Contribution	Percent Increase
2015 (current)	\$ 6,780	\$ 81,365	
<b>Increase (2015-2016)</b>	\$ -	\$ -	0.00%
2016	\$ 6,780	\$ 81,365	
<b>Increase (2016-2017)</b>	\$ -	\$ -	0.00%
2017	\$ 6,780	\$ 81,365	
<b>Increase (2017-2018)</b>	\$ -	\$ -	0.00%
2018	\$ 6,780	\$ 81,365	
<b>Increase (2018-2019)</b>	\$ -	\$ -	0.00%
2019	\$ 6,780	\$ 81,365	
<b>Increase (2019-2020)</b>	\$ -	\$ -	0.00%
2020	\$ 6,780	\$ 81,365	

The per unit contribution over the next five years would be as follows:

Per Year	Unit	Monthly Contribution	Annual Contribution	Percent Increase
2015 (current)		\$ 13	\$ 154	
<b>Increase (2015-2016)</b>		\$ -	\$ -	0.00%
2016		\$ 13	\$ 154	
<b>Increase (2016-2017)</b>		\$ -	\$ -	0.00%
2017		\$ 13	\$ 154	
<b>Increase (2017-2018)</b>		\$ -	\$ -	0.00%
2018		\$ 13	\$ 154	
<b>Increase (2018-2019)</b>		\$ -	\$ -	0.00%
2019		\$ 13	\$ 154	
<b>Increase (2019-2020)</b>		\$ -	\$ -	0.00%
2020		\$ 13	\$ 154	

# Carefree Club, Inc.

## Reserve Study

### July 6, 2015

### Executive Summary (continued)

#### Impact of Reserve Fund Contribution on Monthly and Annual Assessment

Assuming no other changes to the annual assessments, adoption of the changes to the monthly and annual Reserve Fund contributions presented above should impact the annual assessments as follows:

<b>Association Total Year</b>	<b>Monthly Assessment</b>	<b>Annual Assessment</b>	<b>Percent Increase</b>
2015 (current)	\$ 10,203	\$ 122,430	
<b>Increase (2015-2016)</b>	\$ -	\$ -	0.00%
2016	\$ 10,203	\$ 122,430	
<b>Increase (2016-2017)</b>	\$ -	\$ -	0.00%
2017	\$ 10,203	\$ 122,430	
<b>Increase (2017-2018)</b>	\$ -	\$ -	0.00%
2018	\$ 10,203	\$ 122,430	
<b>Increase (2018-2019)</b>	\$ -	\$ -	0.00%
2019	\$ 10,203	\$ 122,430	
<b>Increase (2019-2020)</b>	\$ -	\$ -	0.00%
2020	\$ 10,203	\$ 122,430	

<b>Per Year</b>	<b>Unit</b>	<b>Monthly Assessment</b>	<b>Annual Assessment</b>	<b>Percent Increase</b>
2015 (current)		\$ 19	\$ 231	
<b>Increase (2015-2016)</b>		\$ -	\$ -	0.00%
2016		\$ 19	\$ 231	
<b>Increase (2016-2017)</b>		\$ -	\$ -	0.00%
2017		\$ 19	\$ 231	
<b>Increase (2017-2018)</b>		\$ -	\$ -	0.00%
2018		\$ 19	\$ 231	
<b>Increase (2018-2019)</b>		\$ -	\$ -	0.00%
2019		\$ 19	\$ 231	
<b>Increase (2019-2020)</b>		\$ -	\$ -	0.00%
2020		\$ 19	\$ 231	

We appreciate the opportunity to serve the Association. The remainder of this report provides the details and results of our physical and financial analysis.

*Terms highlighted in **bold** are defined in exhibit F of this report*

## Recommendations

---

# Carefree Club, Inc.

## Reserve Study

July 6, 2015

## Recommendations

The recommendations provided in this section are based on our analysis of information provided by the Association and the Association's management.

### Impact on annual assessment

Based on our study, assuming no other changes in the annual maintenance fees, the impact of adopting the recommendations on the annual association wide assessment will be:

#### Assessment Change

<u>Year</u>	<u>Current Year</u>		<u>Next Year</u>		<u>Assessment</u>	<u>Ratio</u>	
	<u>Assessment</u>	<u>Increase</u>	<u>Assessment</u>	<u>Increase</u>		<u>Operations</u>	<u>Reserve</u>
2016	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2017	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2018	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2019	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2020	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2021	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2022	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2023	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2024	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2025	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2026	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2027	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2028	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2029	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2030	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2031	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2032	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2033	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2034	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2035	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%
2036	\$ 122,430	\$ -	\$ 122,430	0.00%		33.54%	66.46%

Details of our analysis and support for these recommendations can be found in the **Physical Analysis** and the **Financial Analysis** sections of this report.



# **Physical Analysis**

# Carefree Club, Inc.

## Reserve Study

July 6, 2015

## Physical Analysis

The physical analysis is the process of identifying the components of common property, assessing their condition, and determining each component's remaining life and future cost to replace or restore.

### Methodology

The basic steps in the physical analysis include:

- Gathering data
- On-site inspection
- Useful life, remaining useful life determination
- Replacement cost determination

### Gathering data

The physical analysis begins with gathering data about the components of common property to prepare a preliminary **component inventory**. This step involves:

- Review of Association governance documents.
- Discussions with the Association's management company.
- Discussions with Association members.
- Completion of questionnaires and development of a preliminary inventory of common property components.

### On-site inspection

An on-site inspection is conducted to assess the completeness of the component inventory and to assess the condition of the various components. The inspector will use a variety of methods to quantify the component inventory and assess each component's condition. These methods include:

- Taking physical measurements,
- Inquiries of managers and residents,
- Reviewing engineering and other contractor documents and reports,
- Consulting with other specialists and vendors, and
- Consulting reference material and other published documents and reports.

### Useful life and remaining useful life determination

**Useful life (UL)** is an estimated amount of time that a component can be expected to function before requiring major repair or replacement. The time of UL is often determined by industry standards, governmental standards and observation tables. After determining the component's UL, we then estimated the component's **remaining useful life (RUL)**. Remaining life is determined by establishing a component's installation or creation date and comparing it to the UL.

**Carefree Club, Inc.**  
**Reserve Study**  
**July 6, 2015**  
**Physical Analysis (continued)**

**Useful life and remaining useful life determination (continued)**

We determined a component's installation or creation date based on information acquired through our interaction with Association Management and Board members, or review of Association documentation, invoices, or construction documents. In the absence of reliable information or documentation we assessed and estimated the component's RUL based on its current physical condition and standard useful life tables.

**Repair and replacement cost determination**

Estimated repair and replacement cost in present day dollars for each component is determined through a number of methods including review of information on the original acquisition of each component. For those components for which no original acquisition information is available, estimating software and engineering construction guides were used to obtain an average cost per the unit of measure for each component. After determining the component's replacement cost or repair schedule, we factor in the assumed inflation rate, compounded annually, for the life of the study.

**Physical Analysis results**

The Association's governing documents identify the following major components of common property as the responsibility of the Association:

- Roofing
- Gutters
- Siding
- Concrete
- Exterior Painting
- Common Doors and Windows
- Exterior Lighting
- HVAC Equipment
- Parking Lot Asphalt
- Pools
- Landscaping
- Recreational Amenities
- Entrance and Misc.
- General Contingency

The estimated reserve fund expenditures over the study period are presented in exhibit C of this report. The complete component inventory and related useful life, remaining useful life and replacement cost is presented in exhibit E of this report.

