

A FULL RESERVE STUDY FOR

**Royal Oaks Professional Center
Condominium Association, Inc.
Miami Lakes, Florida
File # 22920-06666**

FOR PERIOD: January 1, 2016 – December 31, 2016

**PREPARED BY
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July 13, 2015

Royal Oaks Professional Center Condominium Association, Inc.
Attn: Maria Barrios
c/o GRS Management, Inc.
8140 Northwest 155th Street, Suite 101
Miami Lakes, FL 33016

Dear Mrs. Barrios,

On May 19, 2015, we completed an on-site inspection of Royal Oaks Professional Center Condominium Association, Inc.'s common area reserve items. The intent of this reserve study report is to show cash reserves necessary for the future repair or replacement of expendable components incorporated into the subject property. The purpose of this report is to aid Royal Oaks Professional Center Condominium Association, Inc. in making a determination for cash reserves that are needed to repair or replace short-lived building and/or site components.

The report identifies each component selected, its estimated useful life, adjusted life, scheduled replacement date, and current cost to repair/replace. The useful and remaining lives of the building components in this study, as well as the current replacement costs, have been selected from market standards, cost estimating services, and consideration of actual recent costs incurred by the association for reserve upgrades. This report is classified as a full reserve study under the guidelines of the National Reserve Study Standards of the Community Associations Institute, and conforms to the Community Associations Institute Professional Reserve Specialist Code of Ethics. The Reserve Specialist/GAB Robins have no relationships with the association that would result in actual or perceived conflicts of interest.

This report is our opinion and based upon observed conditions and state of repair. Actual determinations of the current conditions and state of repair for certain items may be beyond the scope of this analysis. Items may not last as long as projected or may exceed their estimated lives. Influences such as weather, catastrophe, improper maintenance, physical abuse, or abnormal use can affect these lives and/or replacement costs. When such occurrences happen, another inspection should be made and a new revised study prepared. While we have attempted to create a useful tool for the association to plan their needs, the actual reserves set aside are solely at the association's discretion. The findings of this study are not for use in performing an audit, quality/forensic analyses, or background checks of historical records.

In completing this report, the reserve specialist completed the physical on-site inspection of the subject property. Appropriate measurements and counts were taken to determine quantities (blueprints were not used to aid in the determination of quantities). No destructive testing methods (i.e. roof core sampling, etc.) were utilized during the inspection. Current financial data, including the actual or projected reserve fund balance(s) as of the analysis date, and property histories, provided by you, were utilized in the

completion of this report. This data was not audited, and was assumed to be complete and correct. The reserve specialist estimated the repair/replacement cost taking into account contingencies inherent to this type of work. The report was prepared utilizing the information gathered in the field and the costs estimated by the reserve specialist.

Respectfully submitted,
GAB Robins, A Division of Cunningham Lindsey

Margery Schultz
Reserve Analyst

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PROJECT OVERVIEW

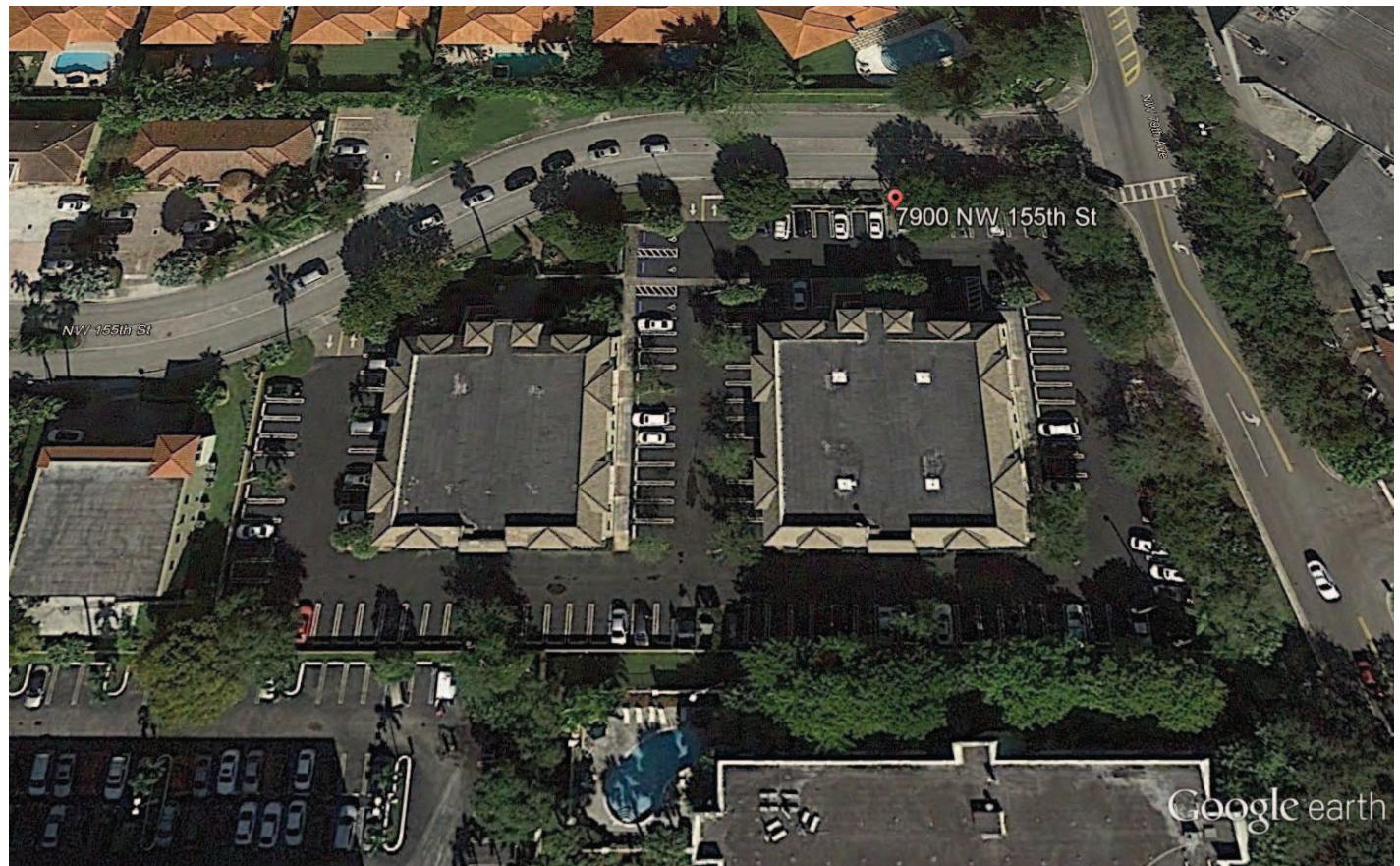
The subject of this reserve study report is the common areas within Royal Oaks Professional Center Condominium Association, Inc., a 22 unit commercial development located in Miami Lakes, Florida. Originally constructed at or near 2002, according to the association representative, the common areas include two two-story commercial buildings, asphalt pavement, brick pavers and perimeter fencing.

The two two-story, 11 unit commercial buildings are of concrete construction with a combination of flat/membrane and tile roof covers. The buildings are equipped with fire alarm and security systems. Each building has a supporting elevator, common area interiors and HVAC equipment.