# Financial Analysis

# Carefree Club, Inc.

## Reserve Study

July 6, 2015

## Financial Analysis

The financial analysis is the process of examining the needs identified through the physical analysis and developing a plan that includes recommendations for future contributions to the reserve fund.

### Methodology

Using information gathered in the physical analysis, the reserve expenditure requirements over the study period were examined and adjusted for assumptions on inflation and any other Association plans related to the timing and extent of those expenditures (exhibit C). The reserve balance projected for the beginning of the reserve period along with the current annual contribution to the reserve were then examined and projected over the study period and adjusted for assumption on investment return.

These two datasets (projected expenditures and projected reserve balances) were then combined to provide a complete projection of the reserve fund status for each of the years of the study period. This analysis (using the cash flow method) is provided in the table at the end of this section.

By using a **funding goal** of maintaining a reserve balance above zero (**baseline funding**), it is possible to determine the annual contribution amount necessary to achieve such a goal.

### Reserve Funding Status

Balance in reserve fund as of study date	\$ 65,000
Estimated reserve fund balance at beginning of study period	\$ 65,000
Estimated reserve fund balance at end of study period	\$ 418,404

The estimated reserve fund balance at the beginning of the study period is based on information provided by the Association management. It is based on the balance in the reserve fund on the date of the study (unaudited) to which is added the estimated contributions between the study date and the beginning of the study period and from which the estimated expenditures for the same period are subtracted.

# Carefree Club, Inc.

## Reserve Study

### July 6, 2015

### Financial Analysis (continued)

#### Key assumptions

In addition to the estimates of the timing and amount of reserve fund expenditures, the key assumptions necessary for the financial analysis are:

Time horizon (years)	20
Inflation rate	3.00%
Investment return rate	1.00%
Tax rate	0.00%
General contingency allowance (annual)	\$4,000

#### Results of analysis

The following table presents the results of the recommended contributions to the reserve fund applied to the estimated expenditures over the study period.

### Funding Plan Summary

#### With recommended change in contributions

<u>Year</u>	<u>Percent Funded</u>	<u>Unadjusted Fully Funded Balance</u>	<u>Infl Adjusted Fully Funded Balance</u>	<u>Contrib Increase Rate</u>	<u>Starting Balance</u>	<u>Annual Contribution</u>	<u>Interest Income</u>	<u>Inflation Adjusted Expenditures</u>	<u>Unadjusted Expenditures</u>
2016	21%	\$ 308,381	\$ 308,381	0.00%	\$ 65,000	\$ 81,365	\$ 594	\$ (46,246)	\$ (46,246)
2017	31%	\$ 311,195	\$ 320,531	0.00%	\$ 100,713	\$ 81,365	\$ 1,085	\$ (32,865)	\$ (31,908)
2018	43%	\$ 327,379	\$ 347,317	0.00%	\$ 150,298	\$ 81,365	\$ 1,637	\$ (27,260)	\$ (25,695)
2019	54%	\$ 349,776	\$ 382,210	0.00%	\$ 206,040	\$ 81,365	\$ 2,161	\$ (30,596)	\$ (28,000)
2020	62%	\$ 369,993	\$ 416,430	0.00%	\$ 258,970	\$ 81,365	\$ 2,336	\$ (66,094)	\$ (58,724)
2021	66%	\$ 360,070	\$ 417,419	0.00%	\$ 276,577	\$ 81,365	\$ 2,950	\$ (22,262)	\$ (19,203)
2022	73%	\$ 389,713	\$ 465,338	0.00%	\$ 338,630	\$ 81,365	\$ 3,220	\$ (57,314)	\$ (48,000)
2023	76%	\$ 390,680	\$ 480,487	0.00%	\$ 365,900	\$ 81,365	\$ 3,062	\$ (100,429)	\$ (81,658)
2024	77%	\$ 357,605	\$ 453,003	0.00%	\$ 349,898	\$ 81,365	\$ 3,435	\$ (47,061)	\$ (37,150)
2025	81%	\$ 369,038	\$ 481,511	0.00%	\$ 387,638	\$ 81,365	\$ 3,898	\$ (38,491)	\$ (29,500)
2026	83%	\$ 388,121	\$ 521,603	0.00%	\$ 434,410	\$ 81,365	\$ 1,917	\$ (283,381)	\$ (210,862)
2027	75%	\$ 225,843	\$ 312,619	0.00%	\$ 234,312	\$ 81,365	\$ 2,695	\$ (5,537)	\$ (4,000)
2028	81%	\$ 270,426	\$ 385,562	0.00%	\$ 312,834	\$ 81,365	\$ 2,554	\$ (98,119)	\$ (68,819)
2029	81%	\$ 250,190	\$ 367,413	0.00%	\$ 298,634	\$ 81,365	\$ 3,195	\$ (19,825)	\$ (13,500)
2030	84%	\$ 285,273	\$ 431,502	0.00%	\$ 363,369	\$ 81,365	\$ 3,262	\$ (77,898)	\$ (51,500)
2031	84%	\$ 282,356	\$ 439,902	0.00%	\$ 370,097	\$ 81,365	\$ 3,263	\$ (84,478)	\$ (54,223)
2032	83%	\$ 276,716	\$ 444,049	0.00%	\$ 370,247	\$ 81,365	\$ 3,451	\$ (65,873)	\$ (41,050)
2033	83%	\$ 284,250	\$ 469,821	0.00%	\$ 389,189	\$ 81,365	\$ 3,928	\$ (37,119)	\$ (22,458)
2034	83%	\$ 310,375	\$ 528,393	0.00%	\$ 437,363	\$ 81,365	\$ 3,331	\$ (144,909)	\$ (85,118)
2035	79%	\$ 273,840	\$ 480,180	0.00%	\$ 377,151	\$ 81,365	\$ 3,740	\$ (43,852)	\$ (25,008)
Total						\$ 1,627,300	\$ 55,713	\$ (1,329,609)	\$ (982,622)
Average					\$ 304,364	\$ 81,365	\$ 2,786	\$ (66,480)	\$ (49,131)
Maximum		\$ 390,680	\$ 528,393		\$ 437,363	\$ 81,365	\$ 3,928	\$ (283,381)	\$ (210,862)
Minimum		\$ 225,843	\$ 308,381		\$ 65,000	\$ 81,365	\$ 594	\$ (5,537)	\$ (4,000)

## Exhibits

## **A. Property Profile**



# Carefree Club, Inc.

## Reserve Study

July 6, 2015

## Property Profile

Property name:	Carefree Club, Inc.
Number of buildings:	Clubhouse +
Number of stories:	n/a
Number of units/square foot:	530 Unit
Type of development:	Club Facility
Percent occupied:	n/a
Year built:	1972
Community age:	43 Years
Business status:	Non-profit
Developer/builder:	-
Inspection service provided by	Erik Robertson
Reserve study service provided by:	RSI Consultants 8606 Allisonville Road Indianapolis, IN 46240
Scheduled update:	2015
Management company:	Self Managed
Property manager:	Jess Carrasquillo

## **B. Assumptions and Disclosures**

**Carefree Club, Inc.**  
**Reserve Study**  
**July 6, 2015**  
**Assumptions and Disclosures**

The following assumptions were used in completing this reserve study for the Association. The assumptions were based on industry standards and codes, as well as directives from the Association's property manager and Board of Directors.