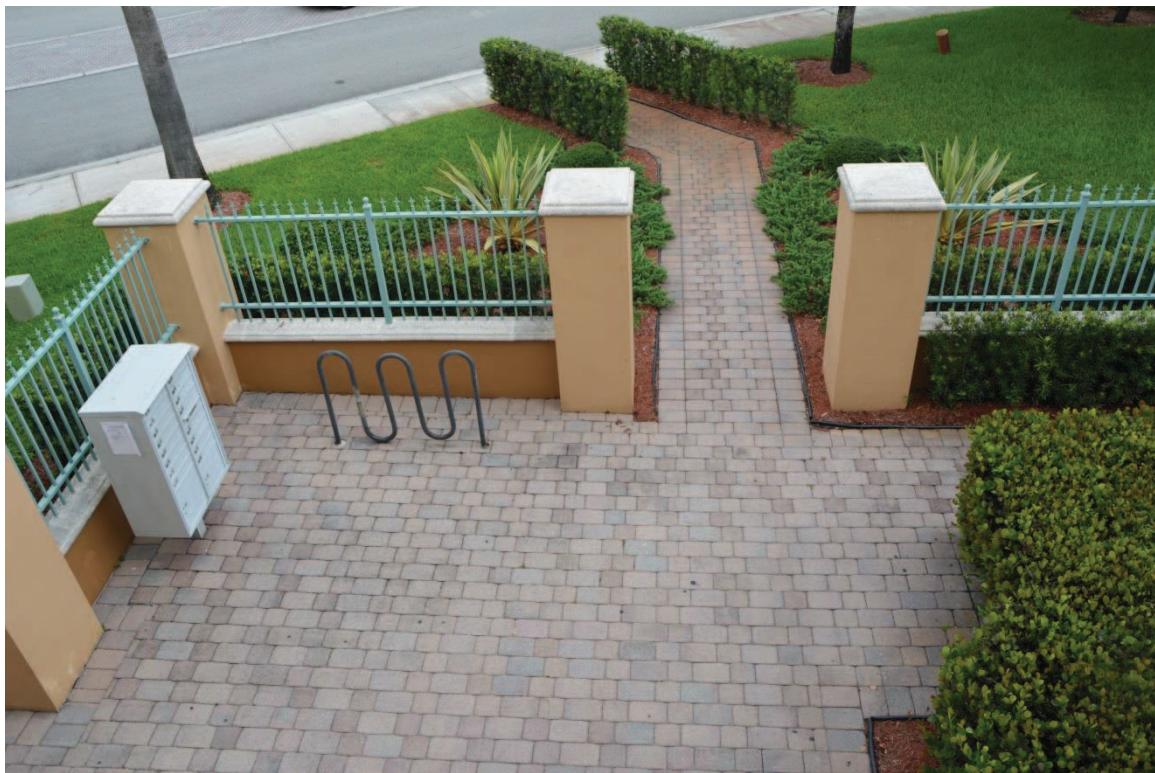
As of the date of our latest physical inspection, the common areas were observed to be in average overall condition, and appear to have been well maintained. No items of significant deferred maintenance were noted.

Reserves are only calculated for the replacement of short-lived building or site components. This includes components that require replacement prior to the overall estimated end life of the buildings or structures. This report is designed to provide reasonable, appropriate budgetary cost and useful life data based on market standards for the subject's property type and in compliance with Florida statutes. Florida Statutes require consideration for roofs, exterior paint and/or waterproofing, pavement and all items that have an estimated repair or replacement cost above \$10,000. We are unaware of any private reserve requirements.

PROPERTY OVERVIEW/PHOTOGRAPHS









RESERVE STUDY FUNDING ANALYSIS

There are two generally accepted means of estimating reserves; the Component Funding Analysis and the Cash Flow Analysis methodologies. The **Component Funding Analysis** (or Straight Line Method) calculates the annual contribution amount for each individual line item component by dividing the component's unfunded balance by its remaining useful life. A component's unfunded balance is its replacement cost less the reserve balance in the component at the beginning of the analysis period. The annual contribution rate for each individual line item component is then summed to calculate the total annual contribution rate for this analysis.

The **Cash Flow Analysis** (or Pooling Method) is a method of calculating reserve contributions where contributions to the reserve funds are designed to offset the variable annual expenditures from the reserve fund. This analysis recognizes interest income attributable to reserve accounts over the period of the analysis. Funds from the beginning balances are pooled together and a yearly contribution rate is calculated to arrive at a positive cash flow and reserve account balance to adequately fund the future projected expenditures throughout the period of the analysis.

Prior to December 23, 2002, Florida statute mandated that condominium associations calculate reserves via the Component Funding Analysis method, on an annual basis. Funding at less than 100% of the fully funded estimate, based on the Component Funding Analysis method, could occur only after a full vote of the association membership. As of December 23, 2002, amendments to the Florida Administrative Code recognize the Cash Flow Analysis method as an approved methodology for the calculation of reserve funding for condominium associations. The fund requirement estimated by the Cash Flow Analysis method can now be provided to the membership, on an annual basis as a fully funded figure. The analysis must be completed as a portion of the association's annual budget, include the total estimated useful lives, estimated remaining useful lives, and estimated replacement cost/deferred maintenance expenses of all assets in the reserve budget (minimum roofing, painting, paving and any other item with a replacement/repair cost over \$10,000), and the estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

If the association maintains a pooled account for reserves, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal; the association may include annual percentage increases in costs for the reserve components, but these increases are not mandated. Fully funded reserve contributions utilizing this methodology may not include future special assessments, and the annual funding levels cannot include percentage increases.

In our Cash Flow Analysis calculations, we do not include increases in construction costs/inflation. While future costs are expected to be higher than today's costs, which is supported by our analysis of past indexes/trends, increases in costs should be recognized as the association estimates current repair/replacement costs during their annual calculations of full reserve funding. A current cost estimate during the current fiscal year would theoretically be lower than a current cost for future fiscal years. That way the estimates of current cost moving forward will eventually represent current cost as of the

RESERVE STUDY FUNDING ANALYSIS – continued:

date of forecast expenditure. Funding the reserves annually on that basis should ensure that adequate monies are available as of the date of expense, assuming that the current cost estimate is appropriate and that the reserve was fully funded since its last repair/replacement project was completed.

EXECUTIVE SUMMARY

PROPERTY DATA

Property Name: Royal Oaks Professional Center Condominium Association, Inc.

Property Location: Miami Lakes, Florida

Property Type: Condominium Association

Total Units: 22

Report Run Date: July 13, 2015

Budget Year Begins: January 1, 2016

Budget Year Ends: December 31, 2016

PROJECTED COMPONENT CATEGORIES AND PARAMETERS

Component Categories in Reserve Analysis:

1. Common Area Interiors
2. Mechanical/Electrical
3. Painting & Waterproofing
4. Pavement
5. Roofs
6. Site Improvements

Total current cost of all reserve components in reserve analysis:	\$ 441,932
Estimated beginning reserve fund balance for reserve analysis*:	\$ 42,629
Total number of components scheduled for replacement in the 2016 budget year:	0
Total cost of components scheduled for replacement in the 2016 budget year:	\$ 0

ANALYSIS RESULTS – COMPONENT FUNDING ANALYSIS

Current annual reserve funding contributions amount (2015 Budget):	\$ 24,362
Recommended annual reserve funding contribution amount:	\$ 51,088
Increase (decrease) between current and recommended annual contribution amounts:	\$ 26,726
Increase (decrease) between current and recommended annual contribution amounts:	109.7%

ANALYSIS RESULTS – CASH FLOW ANALYSIS

Current annual reserve funding contributions amount (2015 Budget):	\$ 24,362
Recommended annual reserve funding contribution amount:	\$ 28,800
Increase (decrease) between current and recommended annual contribution amounts:	\$ 4,438
Increase (decrease) between current and recommended annual contribution amounts:	18.2%

*The beginning Reserve Fund Balance as of the reserve analysis date was calculated by using the provided most recent reserve balance(s), adding the remaining current fiscal year contributions to the fund, then subtracting any remaining planned expenditures for the current fiscal year.

RESERVE BUDGET COMPARISON

The previous page provides a comparison of the association's approved fiscal year 2015 reserve contribution level and our estimates for full reserve funding for fiscal year 2016. The funding requirement estimated for fiscal year 2016 via the Component Funding Analysis methodology is appreciably higher than the association's approved fiscal year 2015 contribution level, while the recommendation based on the Cash Flow Analysis methodology is only slightly higher than the association's approved fiscal year 2015 contribution level.

Based on our Component Funding Analysis model, the reserves as analyzed in this report suggest that in order to fully fund in fiscal year 2016, the contribution should be \$51,088. The Component Funding Analysis is a straight-line accounting procedure that was previously mandated by the State of Florida. Until December 2002, funding at less than this amount was considered partial funding by the state and required approval by the association members. As stated previously in this report, changes to the administrative code now allow the implementation/use of a pooling, or cash flow method of reserve analysis.

Based on the Cash Flow Analysis methodology, the association can fully fund the reserves as analyzed in this report at \$28,800 in fiscal year 2016. This level of annual funding could remain stable over the remainder of the study period, provide adequate funds to offset planned reserve expenditures, and maintain a positive reserve fund balance over the entirety of the study period. In this analysis we have utilized a 0.45% rate of return on reserve funds invested over the study period (assuming safe investment in CDs, money market accounts, etc.). The Cash Flow Analysis utilizes a pooling effect with reserve funds by pooling all funds together and distributing these funds to individual components as their replacement comes due. Funds that are pooled together in the cash flow analysis include the beginning balance, contributions to the reserve funds and interest earned on reserve funds. These pooled funds are matched against reserve expenditures throughout the period of the analysis by using our reserve analysis software program to ensure that the available funds are always greater than expenditures.

COMPONENT FUNDING ANALYSIS

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Component Funding Analysis - Category

Components by Category	Current Cost	Useful Life YY:MM	Remaining Life YY:MM	Reserve Balance	Unfunded Balance	Reserve Contribution 2016
Common Area Interiors	\$ 29,180	18:00 -20:00	4:05 - 6:05	\$ 2,815	\$ 26,365	\$ 5,232
Mechanical/Electrical	114,160	25:00 -30:00	11:05 -16:05	11,012	103,148	6,824
Painting & Waterproofing	27,258	7:00	3:05	2,629	24,629	7,208
Pavement	64,319	4:00 -25:00	2:05 -11:05	6,205	58,114	7,484
Roofs	185,800	20:00 -25:00	6:05 -11:05	17,922	167,878	23,010
Site Improvements	21,216	28:00	14:05	2,047	19,169	1,330
	\$ 441,933			\$ 42,629	\$ 399,303	\$ 51,088

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Component Funding Analysis - Items

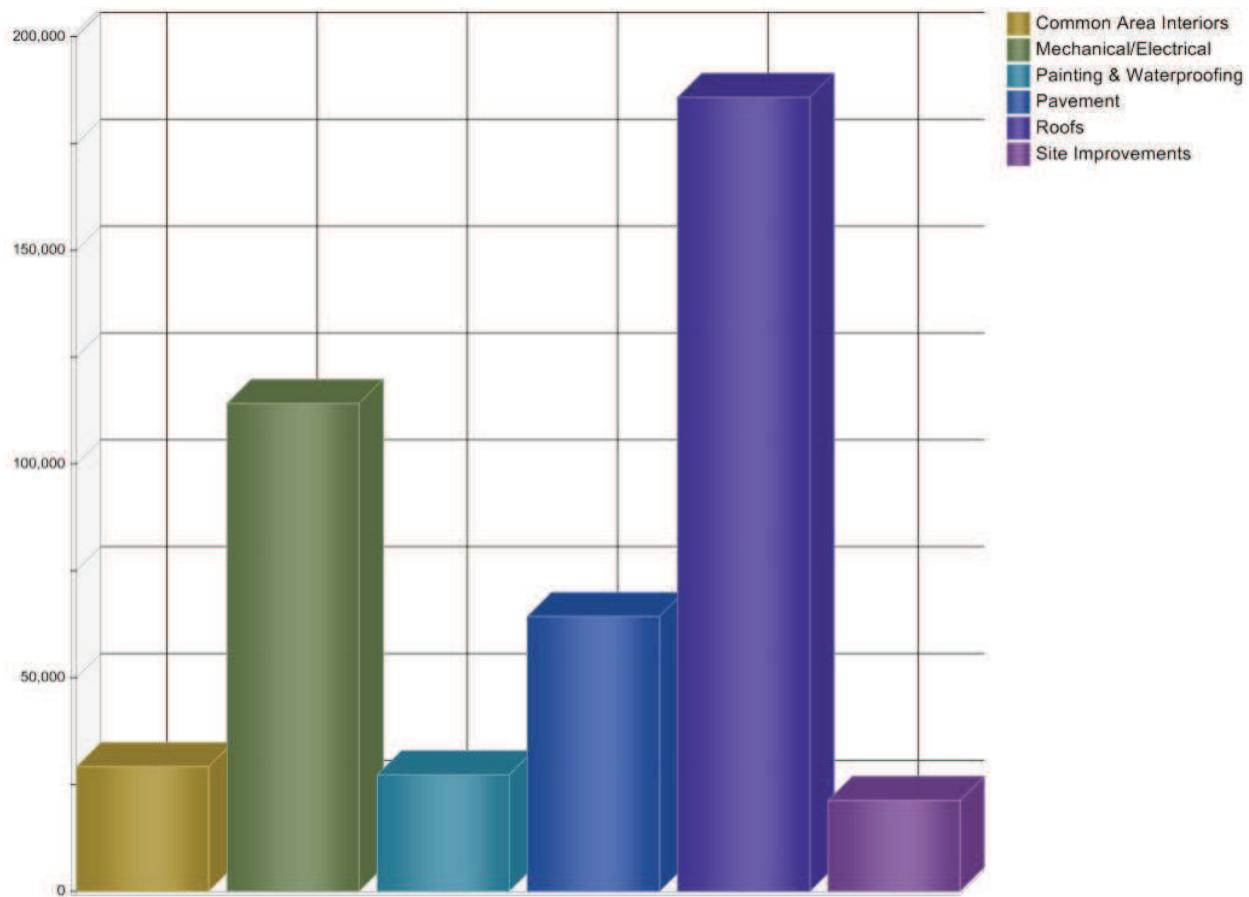
Components by Category	Current Cost	Useful Life YY:MM	Remaining Life YY:MM	Reserve Balance	Unfunded Balance	Reserve Contribution 2016
Common Area Interiors						
Elevator Cab Interiors	\$ 11,580	20:00	6:05	\$ 1,117	\$ 10,463	\$ 1,631
Int. Renovations, Common Areas	\$ 17,600	18:00	4:05	\$ 1,698	\$ 15,902	\$ 3,601
	\$ 29,180			\$ 2,815	\$ 26,365	\$ 5,232
Mechanical/Electrical						
Elevator Modernization, Hydraulic	\$ 91,720	30:00	16:05	\$ 8,847	\$ 82,873	\$ 5,048
Fire Alarm System Modernization	\$ 22,440	25:00	11:05	\$ 2,165	\$ 20,275	\$ 1,776
	\$ 114,160			\$ 11,012	\$ 103,148	\$ 6,824
Painting & Waterproofing						
Paint/Waterproof Bldg. Exteriors	\$ 27,258	7:00	3:05	\$ 2,629	\$ 24,629	\$ 7,208
	\$ 27,258			\$ 2,629	\$ 24,629	\$ 7,208
Pavement						
Asphalt Overlay	\$ 33,772	22:00	8:05	\$ 3,258	\$ 30,514	\$ 3,625
Asphalt Sealcoat/Rejuvenation	\$ 4,890	4:00	2:05	\$ 472	\$ 4,418	\$ 1,828
Pavers, Parking/Drives	\$ 25,657	25:00	11:05	\$ 2,475	\$ 23,182	\$ 2,031
	\$ 64,319			\$ 6,205	\$ 58,114	\$ 7,484
Roofs						
Roofing, Flat/Membrane	\$ 134,680	20:00	6:05	\$ 12,991	\$ 121,689	\$ 18,964
Roofing, Tile	\$ 51,120	25:00	11:05	\$ 4,931	\$ 46,189	\$ 4,046
	\$ 185,800			\$ 17,922	\$ 167,878	\$ 23,010
Site Improvements						
Perimeter Fencing, Aluminum	\$ 21,216	28:00	14:05	\$ 2,047	\$ 19,169	\$ 1,330
	\$ 21,216			\$ 2,047	\$ 19,169	\$ 1,330
	\$ 441,933			\$ 42,629	\$ 399,303	\$ 51,088