**Assumptions**

Funding goal	Base-Line
Analysis method	Cash Flow
Study period start	2015
Study period end	2034
Investment return	1.00%
Inflation rate	3.00%
Tax rate on association income	0.00%
Inspection method	Full-inspection
Paint cycle	Variable

**Disclosures**

1. RSI made a non-invasive onsite inspection of the property. We do not comment on, or give an opinion on, the structural integrity of common property components, or on their conformity to specific governmental code requirements, or any latent or hidden defects that were not readily apparent during the inspection.
2. This report should not be construed as an engineering analysis or a substitute for professional engineering services.
3. Our report and information contained herein is not to be construed as legal advice.
4. Our estimates of costs reflect the amount required to repair, replace or modify the property using the most current technology and construction material at current local market prices for material, labor and manufactured equipment, contractor's overhead, and profit and fees, but without provisions for overtime, bonuses for labor, or premiums for material or equipment. We included removal and disposal costs of replacement where applicable.
5. The income tax rate on non-assessment income will be zero (0). Under the IRS regulations for this type of non-profit corporation, the collection of the Homeowners' assessment meant to be used for the maintenance and the preservation of the property are not subject to income taxes. However, it should be noted that there are items subject to income tax and include, but are not limited to, rental/service fees and investment income.

**Carefree Club, Inc.**  
**Reserve Study**  
**July 6, 2015**  
**Assumptions and Disclosures (continued)**

6. Estimated expenditures reflected in the reserve plans are based upon the assumption that expenditures will be incurred in the year the component's remaining useful life reaches zero (0) years.
7. An inventory component's year of installation or construction is assumed to be the year the component was originally constructed or renovated. However, a component's year may reflect the beginning of a cycle, such as with painting, or may be adjusted based upon our professional observation.
8. Neither RSI nor the staff involved in the production of this report has any involvement with the Association that we feel could result in actual or perceived conflicts of interest.
9. Site inspection, financial and physical analysis presented in this study was performed by Erik Robertson who has the following credentials: RS Reserve Specialist (CAI)  
Education: B.S. Butler University 1990  
Relevant Experience:  
Facilities manager, Support Net, Inc. - 4 years  
Warranty specialist, Beazer Homes - 2 Years  
Construction contractor and project manager (various firms)- 18 years

Study review and oversight was provided by Douglas O. Jones, CPA, who has the following credentials:

- Education: B.S. Accounting, Indiana University 1988  
Manager, Comer, Nowling and Associates, specializing in Association accounting and association accounting and audit - 4 years  
Certified Public Accountant - 26 years
10. There are no material issues of which we are aware, that would cause a distortion of the Association's situation. We have relied upon the client to provide the current and projected reserve balances, rate of interest earnings, and to indicate if those earnings accrue to the reserve fund. We have not audited this information. Additionally, we considered the association's representation of current and historical reserve projects reliable, and we considered the representations made by its vendors and suppliers to also be accurate the reliable.
  11. This reserve study is a reflection of information provided to us and assembled for the association's use, not for the purpose of performing and audit, quality/forensic analysis, or background checks of historical records.

## **C. Reserve Fund Expenditure Schedule**

---

## Annual Expenditures

December 23, 2015

Carefree Club, Inc.

---

Year	Amount	Item Description
<b>2016</b>	3,000	Landscape - Capital Maintenance & Upgrades
	5,000	Pool Equipment - Pool Facility Allowance
	4,000	Pool Furniture - Replacement
	13,750	Basketball Courts - Recoating
	3,222	Walkway - Concrete
	9,774	Divider Fence
	3,500	Recreational Items - Misc.
	4,000	General Contingency
	<b><u>46,246</u></b>	
<b>2017</b>	4,120	General Contingency
	12,883	Tennis Courts - Recoating
	3,090	Women's Restroom Repairs/Stalls
	8,755	Replace Pool Filters
	4,017	Baby Pool Tile Replacement
	<b><u>32,865</u></b>	
<b>2018</b>	4,199	Clubhouse/Pool- Parking Lot Seal Coating
	5,305	Pool Equipment - Pool Facility Allowance
	2,652	Misc. Building - Maint. and Repairs
	10,861	Pool Paint/Striping
	4,244	General Contingency
	<b><u>27,260</u></b>	
<b>2019</b>	3,825	Clubhouse - Exterior Painting
	2,732	Clubhouse- Interior Painting
	4,371	General Contingency
	3,278	Landscape - Capital Maintenance & Upgrades
	3,278	Wading Pool - Fountain Replacement
	13,113	Clubhouse HVAC System
	<b><u>30,596</u></b>	

---

## Annual Expenditures

December 23, 2015

Carefree Club, Inc.

---

Year	Amount	Item Description
<b>2020</b>	2,251	Clubhouse - Plumbing & Electrical Maintenance
	5,628	Playground - Equipment Repairs & Upgrades
	31,316	Pool Deck - Concrete Repair & Replacement
	5,628	Pool Equipment - Ultra Max pool cleaner.
	5,628	Pool Equipment - Pool Facility Allowance
	9,454	Clubhouse - Carpet Replacement
	1,688	Clubhouse - Appliance and Furniture Contingency
	4,502	General Contingency
	<b><u>66,094</u></b>	
<b>2021</b>	1,717	Sidewalks - Pool Area
	6,956	Window & Door Replacement
	4,637	General Contingency
	3,735	Walkway - Concrete
	1,159	Volley Ball Pit
	4,057	Recreational Items - Misc.
	<b><u>22,262</u></b>	
<b>2022</b>	17,911	Clubhouse - Restroom Remodeling
	3,582	Landscape - Capital Maintenance & Upgrades
	5,970	Pool Equipment - Pool Facility Allowance
	4,776	Pool Furniture - Replacement
	2,985	Clubhouse - Siding Repairs/Replacement
	2,985	Misc. Building - Maint. and Repairs
	14,329	Diving Board Replacement
	4,776	General Contingency
	<b><u>57,314</u></b>	
<b>2023</b>	4,867	Clubhouse/Pool- Parking Lot Seal Coating
	2,460	Clubhouse - Plumbing & Electrical Maintenance
	4,919	General Contingency

---

## Annual Expenditures

December 23, 2015

Carefree Club, Inc.

---

Year	Amount	Item Description
	86,337	Pool Repairs - Replaster & Replacement of Tiles
	1,845	Clubhouse - Appliance and Furniture Contingency
	<b><u>100,429</u></b>	

<b>2024</b>	6,334	Pool Equipment - Pool Facility Allowance
	18,241	Area Lighting Replacement
	17,418	Basketball Courts - Recoating
	5,067	General Contingency
	<b><u>47,061</u></b>	

<b>2025</b>	7,829	Entranceway - Repairs & Maintenance
	5,219	General Contingency
	3,914	Landscape - Capital Maintenance & Upgrades
	6,524	Playground - Equipment Repairs & Upgrades
	3,914	Wading Pool - Fountain Replacement
	11,091	Replace Pool Filters
	<b><u>38,491</u></b>	

<b>2026</b>	4,704	Clubhouse - Exterior Painting
	3,360	Clubhouse- Interior Painting
	2,688	Clubhouse - Plumbing & Electrical Maintenance
	6,720	Pool Equipment - Pool Facility Allowance
	39,511	10' Court - Fencing Replacement
	16,810	Tennis Courts - Recoating
	67,239	Tennis Courts - Resurfacing
	73,915	Basketball Courts - Resurfacing
	15,052	Basketball Courts- Goal Replacement
	4,330	Walkway - Concrete
	3,360	Misc. Building - Maint. and Repairs
	4,032	Tennis Court - Post Replacement
	1,344	Volley Ball Pit
	4,704	Recreational Items - Misc.