CASH FLOW ANALYSIS

Royal Oaks Professional Center Condominium...

Analysis Date - January 1, 2016

Item Parameter - Category - Chart



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Detail

Description	Service Date	Current Cost	Est Life	Adj Life	Rem Life	Future Cost	Basis Cost	Measurement Basis
Common Area Interiors								
Elevator Cab Interiors	06/01/2002	\$ 11,580.00	20:00	20:00	6:05	\$ 11,580.00	\$ 5,790.00	cabs
Int. Renovations, Common Areas	06/01/2002	\$ 17,600.00	18:00	18:00	4:05	\$ 17,600.00	\$ 17,600.00	lp sm
		\$ 29,180.00				\$ 29,180.00		
Mechanical/Electrical								
Elevator Modernization, Hydraulic	06/01/2002	91,720.00	30:00	30:00	16:05	91,720.00	\$ 45,860.00	cabs
Fire Alarm System Modernization	06/01/2002	22,440.00	25:00	25:00	11:05	22,440.00	\$ 1,020.00	units
		\$ 114,160.00				\$ 114,160.00		
Painting & Waterproofing								
Paint/Waterproof Bldg. Exteriors	06/01/2012	27,258.00	7:00	7:00	3:05	27,258.00	\$ 1,239.00	units
		\$ 27,258.00				\$ 27,258.00		
Pavement								
Asphalt Overlay	06/01/2002	33,772.30	22:00	22:00	8:05	33,772.30	\$ 7.39	sq yds
Asphalt Sealcoat/Rejuvenation	06/01/2014	4,889.90	4:00	4:00	2:05	4,889.90	\$ 1.07	sq yds
Pavers, Parking/Drives	06/01/2002	25,656.50	25:00	25:00	11:05	25,656.50	\$ 5.29	sq ft
		\$ 64,318.70				\$ 64,318.70		
Roofs								
Roofing, Flat/Membrane	06/01/2002	134,680.00	20:00	20:00	6:05	134,680.00	\$ 962.00	sqs
Roofing, Tile	06/01/2002	51,120.00	25:00	25:00	11:05	51,120.00	\$ 639.00	sqs
		\$ 185,800.00				\$ 185,800.00		
Site Improvements								
Perimeter Fencing, Aluminum	06/01/2002	21,216.00	28:00	28:00	14:05	21,216.00	\$ 44.20	ln ft
		\$ 21,216.00				\$ 21,216.00		
		\$ 441,932.70				\$ 441,932.70		

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Elevator Cab Interiors

Item Number	4	Measurement Basis	cabs
Type	Common Area	Estimated Useful Life	20:00
Category	Common Area Interiors	Basis Cost	5,790.00
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2002	06/01/2022	6:05	20:00	2.00	\$ 11,580.00	\$ 11,580.00

Comments

Major cosmetic refurbishment of passenger elevator cabs (flooring, wall finishes, ceilings/lighting, etc.) has been observed on life cycles in the 15-20 year range in properties of similar overall quality, with the most typical falling on the higher end of the range. This suggests a 2022 expense date.



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Int. Renovations, Common Areas

Item Number	12	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	18:00
Category	Common Area Interiors	Basis Cost	17,600.00
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-001	06/01/2002	06/01/2020	4:05	18:00	1.00	\$ 17,600.00	\$ 17,600.00

Comments

This line item was included for major furniture/furnishings replacement within the common area interiors, including (but not necessarily limited to) chairs, tables, decorative lighting/lamps, wall art, plants, etc. Not included in this renovation are the interior common areas of the 7900 building. In our experience, while minor additions and/or replacements can be expected from time to time, better quality properties complete these upgrades in social rooms, lobbies, etc. on life cycles in the +/-15 year range, while major administrative offices furnishings may not be completed for 20+ years. The current cost estimate is based on the quality of the existing inventories, the size of the rooms in floor area and an average per square foot unit cost. As is with any cosmetic renovation, the actual costs may vary from our estimates based on association cosmetic preferences.

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Elevator Modernization, Hydraulic

Item Number	3	Measurement Basis	cabs
Type	Common Area	Estimated Useful Life	30:00
Category	Mechanical/Electrical	Basis Cost	45,860.00
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2002	06/01/2032	16:05	30:00	2.00	\$ 91,720.00	\$ 91,720.00

Comments

The useful life of the electrical and mechanical components (motors, controllers, door operators, call buttons, etc.) of hydraulic elevators can range rather widely. Typically, this upgrade is driven by an association's dissatisfaction with elevator speed, smoothness of ride, and/or noise. We have observed hydraulic elevator modernization after +/- 25 years, to over 40 years.

Excluded from this report are the hydraulic elevator jacks/pistons. Market data we have observed suggests that while major restoration/replacement can be necessary, it is not always necessary under normal market conditions. As such, it is our opinion that inclusion of reserves for jack/piston replacement is not prudent in the absences of a professional assessment(s) indicating that this upgrade will be necessary. In the event that such an assessment(s) determines that hydraulic jack/piston replacement is necessary, this report should be amended to include that reserve component.