---

## Annual Expenditures

December 23, 2015

Carefree Club, Inc.

---

Year	Amount	Item Description
	28,222	Tennis Court - Lighting
	2,016	Clubhouse - Appliance and Furniture Contingency
	5,376	General Contingency
	<b><u>283,381</u></b>	

<b>2027</b>	5,537	General Contingency
	<b><u>5,537</u></b>	

<b>2028</b>	5,643	Clubhouse/Pool- Parking Lot Seal Coating
	4,277	Landscape - Capital Maintenance & Upgrades
	39,670	Pool Deck - Concrete Repair & Replacement
	7,129	Pool Equipment - Pool Facility Allowance
	5,703	Pool Furniture - Replacement
	10,265	Basketball Courts - Lighting
	5,133	Pool Facility Lighting "Eyeball"
	14,596	Pool Paint/Striping
	5,703	General Contingency
	<b><u>98,119</u></b>	

<b>2029</b>	2,937	Clubhouse - Plumbing & Electrical Maintenance
	8,811	Window & Door Replacement
	5,874	General Contingency
	2,203	Clubhouse - Appliance and Furniture Contingency
	<b><u>19,825</u></b>	

<b>2030</b>	7,563	Playground - Equipment Repairs & Upgrades
	45,378	Playground - Equipment Replacement
	7,563	Pool Equipment - Ultra Max pool cleaner.
	7,563	Pool Equipment - Pool Facility Allowance
	3,781	Misc. Building - Maint. and Repairs
	6,050	General Contingency
	<b><u>77,898</u></b>	

---

## Annual Expenditures

December 23, 2015

Carefree Club, Inc.

---

Year	Amount	Item Description
<b>2031</b>	2,308	Sidewalks - Pool Area
	6,232	General Contingency
	4,674	Landscape - Capital Maintenance & Upgrades
	54,560	Pool Fencing - Fencing Replacement
	5,020	Walkway - Concrete
	4,674	Wading Pool - Fountain Replacement
	1,558	Volley Ball Pit
	5,453	Recreational Items - Misc.
	<b><u>84,478</u></b>	
<b>2032</b>	3,209	Clubhouse - Plumbing & Electrical Maintenance
	8,024	Pool Equipment - Pool Facility Allowance
	4,012	Clubhouse - Siding Repairs/Replacement
	22,065	Basketball Courts - Recoating
	13,480	Clubhouse - Carpet Replacement
	2,407	Clubhouse - Appliance and Furniture Contingency
	6,419	General Contingency
	6,258	Baby Pool Tile Replacement
	<b><u>65,873</u></b>	
<b>2033</b>	5,785	Clubhouse - Exterior Painting
	4,132	Clubhouse- Interior Painting
	6,542	Clubhouse/Pool- Parking Lot Seal Coating
	6,611	General Contingency
	14,049	Replace Pool Filters
	<b><u>37,119</u></b>	
<b>2034</b>	51,829	Clubhouse/Pool- Parking Lot Resurfacing
	5,107	Landscape - Capital Maintenance & Upgrades
	8,512	Pool Equipment - Pool Facility Allowance
	6,810	Pool Furniture - Replacement

---

## Annual Expenditures

December 23, 2015

Carefree Club, Inc.

---

Year	Amount	Item Description
	24,515	Area Lighting Replacement
	4,256	Misc. Building - Maint. and Repairs
	16,640	Divider Fence
	20,429	Clubhouse HVAC System
	6,810	General Contingency
	<b><u>144,909</u></b>	
<b>2035</b>	3,507	Clubhouse - Plumbing & Electrical Maintenance
	7,014	General Contingency
	8,768	Playground - Equipment Repairs & Upgrades
	21,933	Tennis Courts - Recoating
	2,630	Clubhouse - Appliance and Furniture Contingency
	<b><u>43,852</u></b>	

---

**Total: 1,329,609**

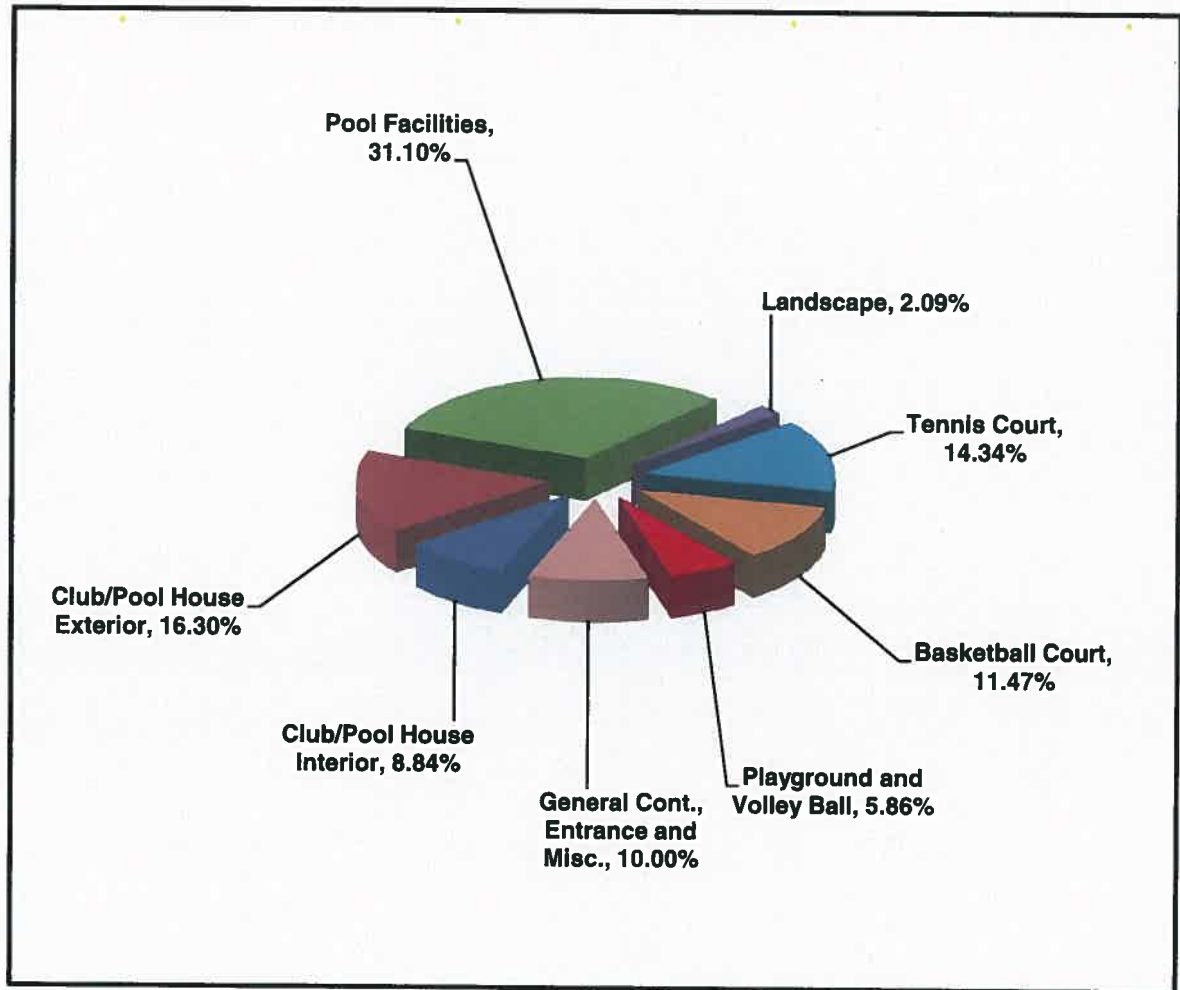
## **D. Charts and Graphs**

## Major Repairs & Replacement

July 6, 2015

Carefree Club, Inc.

Components	Current Cost	Percentage
Club/Pool House Interior	\$ 117,541.39	8.84%
Club/Pool House Exterior	\$ 216,694.44	16.30%
Pool Facilities	\$ 413,500.17	31.10%
Landscape	\$ 27,833.14	2.09%
Tennis Court	\$ 190,629.71	14.34%
Basketball Court	\$ 152,465.51	11.47%
Playground and Volley Ball	\$ 77,920.75	5.86%
General Cont., Entrance and Misc.	\$ 133,024.18	10.00%
	<b>\$ 1,329,609.30</b>	<b>100.00%</b>

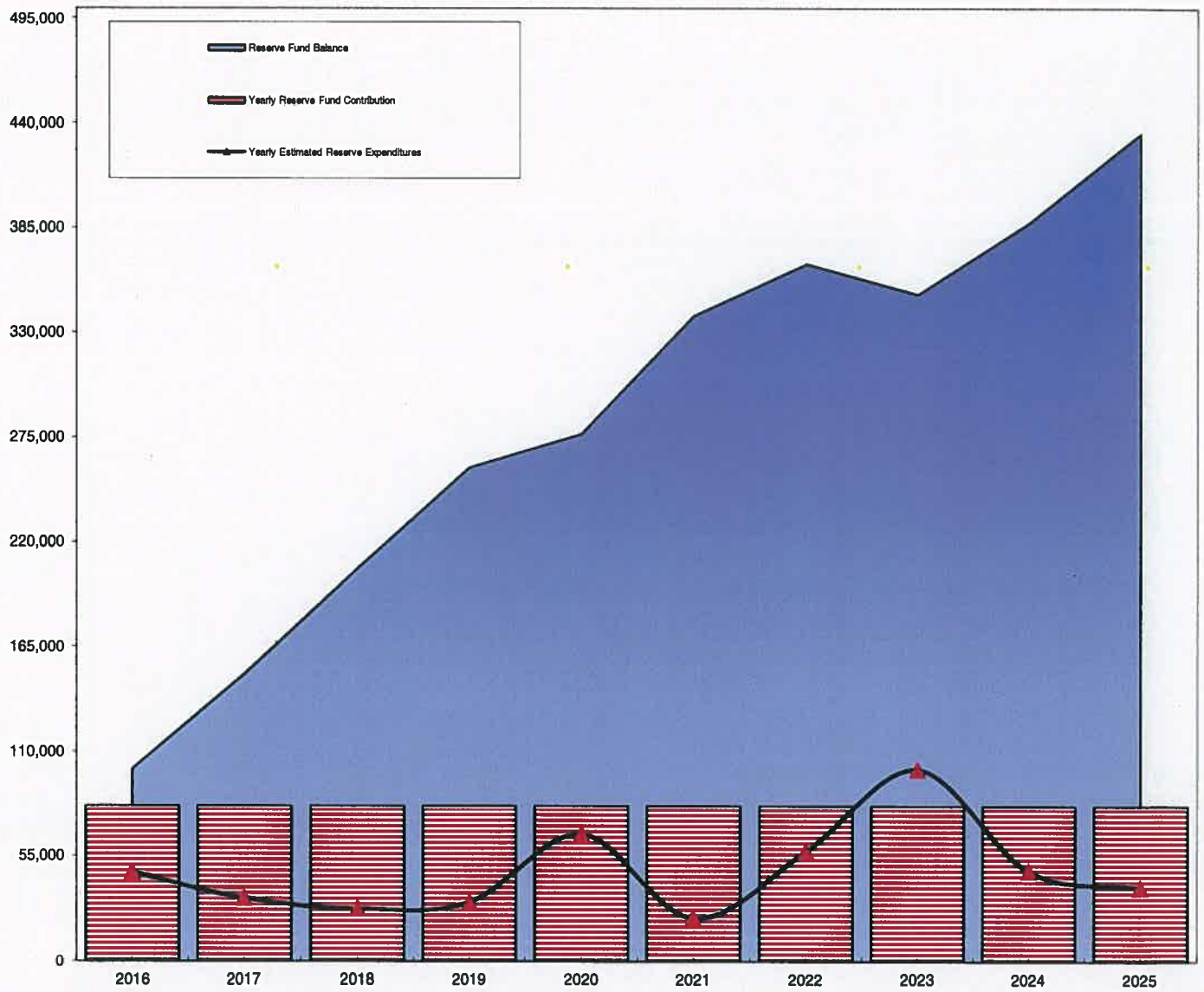


## Comparative Reserve Funding & Expenditure Analysis (with recommended contributions)

July 6, 2015

Carefree Club, Inc.

DOLLARS



Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
YEARLY CONTRIBUTION	81,365	81,365	81,365	81,365	81,365	81,365	81,365	81,365	81,365	81,365
ESTIMATED EXPENDITURES	46,246	32,865	27,260	30,596	66,094	22,262	57,314	100,429	47,061	38,491
INVESTMENT INCOME	594	1,085	1,637	2,161	2,336	2,950	3,220	3,062	3,435	3,898
END RESERVE FUND BALANCE	100,713	150,298	206,040	258,970	276,577	338,630	365,900	349,898	387,638	434,410