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Fire Alarm System Modernization

Item Number	5	Measurement Basis	units
Type	Common Area	Estimated Useful Life	25:00
Category	Mechanical/Electrical	Basis Cost	1,020.00
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2002	06/01/2027	11:05	25:00	22.00	\$ 22,440.00	\$ 22,440.00

Comments

Due to improvements in technology and/or parts obsolescence, major modernization of fire alarm system components (panels, pull stations, horns/strobes, detectors, hoses) is typically necessary on a 20-30 year schedule.

Given ever changing technologies and/or changing fire codes, we recommend that as these systems age, a qualified life safety engineer(s) assess the subject's fire alarm systems periodically to determine more specific remaining useful life and cost parameters. We reserve the right to modify this report upon receipt of such an assessment(s).



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Paint/Waterproof Bldg. Exteriors

Item Number	8	Measurement Basis	units
Type	Common Area	Estimated Useful Life	7:00
Category	Painting & Waterproofing	Basis Cost	1,239.00
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2012	06/01/2019	3:05	7:00	22.00	\$ 27,258.00	\$ 27,258.00
						\$ 27,258.00	\$ 27,258.00

Comments

To insure proper protection of the underlying concrete, stucco, wood and metal surfaces, the market reflects a maximum 7 year useful life for exterior painting & waterproofing (in lieu of an association purchased 10 year warranty). The current average per dwelling unit cost estimate includes typical minor concrete/stucco repairs, surface preparation, as needed window/sliding glass door caulking and painting/refinishing of all exterior concrete, stucco, wood and metal surfaces (including railings and window/slider frames).

A determination of the condition of the exterior concrete systems is beyond the scope of this report. While it is certain that some measure of concrete restoration will be necessary in any property of the subject's design and construction with exposure to the elements, it is very difficult to quantify budgetary costs and remaining useful lives. Costs can range from as low as \$5,000 per unit to over \$60,000 per unit, and useful lives can range from as low as roughly 15 years to over 40 years. It is our market observation that very few associations establish and fund major concrete restoration reserves, given the relative uncertainty of cost and useful life; it is much more common for these upgrades to be funded (at least partially) via special assessment. No reserves for concrete restoration were included in this report. Should the association wish to include reserves for concrete restoration, a budgetary funding goal and useful life cycle would need to be provided.



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Asphalt Overlay

Item Number	1	Measurement Basis	sq yds
Type	Common Area	Estimated Useful Life	22:00
Category	Pavement	Basis Cost	7.39
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2002	06/01/2024	8:05	22:00	4570.00	\$ 33,772.30	\$ 33,772.30

Comments

We have observed life cycles of less than 15 years, to 25+ years, for asphalt overlay projects, assuming proper design, installation and routine maintenance.

The current unit cost estimate includes as needed milling of the asphalt paving at its junction with adjacent concrete paving, typical minor repairs to the underlying pavement subbase and drainage systems, installation of a standard overlay, and re-striping. The paved area is a rounded estimate.

Under normal conditions, total replacement of concrete paving (sidewalks, curbing, gutters, etc.) should not be necessary at any one given time. It is our market observation that while some associations do establish and fund contingency reserves for concrete paving repairs, many prefer to fund as needed repairs through their annual operating budgets, as a function of routine maintenance. No reserves for concrete paving were included in this report.



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Asphalt Sealcoat/Rejuvenation

Item Number	2	Measurement Basis	sq yds
Type	Common Area	Estimated Useful Life	4:00
Category	Pavement	Basis Cost	1.07
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2014	06/01/2018	2:05	4:00	4570.00	\$ 4,889.90	\$ 4,889.90

Comments

Sealcoating/rejuvenation serves as not only a cosmetic upgrade; it also insures minimal moisture intrusion into the underlying pavement structure. Without a proper moisture barrier, premature deterioration in the form of potholes, etc. can occur, causing the need for more frequent (and costly) asphalt overlays. The market reflects a typical useful life of 3-4 years for this upgrade.

The current cost estimate includes typical minor pavement repairs and re-striping.



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Pavers, Parking/Drives

Item Number	7	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	25:00
Category	Pavement	Basis Cost	5.29
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2002	06/01/2027	11:05	25:00	4850.00	\$ 25,656.50	\$ 25,656.50

Comments

Some associations consider paver parking and drives, sidewalks, etc. to be effectively permanent, and opt to exclude replacement from their annual reserve budgets. Others do establish and fund reserves, on observed budgetary life cycles of 20-40 years. It is our opinion that reserving for eventual replacement is prudent, if only for cosmetic purposes; we have observed older pavers that appear worn and dated, even with periodic pressure washing and/or sealing. The current cost estimate is based on construction cost indexes and our experience.



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Roofing, Flat/Membrane

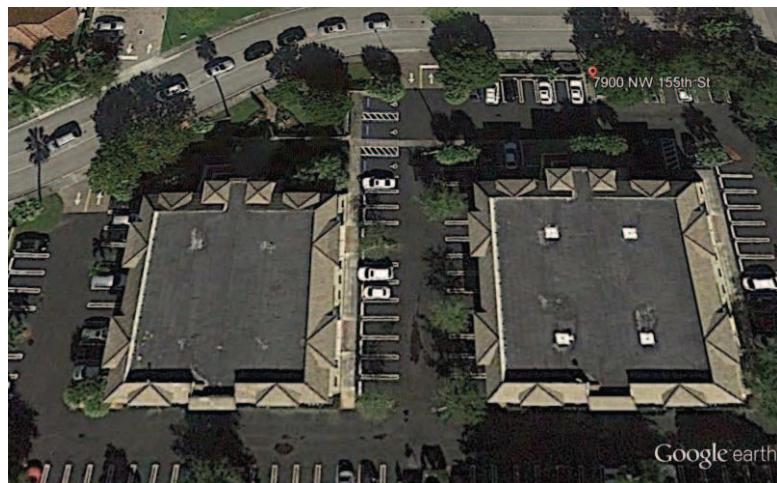
Item Number	10	Measurement Basis	sqf
Type	Common Area	Estimated Useful Life	20:00
Category	Roofs	Basis Cost	962.00
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-001	06/01/2002	06/01/2022	6:05	20:00	140.00	\$ 134,680.00	\$ 134,680.00
						\$ 134,680.00	\$ 134,680.00

Comments

Data gleaned from both within and outside the local market area reflects a probable life cycle in the 18-20 year range for a properly designed, installed and maintained flat/membrane roof. As no professional roofing studies were provided that would suggest that physical conditions exist at this (or any other common area) roofing, a 2022 replacement date was scheduled. The current cost estimate includes removal and disposal of the existing roofing, typical minor repairs to the underlying roof structures, flashing, etc. and installation of like roofing.

one square = 100 square feet



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Roofing, Tile

Item Number	9	Measurement Basis	sqf
Type	Common Area	Estimated Useful Life	25:00
Category	Roofs	Basis Cost	639.00
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2002	06/01/2027	11:05	25:00	80.00	\$ 51,120.00	\$ 51,120.00
						\$ 51,120.00	\$ 51,120.00

Comments

Life cycles of less than 20 years, to 35+ years, have been observed for replacement of pitched tile roofing; the most typical life falls in the mid-20 year range, assuming proper design, installation and routine maintenance. As no professional roofing studies were provided that would indicate that physical conditions exist at this roofing that would otherwise limit its remaining useful life, a 2027 replacement date was forecast. The current cost estimate includes removal and disposal of the existing roofing, typical minor repairs to the underlying roof structures, flashing, as needed repair/replacement of fascia, soffits and/or gutters and downspouts, and installation of like roofing.

one square = 100 square feet



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Item Parameters - Full Detail

Perimeter Fencing, Aluminum

Item Number	6	Measurement Basis	ln ft
Type	Common Area	Estimated Useful Life	28:00
Category	Site Improvements	Basis Cost	44.20
Tracking	Logistical		
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Qty.	Replacement Cost	
						Current	Future
910-000-000	06/01/2002	06/01/2030	14:05	28:00	480.00	\$ 21,216.00	\$ 21,216.00

Comments

The association should expect to incur costs associated with replacement of the painted aluminum fencing surrounding the property on a 25-30 year life cycle. The current replacement cost estimate is based on our experience with similar replacements and includes removal of the existing fencing and replacement with like quality.