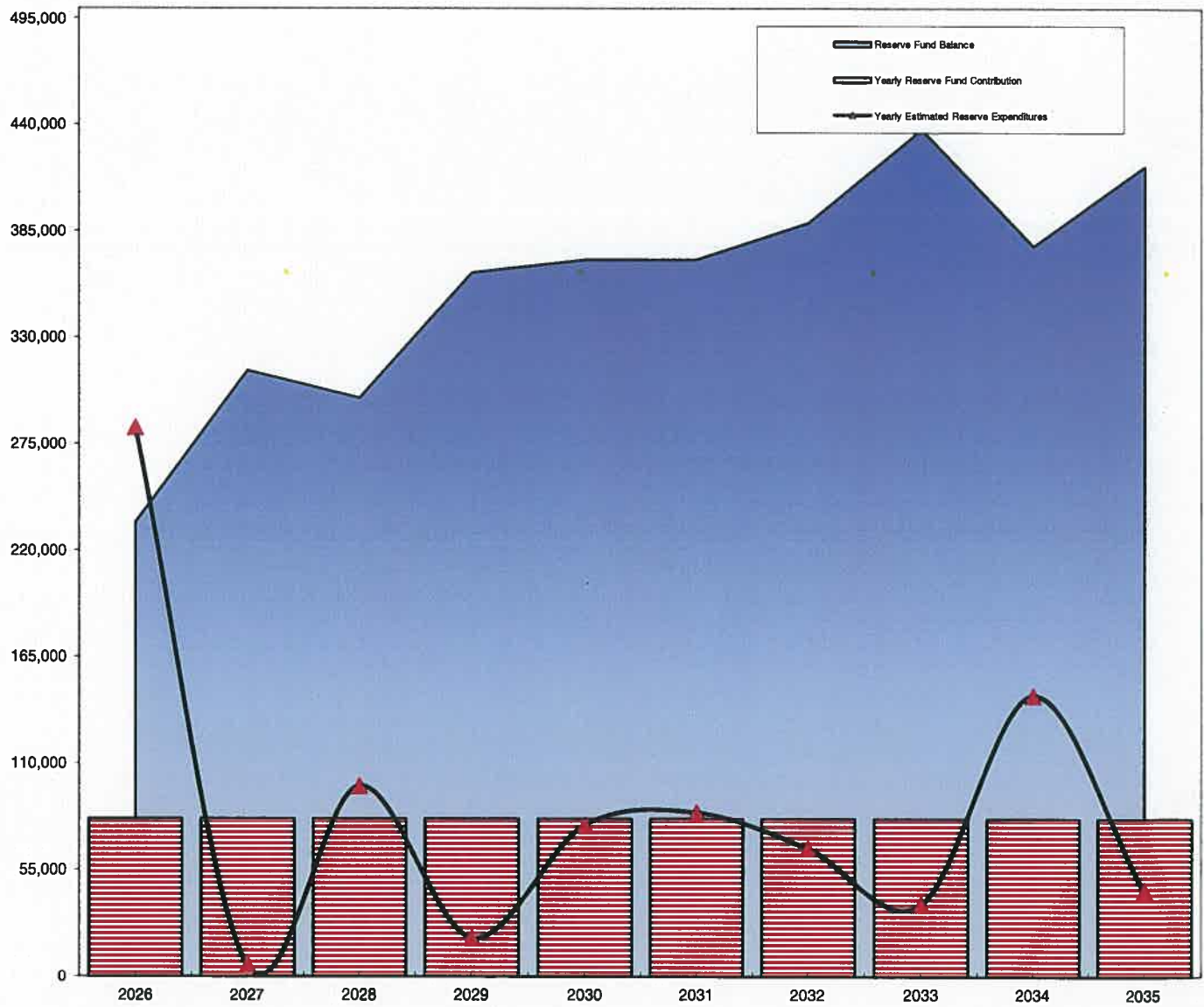
Chart Continued on following page

## Comparative Reserve Funding & Expenditure Analysis (with recommended contributions)

July 6, 2015

Carefree Club, Inc.

DOLLARS



Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
YEARLY CONTRIBUTION	81,365	81,365	81,365	81,365	81,365	81,365	81,365	81,365	81,365	81,365
ESTIMATED EXPENDITURES	283,381	5,537	98,119	19,825	77,898	84,478	65,873	37,119	144,909	43,852
INVESTMENT INCOME	1,917	2,695	2,554	3,195	3,262	3,263	3,451	3,928	3,331	3,740
END RESERVE FUND BALANCE	234,312	312,834	298,634	363,369	370,097	370,247	389,189	437,363	377,151	418,404

## **E. Component Inventory**



## Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Item Cost Built	Total Year Useful Life	Year Life	One
							Life Adj Replace	Left	Time?
<u>110 - Roof Replacement</u>									
Shelter Roof Replacement	110	20	5 Squares	350,000	100	1,750	2013	25	0

Comments:

Snack/Guard Shack Roof Replacement	110	20	13 Squares	350,000	100	4,550	2013	25	0
------------------------------------	-----	----	------------	---------	-----	-------	------	----	---

Comments:

Sub-Total 2 items

### 400 - Landscaping

Landscape - Capital Maintenance & Upgrades	400	20	1 Allowance	3,000,000	100	3,000	2013	3	0
--	-----	----	-------------	-----------	-----	-------	------	---	---

Comments: This component is for major landscape, tree and shrub improvements of the property's common areas. The component is for large-scale removal and replacement of dead materials and/or emergency chemical treatments. Routine and minor issues should be addressed in the community's annual operation budget. This component is also designed to help maintain the recreation area.(INCLUDING DRAINAGE).

Sub-Total 1 items

### 440 - Pathways & Sidewalks

Walkway - Concrete	440	30	4,296 Square Feet	7,500	10	3,222	2011	5	0
--------------------	-----	----	-------------------	-------	----	-------	------	---	---

Comments: This component is to replace sections as needed of the concrete walkway from Leisure Ln. up to the tennis and basketball courts.

Sub-Total 1 items

### 540 - Street Signs & Lighting

Area Lighting Replacement	540	20	8 Each	1,800,000	100	14,400	2014	10	0
---------------------------	-----	----	--------	-----------	-----	--------	------	----	---

# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life	Year Life	One
<b>Comments:</b> This component is to replace the area lights on wood poles. There is a separate lighting component for the pool, tennis and basketball court areas. This component includes the lights around the pool except for the "eyeball lights"								
Basketball Courts - Lighting	540	30	4 Each	1,800,000	100	7,200 2010	18 0	2028 13 no
<b>Comments:</b> *Any info. on install date?								
Pool Facility Lighting "Eyeball"	540	30	3 Each	1,200,000	100	3,600 2010	18 0	2028 13 no
<b>Comments:</b> *Installed in 1972. How have these been maintained.								
Sub-Total			3 items					
605 - Tennis Courts								
Tennis Courts - Recoating	605	20	12,508 Square Feet	1,000	100	12,508 2008	9 0	2017 2 no
<b>Comments:</b> This component is for the crack repair coating and striping of the tennis courts. Prior to sealing, the surface will be cleared of the existing foreign matters and furnished with a topcoat.								
Tennis Courts - Resurfacing	605	20	12,508 Square Feet	4,000	100	50,032 2006	20 0	2026 11 no
<b>Comments:</b> This component is for the resurfacing of the asphalt tennis courts. The plan calls for surface preparation prior to milling including sub surface leveling and grading followed by an application of 2" topcoat with application of coating material.								
Tennis Court - Post Replacement	605	30	2 Sets	1,500,000	100	3,000 2006	20 0	2026 11 no
<b>Comments:</b> This component is to replace the net posts at the time of resurfacing.								
Tennis Court - Lighting	605	20	6 Each	3,500,000	100	21,000 2006	20 0	2026 11 no
<b>Comments:</b> This component is to replace the tennis court lights. There are 4 "Double Fixture" lights and 2 "Triple Fixture" lights. These should be replaced during resurfacing.								
Sub-Total			4 items					

# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Sub-Number Of Items	Item Type	Item Cost	%	Item Cost	Built	Life Adj	Useful Life	Year	Life	One
<u>610 - Basketball Courts</u>												
Basketball Courts - Recoating	610	30	13,750 Square Feet	1,000	100	13,750	2008	8	0	2016	1	no
<b>Comments:</b> This component is for the crack repair, coating and striping of the Basketball courts. Prior to sealing, the surface will be cleared of the existing foreign matters and furnished with a topcoat.												
<u>Basketball Courts - Resurfacing</u>												
Basketball Courts - Resurfacing	610	30	13,750 Square Feet	4,000	100	55,000	2006	20	0	2026	11	no
<b>Comments:</b> This component is for the resurfacing of the asphalt Basketball courts. The plan calls for surface preparation prior to milling including sub surface leveling and grading followed by an application of 2" topcoat with application of coating material.												
<u>Basketball Courts- Goal Replacement</u>												
Basketball Courts- Goal Replacement	610	40	4 Each	2,800,000	100	11,200	2006	20	0	2026	11	no
<b>Comments:</b> This component is to replace 4 goal posts at the time of resurfacing.												
Sub-Total	3 items											
<u>620 - Playground</u>												
Playground - Equipment Repairs & Upgrades	620	20	1 Allowance	5,000,000	100	5,000	2015	5	0	2020	5	no
<b>Comments:</b> This component is for the replacement as needed and upgrade to the playground equipment.												
Playground - Equipment Replacement	620	50	1 Complete Replacement	30,000,000	100	30,000	2010	20	0	2030	15	no
<b>Comments:</b> This component is for the complete replacement of the property's playground equipment. This includes the "landing area" around the equipment.												
Sub-Total	2 items											
<u>625 - Sport Fields &amp; Equipment</u>												
Recreational Items - Misc.	625	30	1 Allowance	3,500,000	100	3,500	2011	5	0	2016	1	no

# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life	Year Life	One
Comments: This component is to replace various items such as grills, benches, garbage cans, picnic tables, bike racks etc.								
	625	20	1 Allowance	1,000.000	100	1,000	2015	5 1 2021 6 no

Volley Ball Pit								
Comments: This component is to edge and add sand and posts as necessary.								