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Expenditures

Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Asphalt Overlay									33,772	
Asphalt Sealcoat/Rejuvenation			4,889				4,889			
Elevator Cab Interiors							11,580			
Elevator Modernization, Hydraulic										
Fire Alarm System Modernization										
Int. Renovations, Common Areas					17,600					
Paint/Waterproof Bldg. Exteriors				27,258						
Pavers, Parking/Drives										
Perimeter Fencing, Aluminum										
Roofing, Flat/Membrane						134,680				
Roofing, Tile										
	0	0	4,889	27,258	17,600	0	151,149	0	33,772	0

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Expenditures

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Asphalt Overlay										
Asphalt Sealcoat/Rejuvenation		4,889				4,889				4,889
Elevator Cab Interiors										
Elevator Modernization, Hydraulic								91,720		
Fire Alarm System Modernization			22,440							
Int. Renovations, Common Areas										
Paint/Waterproof Bldg. Exteriors		27,258							27,258	
Pavers, Parking/Drives			25,656							
Perimeter Fencing, Aluminum					21,216					
Roofing, Flat/Membrane				51,120						
Roofing, Tile										0
	32,147	99,216	0	0	26,105	0	91,720	27,258	4,889	0

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Expenditures

Description	2036	2037	2038
Asphalt Overlay			
Asphalt Sealcoat/Rejuvenation		4,889	
Elevator Cab Interiors			
Elevator Modernization, Hydraulic			
Fire Alarm System Modernization			
Int. Renovations, Common Areas		17,600	
Paint/Waterproof Bldg. Exteriors			
Pavers, Parking/Drives			
Perimeter Fencing, Aluminum			
Roofing, Flat/Membrane			
Roofing, Tile			
	0	0	22,489

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2016	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	42,629.00	2,400.00	16.44	0.00	45,045.44
February	45,045.44	2,400.00	17.34	0.00	47,462.78
March	47,462.78	2,400.00	18.25	0.00	49,881.03
April	49,881.03	2,400.00	19.16	0.00	52,300.19
May	52,300.19	2,400.00	20.06	0.00	54,720.25
June	54,720.25	2,400.00	20.97	0.00	57,141.22
July	57,141.22	2,400.00	21.88	0.00	59,563.10
August	59,563.10	2,400.00	22.79	0.00	61,985.89
September	61,985.89	2,400.00	23.69	0.00	64,409.58
October	64,409.58	2,400.00	24.60	0.00	66,834.18
November	66,834.18	2,400.00	25.51	0.00	69,259.69
December	69,259.69	2,400.00	26.42	0.00	71,686.11
	\$ 42,629.00	\$ 28,800.00	\$ 257.11	\$ 0.00	\$ 71,686.11

2017	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	71,686.11	2,400.00	27.33	0.00	74,113.44
February	74,113.44	2,400.00	28.24	0.00	76,541.68
March	76,541.68	2,400.00	29.15	0.00	78,970.83
April	78,970.83	2,400.00	30.06	0.00	81,400.89
May	81,400.89	2,400.00	30.98	0.00	83,831.87
June	83,831.87	2,400.00	31.89	0.00	86,263.76
July	86,263.76	2,400.00	32.80	0.00	88,696.56
August	88,696.56	2,400.00	33.71	0.00	91,130.27
September	91,130.27	2,400.00	34.62	0.00	93,564.89
October	93,564.89	2,400.00	35.54	0.00	96,000.43
November	96,000.43	2,400.00	36.45	0.00	98,436.88
December	98,436.88	2,400.00	37.36	0.00	100,874.24
	\$ 71,686.11	\$ 28,800.00	\$ 388.13	\$ 0.00	\$ 100,874.24

2018	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	100,874.24	2,400.00	38.28	0.00	103,312.52
February	103,312.52	2,400.00	39.19	0.00	105,751.71
March	105,751.71	2,400.00	40.11	0.00	108,191.82
April	108,191.82	2,400.00	41.02	0.00	110,632.84
May	110,632.84	2,400.00	41.94	0.00	113,074.78
June	113,074.78	2,400.00	41.94	4,889.90	110,626.82
July	110,626.82	2,400.00	41.94	0.00	113,068.76
August	113,068.76	2,400.00	42.85	0.00	115,511.61
September	115,511.61	2,400.00	43.77	0.00	117,955.38
October	117,955.38	2,400.00	44.68	0.00	120,400.06
November	120,400.06	2,400.00	45.60	0.00	122,845.66
December	122,845.66	2,400.00	46.52	0.00	125,292.18
	\$ 100,874.24	\$ 28,800.00	\$ 507.84	\$ 4,889.90	\$ 125,292.18

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2019	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	125,292.18	2,400.00	47.43	0.00	127,739.61
February	127,739.61	2,400.00	48.35	0.00	130,187.96
March	130,187.96	2,400.00	49.27	0.00	132,637.23
April	132,637.23	2,400.00	50.19	0.00	135,087.42
May	135,087.42	2,400.00	51.11	0.00	137,538.53
June	137,538.53	2,400.00	46.92	27,258.00	112,727.45
July	112,727.45	2,400.00	42.72	0.00	115,170.17
August	115,170.17	2,400.00	43.64	0.00	117,613.81
September	117,613.81	2,400.00	44.56	0.00	120,058.37
October	120,058.37	2,400.00	45.47	0.00	122,503.84
November	122,503.84	2,400.00	46.39	0.00	124,950.23
December	124,950.23	2,400.00	47.31	0.00	127,397.54
	\$ 125,292.18	\$ 28,800.00	\$ 563.36	\$ 27,258.00	\$ 127,397.54

2020	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	127,397.54	2,400.00	48.22	0.00	129,845.76
February	129,845.76	2,400.00	49.14	0.00	132,294.90
March	132,294.90	2,400.00	50.06	0.00	134,744.96
April	134,744.96	2,400.00	50.98	0.00	137,195.94
May	137,195.94	2,400.00	51.90	0.00	139,647.84
June	139,647.84	2,400.00	49.52	17,600.00	124,497.36
July	124,497.36	2,400.00	47.14	0.00	126,944.50
August	126,944.50	2,400.00	48.05	0.00	129,392.55
September	129,392.55	2,400.00	48.97	0.00	131,841.52
October	131,841.52	2,400.00	49.89	0.00	134,291.41
November	134,291.41	2,400.00	50.81	0.00	136,742.22
December	136,742.22	2,400.00	51.73	0.00	139,193.95
	\$ 127,397.54	\$ 28,800.00	\$ 596.41	\$ 17,600.00	\$ 139,193.95

2021	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	139,193.95	2,400.00	52.65	0.00	141,646.60
February	141,646.60	2,400.00	53.57	0.00	144,100.17
March	144,100.17	2,400.00	54.49	0.00	146,554.66
April	146,554.66	2,400.00	55.41	0.00	149,010.07
May	149,010.07	2,400.00	56.33	0.00	151,466.40
June	151,466.40	2,400.00	57.25	0.00	153,923.65
July	153,923.65	2,400.00	58.17	0.00	156,381.82
August	156,381.82	2,400.00	59.09	0.00	158,840.91
September	158,840.91	2,400.00	60.02	0.00	161,300.93
October	161,300.93	2,400.00	60.94	0.00	163,761.87
November	163,761.87	2,400.00	61.86	0.00	166,223.73
December	166,223.73	2,400.00	62.78	0.00	168,686.51
	\$ 139,193.95	\$ 28,800.00	\$ 692.56	\$ 0.00	\$ 168,686.51

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2022	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	168,686.51	2,400.00	63.71	0.00	171,150.22
February	171,150.22	2,400.00	64.63	0.00	173,614.85
March	173,614.85	2,400.00	65.56	0.00	176,080.41
April	176,080.41	2,400.00	66.48	0.00	178,546.89
May	178,546.89	2,400.00	67.41	0.00	181,014.30
June	181,014.30	2,400.00	39.99	151,149.90	32,304.39
July	32,304.39	2,400.00	12.56	0.00	34,716.95
August	34,716.95	2,400.00	13.47	0.00	37,130.42
September	37,130.42	2,400.00	14.37	0.00	39,544.79
October	39,544.79	2,400.00	15.28	0.00	41,960.07
November	41,960.07	2,400.00	16.19	0.00	44,376.26
December	44,376.26	2,400.00	17.09	0.00	46,793.35
	\$ 168,686.51	\$ 28,800.00	\$ 456.74	\$ 151,149.90	\$ 46,793.35

2023	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	46,793.35	2,400.00	18.00	0.00	49,211.35
February	49,211.35	2,400.00	18.90	0.00	51,630.25
March	51,630.25	2,400.00	19.81	0.00	54,050.06
April	54,050.06	2,400.00	20.72	0.00	56,470.78
May	56,470.78	2,400.00	21.63	0.00	58,892.41
June	58,892.41	2,400.00	22.53	0.00	61,314.94
July	61,314.94	2,400.00	23.44	0.00	63,738.38
August	63,738.38	2,400.00	24.35	0.00	66,162.73
September	66,162.73	2,400.00	25.26	0.00	68,587.99
October	68,587.99	2,400.00	26.17	0.00	71,014.16
November	71,014.16	2,400.00	27.08	0.00	73,441.24
December	73,441.24	2,400.00	27.99	0.00	75,869.23
	\$ 46,793.35	\$ 28,800.00	\$ 275.88	\$ 0.00	\$ 75,869.23

2024	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	75,869.23	2,400.00	28.90	0.00	78,298.13
February	78,298.13	2,400.00	29.81	0.00	80,727.94
March	80,727.94	2,400.00	30.72	0.00	83,158.66
April	83,158.66	2,400.00	31.63	0.00	85,590.29
May	85,590.29	2,400.00	32.55	0.00	88,022.84
June	88,022.84	2,400.00	27.13	33,772.30	56,677.67
July	56,677.67	2,400.00	21.70	0.00	59,099.37
August	59,099.37	2,400.00	22.61	0.00	61,521.98
September	61,521.98	2,400.00	23.52	0.00	63,945.50
October	63,945.50	2,400.00	24.43	0.00	66,369.93
November	66,369.93	2,400.00	25.34	0.00	68,795.27
December	68,795.27	2,400.00	26.25	0.00	71,221.52
	\$ 75,869.23	\$ 28,800.00	\$ 324.59	\$ 33,772.30	\$ 71,221.52

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2025	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	71,221.52	2,400.00	27.16	0.00	73,648.68
February	73,648.68	2,400.00	28.07	0.00	76,076.75
March	76,076.75	2,400.00	28.98	0.00	78,505.73
April	78,505.73	2,400.00	29.89	0.00	80,935.62
May	80,935.62	2,400.00	30.80	0.00	83,366.42
June	83,366.42	2,400.00	31.71	0.00	85,798.13
July	85,798.13	2,400.00	32.62	0.00	88,230.75
August	88,230.75	2,400.00	33.54	0.00	90,664.29
September	90,664.29	2,400.00	34.45	0.00	93,098.74
October	93,098.74	2,400.00	35.36	0.00	95,534.10
November	95,534.10	2,400.00	36.28	0.00	97,970.38
December	97,970.38	2,400.00	37.19	0.00	100,407.57
	\$ 71,221.52	\$ 28,800.00	\$ 386.05	\$ 0.00	\$ 100,407.57

2026	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	100,407.57	2,400.00	38.10	0.00	102,845.67
February	102,845.67	2,400.00	39.02	0.00	105,284.69
March	105,284.69	2,400.00	39.93	0.00	107,724.62
April	107,724.62	2,400.00	40.85	0.00	110,165.47
May	110,165.47	2,400.00	41.76	0.00	112,607.23
June	112,607.23	2,400.00	36.65	32,147.90	82,895.98
July	82,895.98	2,400.00	31.54	0.00	85,327.52
August	85,327.52	2,400.00	32.45	0.00	87,759.97
September	87,759.97	2,400.00	33.36	0.00	90,193.33
October	90,193.33	2,400.00	34.27	0.00	92,627.60
November	92,627.60	2,400.00	35.19	0.00	95,062.79
December	95,062.79	2,400.00	36.10	0.00	97,498.89
	\$ 100,407.57	\$ 28,800.00	\$ 439.22	\$ 32,147.90	\$ 97,498.89

2027	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	97,498.89	2,400.00	37.01	0.00	99,935.90
February	99,935.90	2,400.00	37.93	0.00	102,373.83
March	102,373.83	2,400.00	38.84	0.00	104,812.67
April	104,812.67	2,400.00	39.75	0.00	107,252.42
May	107,252.42	2,400.00	40.67	0.00	109,693.09
June	109,693.09	2,400.00	22.98	99,216.50	12,899.57
July	12,899.57	2,400.00	5.29	0.00	15,304.86
August	15,304.86	2,400.00	6.19	0.00	17,711.05
September	17,711.05	2,400.00	7.09	0.00	20,118.14
October	20,118.14	2,400.00	7.99	0.00	22,526.13
November	22,526.13	2,400.00	8.90	0.00	24,935.03
December	24,935.03	2,400.00	9.80	0.00	27,344.83
	\$ 97,498.89	\$ 28,800.00	\$ 262.44	\$ 99,216.50	\$ 27,344.83