Sub-Total 2 items

## 630 - Gazebos & Pavilions

Misc. Building - Maint. and Repairs	630	20	1 Allowance	2,500.000	100	2,500	2014	4 0 2018 3 no
Comments: This component is minor structure repair and as needed cleaning and painting. This includes the guard/snack house, shelter structure and storage sheds. (This can include decking adjacent to main pool pumps.)								

Sub-Total 1 items

## 700 - Clubhouse & Pool Facilities

Divider Fence	700	20	139 Linear Feet	70,320	100	9,774	1998	18 0 2016 1 no
Comments: * Per note replace this chain link (adjacent to guard shack and picnic area) with 6' sec. fence.								

\*Imperial Fence Bid

Clubhouse HVAC System	700	40	2 Units	6,000.000	100	12,000	2004	15 0 2019 4 no
Comments: This component is for two full units (AC and Heat).								

Clubhouse - Plumbing & Electrical Maintenance	700	50	1 Allowance	2,000.000	100	2,000	2014	3 3 2020 5 no
Comments: This component is for the repair and maintenance for the clubhouse and pool area's plumbing and electrical. Included in the component's scope of work is the replacement of the clubhouse's water heaters and rusted/damaged fixtures. The scope of work also accounts for the random replacement of breaker boxes, light fixtures, sink fixtures, toilets, sump pumps, drain and line cleaning, and exhaust								

# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life	Year Life	One
						Life Adj	Replace	Time?
Clubhouse - Carpet Replacement	700	20	2,800 Square Feet	3,000	100	12	0	2020 5 no
Comments: ventilation repairs.								
Clubhouse - Appliance and Furniture Contingency	700	20	1 Allowance	1,500,000	100	3	3	2020 5 no
Comments: This component is to replace various items as needed. Including but not limited to Ref., stove, microwave, tv etc.								
Sub-Total			5 items					
705 - Clubhouse Exterior								
Clubhouse - Exterior Painting	705	20	1 7-year Paint Cycle	3,500,000	100	7	0	2019 4 no
Comments: This component is for the exterior painting of the clubhouse. The plan accounts for the cleaning, surface preparation and painting of all exterior surfaces.								
Sidewalks - Pool Area	705	20	790 Square Feet	7,500	25	10	1	2021 6 no
Comments: This component is for repair and sectional replacement of the clubhouse's front concrete sidewalks.								
Window & Door Replacement	705	20	1 Allowance	6,000,000	100	8	0	2021 6 no
Comments: This component is for the replacement of the clubhouse's exterior windows and doors. The plan assumes that not all windows and doors will fail at the same time and that only a percentage of the items will need to be replaced. This includes entrance gates, bathroom doors, and windows.								
*Patio Windows and doors pools side were replaced in April 2012 for \$3,910. West Patior side April 2013 for \$3,963. Steel Exterior doors replaced on pool side in 2007 for \$9500.								
Clubhouse - Siding Repairs/Replacement	705	30	1 Allowance	2,500,000	100	10	0	2022 7 no
Comments: This component is for the periodic repairs to the clubhouse exterior stucco siding.								
Clubhouse- Roof Replacement	705	20	49 Squares	370,000	100	25	0	2038 23 no



# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life	Year Life	One
<b>Comments:</b> This component is for the replacement of clubhouse's asphalt roof. The scope of work includes the complete tear-off of asphalt shingles, and the installation of warranty shingles, replacement of flashing, drip edging, vent/dryer plumbing and repairs to the roof decking and ventilation as needed. Also included in the plan is the replacement of gutters and downspouts.								

Sub-Total 5 items

## 710 - Club/Pool Parking Lot

Clubhouse/Pool- Parking Lot Seal Coating	710	20	30,444 Square Feet	0.130	100	3,958	2013	5	0	2018	3	no
<b>Comments:</b> This component is for the sealing of the clubhouse parking lot. The plan accounts for the cleaning of the existing asphalt of all foreign matters, furnishing and applying 2 coats sealer. Other items that will be included in this component are the necessary asphalt repairs, crack sealing and parking area striping.												

## Clubhouse/Pool- Parking Lot Resurfacing

	710	50	30,444 Square Feet	1.000	100	30,444	2014	20	0	2034	19	no
<b>Comments:</b> This component is for the resurfacing of the clubhouse's parking area. The plan calls for surface preparation prior to milling including crack sealing and cleaning followed by an application of 2-inch grade one asphalt topcoat. This process accounts for all of the Community's parking areas and the application of traffic and parking painting.												

\*Cost per BOD

Sub-Total 2 items

## 720 - Clubhouse Interior

Clubhouse- Interior Painting	720	20	1 Allowance	2,500.000	100	2,500	2012	7	0	2019	4	no
<b>Comments:</b> This component is for the internal wall painting and maintenance for the clubhouse. The plan takes into account the cleaning, surface preparation and painting of the interior area's clubhouse.												

\*Per BOD this was done in Feb. 2013 for \$681.23 (I assume this was partial based on cost?)

# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Built	Useful Life	Year Life	One			
Clubhouse - Restroom Remodeling	720	20	4 Renovation	7,500,000	50	15,000	2001	18	3	2022	7	no
<b>Comments:</b> This component is for the complete replacement and renovation of the clubhouse restrooms. The plan accounts for the updating of light and plumbing fixtures, ventilation, the replacement of partitions.												

Sub-Total 2 items

## 730 - Pool Restrooms

Women's Restroom Repairs/Stalls	730	40	1	Allowance	3,000,000	100	3,000	2014	3	0	2017	2	YES
Comments: *Added per BOD (revision 1 - 10-26-15)													

Sub-Total 1 items

## 740 - Pool Repairs

Pool Equipment - Pool Facility Allowance	740	50	1	Allowance	5,000,000	100	5,000	2014	2	0	2016	1	no
Comments: This component provides an allowance for the Community's pool facility. The component accounts for the random and unpredictable repairs and replacement to the plumbing, electrical, pool pumps, filters, ladders, handrails, miscellaneous valves, metering pumps, test equipment, skimmer hardware, pool brushes, and pool lights over the course of the next twenty years. Generally, most of this cost is handled through the yearly operating budget.													

Replace Pool Filters

	740	40	1	Allowance	8,500,000	100	8,500	2009	8	0	2017	2	no
Comments: *Per BOD (Revision 1 10-26-15)													

Baby Pool Tile Replacement

	740	40	156	Linear Feet	25,000	100	3,900	2000	15	2	2017	2	no
Comments: *Per BOD needs done in 2017. This component can vary depending on the under surface once old tile is removed.													

Pool Repairs - Replaster & Replacement of Tiles

	740	30	5,850	Square Feet	12,000	100	70,200	2001	25	-3	2023	8	no
Comments: This component is for the preparation and plastering of the pool surface. The plan accounts for sandblasting and replastering of the pool including tile repair as needed.													

# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life	Year Life	One
						Life Adj	Replace	Left Time?

The main pool is @4618 sq. ft. and the wading pool is @1232 sq. ft.

Sub-Total 4 items

## 750 - Pool Facility

Pool Paint/Striping

750 20 5,850 Square Feet

1,750 100

10,238 2008

10 0

2018 3

no

Comments: \*Per BOD (Revision 1 10-26-15)

Pool Equipment - Ultra Max pool cleaner.

750 20 1 Each

5,000.000 100

5,000 2010

10 0

2020 5

no

Comments: This component is for the replacement of the pool's Ultra Max cleaner unit.

\*Per BOD

Diving Board Replacement

750 20 1 Unit

12,000.000 100

12,000 2007

15 0

2022 7

no

Comments: Cost of this unit and useful life.  
Call Spear Corp.

Sub-Total 3 items

## 755 - Pool Furnishings

Pool Furniture - Replacement

755 30 1 Allowance

4,000.000 100

4,000 2010

6 0

2016 1

no

Comments: This component is for the replacement of the pool facility's furniture. The items included in this component are tables, chairs, chaise lounges and umbrellas. The plan assumes only a percentage of this component will need to be replaced every few years.

Sub-Total 1 items



# Worksheet

December 23, 2015

Sorted by Group  
Carefree Club, Inc.

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life	Year Life	One
						Life Adj	Replace	Time?
<u>760 - Pool Decking &amp; Fencing</u>								
Pool Deck - Concrete Repair & Replacement	760	20	18,549 Square Feet	7,500	20	27,824	2012	8 0 2020 5 no
<b>Comments:</b> Maintenance contingency for sectional replacement of concrete decking around pool.								
Pool Fencing - Fencing Replacement	760	30	515 Linear Feet	68,000	100	35,020	2013	18 0 2031 16 no
<b>Comments:</b> This component is for the complete replacement of the pool facility fence and gates. This component is for wrought iron style (aluminum 6' to 8'). There are two different styles.								

Sub-Total 2 items

## 805 - Fountains & Aerators

Wading Pool - Fountain Replacement	805	30	1 Each	3,000,000	100	3,000	2011	6 2 2019 4 no
<b>Comments:</b> This component is for the replacement of the wading pool fountain. Most maintenance will generally be taken care of in the annual operating budget.								

Sub-Total 1 items

## 905 - Entranceway

Entranceway - Repairs & Maintenance	905	20	1 Each	6,000,000	100	6,000	2010	15 0 2025 10 no
<b>Comments:</b> This component is for the repairs and maintenance of the entrance and includes the sign.								

Sub-Total 1 items

## 910 - Perimeter Fencing

10' Court - Fencing Replacement	910	30	840 Linear Feet	35,000	100	29,400	2006	20 0 2026 11 no
<b>Comments:</b> This component is for the complete replacement of the basketball and tennis court's 10' chain link fence. It is best to replace this during resurfacing of the tennis and basketball courts.								

**Worksheet**

December 23, 2015

Sorted by Group  
**Carefree Club, Inc.**

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Year Useful Life</u>	<u>Year Life</u>	<u>One</u>
						<u>Life Adj</u>	<u>Replace Left</u>	<u>Time?</u>

---

**Sub-Total** 1 items**9000 - General Contingency****General Contingency****Comments:****General Contingency****Comments:**

The general contingency component is for unforeseeable costs that may occur within the year. Some issues that may be covered by the general contingency, but are not limited to, resolution of drainage problems, wood boring insect infestation, water & sewer main and mold remediation, and dramatic change in the cost of building materials, leading to higher construction and renovation costs. In addition, the general contingency may be used for insurance claims that might be covered under the Community's policy. This would be more cost effective if financed through the reserve funds, in order to avoid higher insurance premiums or loss of coverage due to the excessive number of claims.

---

**Sub-Total** 2 items

---

**Total** 49 items

## **F. Definitions**

# Carefree Club, Inc.

## Reserve Study

July 6, 2015

## Definitions

**Annual Assessment** – Amount paid by Association members to cover all Association operating costs and contributions to the Association's reserve fund.

**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 Condition** – A classification of individual components of inventory based on the items condition. The condition descriptions and Sub-Group codes used in the component inventory are as follows:

*10- Excellent or New:* Component or system is in "as new" condition, requiring no rehabilitation and should perform in accordance with expected performance.

*20-Good Condition:* Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.

*30-Fair Condition:* Component or system falls into one or more of the following categories: a) Evidence of previous repairs not in compliance with commonly accepted practice, b) Workmanship not in compliance with commonly accepted standards, c) Component or system is obsolete, d) Component or system approaching end of expected performance. Repairs or replacement is required to prevent further deterioration or to prolong expected life.

*40-Poor Condition or Replacement:* Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected performance, excessive deferred maintenance, or state of disrepairs. Present condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is required.

# Carefree Club, Inc.

## Reserve Study

July 6, 2015

### Definitions (continued)

**50-Adequate:** A component or system is of capacity that is defined as enough for what is required, sufficient, suitable, and/or conforms to standard construction

This rating condition only pertains to the existing component evaluated at the time of inspection. All future repairs and installation will be noted as *Good Condition*.

**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.

**Contingency or allowance** – An allotment for miscellaneous components or unpredictable expenses.

**Contribution** – The portion of the member's assessment that is placed into the reserve fund.

**Current Cost** – Cost to replace or repair a component today.

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

**Effective Age** – Also referred to as “**Adjusted Life**”, the difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in the 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.

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

**Fully Funded Balance** – Reserve Fund balance equal to the sum of all component's fully funded balance. The calculation of a component's fully funded balance is as follows:

Fully funded balance = (Current Age/Useful Life) x Current Cost.

# Carefree Club, Inc.

## Reserve Study

July 6, 2015

### Definitions (continued)

**Fund Status** - The status of the Reserve Fund as compared to an established benchmark, such as percent funding. The following classifications of Fund Status are used in this study:

- **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
- **31%-69% Funded** - The majority of Associations are considered to be in this "fair and reasonable" financial position. While there is room for additional 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 is considered "strong" financial position. 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 needed at any given time.

**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. Full Funding = (Current Age/Useful Life) x Current Cost.
- **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.



# Carefree Club, Inc.

## Reserve Study

July 6, 2015

### Definitions (continued)

**Funding Plan** - An associations plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**Funding Principles** – The following principles underlie the methods and objective of this reserve study:

- 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.

**Replacement Year** - Also referred to as "**Year Replaced**". Year that component is projected to be replaced or repaired.

**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.

# Carefree Club, Inc.

## Reserve Study

July 6, 2015

### Definitions (continued)

**Reserve Fund** – Assets (usually cash) accumulated and set aside to pay the cost of replace and capital maintenance of common property components.

**Reserve Fund Expenditure Plan** – Schedule of expenditures of reserve funds over a particular time horizon (usually 20 or 30 years).

**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

**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.

**Study Period** – The time frame over which the physical and financial analysis of the reserve study is conducted. By professional standards, this period must be at least twenty years.

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

**Useful Life (U L)** - Also known as "Life Expectancy". 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.

**Unit Cost** – Also referred to as “**Item Cost**”. Cost per Unit.

**Unit of Measure** – Also referred to as “**Item Type**”. Unit used measure component (explanations shown below)

Sq. Ft. – Square Feet

Sq. Yd. – Square Yards

Ln. Ft. - Linear Feet

Total – Total cost for the component