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2028	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	27,344.83	2,400.00	10.70	0.00	29,755.53
February	29,755.53	2,400.00	11.61	0.00	32,167.14
March	32,167.14	2,400.00	12.51	0.00	34,579.65
April	34,579.65	2,400.00	13.42	0.00	36,993.07
May	36,993.07	2,400.00	14.32	0.00	39,407.39
June	39,407.39	2,400.00	15.23	0.00	41,822.62
July	41,822.62	2,400.00	16.13	0.00	44,238.75
August	44,238.75	2,400.00	17.04	0.00	46,655.79
September	46,655.79	2,400.00	17.95	0.00	49,073.74
October	49,073.74	2,400.00	18.85	0.00	51,492.59
November	51,492.59	2,400.00	19.76	0.00	53,912.35
December	53,912.35	2,400.00	20.67	0.00	56,333.02
	\$ 27,344.83	\$ 28,800.00	\$ 188.19	\$ 0.00	\$ 56,333.02

2029	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	56,333.02	2,400.00	21.57	0.00	58,754.59
February	58,754.59	2,400.00	22.48	0.00	61,177.07
March	61,177.07	2,400.00	23.39	0.00	63,600.46
April	63,600.46	2,400.00	24.30	0.00	66,024.76
May	66,024.76	2,400.00	25.21	0.00	68,449.97
June	68,449.97	2,400.00	26.12	0.00	70,876.09
July	70,876.09	2,400.00	27.03	0.00	73,303.12
August	73,303.12	2,400.00	27.94	0.00	75,731.06
September	75,731.06	2,400.00	28.85	0.00	78,159.91
October	78,159.91	2,400.00	29.76	0.00	80,589.67
November	80,589.67	2,400.00	30.67	0.00	83,020.34
December	83,020.34	2,400.00	31.58	0.00	85,451.92
	\$ 56,333.02	\$ 28,800.00	\$ 318.90	\$ 0.00	\$ 85,451.92

2030	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	85,451.92	2,400.00	32.49	0.00	87,884.41
February	87,884.41	2,400.00	33.41	0.00	90,317.82
March	90,317.82	2,400.00	34.32	0.00	92,752.14
April	92,752.14	2,400.00	35.23	0.00	95,187.37
May	95,187.37	2,400.00	36.15	0.00	97,623.52
June	97,623.52	2,400.00	32.16	26,105.90	73,949.78
July	73,949.78	2,400.00	28.18	0.00	76,377.96
August	76,377.96	2,400.00	29.09	0.00	78,807.05
September	78,807.05	2,400.00	30.00	0.00	81,237.05
October	81,237.05	2,400.00	30.91	0.00	83,667.96
November	83,667.96	2,400.00	31.83	0.00	86,099.79
December	86,099.79	2,400.00	32.74	0.00	88,532.53
	\$ 85,451.92	\$ 28,800.00	\$ 386.51	\$ 26,105.90	\$ 88,532.53

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2031	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	88,532.53	2,400.00	33.65	0.00	90,966.18
February	90,966.18	2,400.00	34.56	0.00	93,400.74
March	93,400.74	2,400.00	35.48	0.00	95,836.22
April	95,836.22	2,400.00	36.39	0.00	98,272.61
May	98,272.61	2,400.00	37.30	0.00	100,709.91
June	100,709.91	2,400.00	38.22	0.00	103,148.13
July	103,148.13	2,400.00	39.13	0.00	105,587.26
August	105,587.26	2,400.00	40.05	0.00	108,027.31
September	108,027.31	2,400.00	40.96	0.00	110,468.27
October	110,468.27	2,400.00	41.88	0.00	112,910.15
November	112,910.15	2,400.00	42.79	0.00	115,352.94
December	115,352.94	2,400.00	43.71	0.00	117,796.65
	\$ 88,532.53	\$ 28,800.00	\$ 464.12	\$ 0.00	\$ 117,796.65

2032	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	117,796.65	2,400.00	44.62	0.00	120,241.27
February	120,241.27	2,400.00	45.54	0.00	122,686.81
March	122,686.81	2,400.00	46.46	0.00	125,133.27
April	125,133.27	2,400.00	47.37	0.00	127,580.64
May	127,580.64	2,400.00	48.29	0.00	130,028.93
June	130,028.93	2,400.00	32.01	91,720.00	40,740.94
July	40,740.94	2,400.00	15.73	0.00	43,156.67
August	43,156.67	2,400.00	16.63	0.00	45,573.30
September	45,573.30	2,400.00	17.54	0.00	47,990.84
October	47,990.84	2,400.00	18.45	0.00	50,409.29
November	50,409.29	2,400.00	19.35	0.00	52,828.64
December	52,828.64	2,400.00	20.26	0.00	55,248.90
	\$ 117,796.65	\$ 28,800.00	\$ 372.25	\$ 91,720.00	\$ 55,248.90

2033	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	55,248.90	2,400.00	21.17	0.00	57,670.07
February	57,670.07	2,400.00	22.08	0.00	60,092.15
March	60,092.15	2,400.00	22.98	0.00	62,515.13
April	62,515.13	2,400.00	23.89	0.00	64,939.02
May	64,939.02	2,400.00	24.80	0.00	67,363.82
June	67,363.82	2,400.00	20.60	27,258.00	42,526.42
July	42,526.42	2,400.00	16.40	0.00	44,942.82
August	44,942.82	2,400.00	17.30	0.00	47,360.12
September	47,360.12	2,400.00	18.21	0.00	49,778.33
October	49,778.33	2,400.00	19.12	0.00	52,197.45
November	52,197.45	2,400.00	20.02	0.00	54,617.47
December	54,617.47	2,400.00	20.93	0.00	57,038.40
	\$ 55,248.90	\$ 28,800.00	\$ 247.50	\$ 27,258.00	\$ 57,038.40

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2034	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	57,038.40	2,400.00	21.84	0.00	59,460.24
February	59,460.24	2,400.00	22.75	0.00	61,882.99
March	61,882.99	2,400.00	23.66	0.00	64,306.65
April	64,306.65	2,400.00	24.56	0.00	66,731.21
May	66,731.21	2,400.00	25.47	0.00	69,156.68
June	69,156.68	2,400.00	25.47	4,889.90	66,692.25
July	66,692.25	2,400.00	25.46	0.00	69,117.71
August	69,117.71	2,400.00	26.37	0.00	71,544.08
September	71,544.08	2,400.00	27.28	0.00	73,971.36
October	73,971.36	2,400.00	28.19	0.00	76,399.55
November	76,399.55	2,400.00	29.10	0.00	78,828.65
December	78,828.65	2,400.00	30.01	0.00	81,258.66
	\$ 57,038.40	\$ 28,800.00	\$ 310.16	\$ 4,889.90	\$ 81,258.66

2035	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	81,258.66	2,400.00	30.92	0.00	83,689.58
February	83,689.58	2,400.00	31.83	0.00	86,121.41
March	86,121.41	2,400.00	32.75	0.00	88,554.16
April	88,554.16	2,400.00	33.66	0.00	90,987.82
May	90,987.82	2,400.00	34.57	0.00	93,422.39
June	93,422.39	2,400.00	35.48	0.00	95,857.87
July	95,857.87	2,400.00	36.40	0.00	98,294.27
August	98,294.27	2,400.00	37.31	0.00	100,731.58
September	100,731.58	2,400.00	38.22	0.00	103,169.80
October	103,169.80	2,400.00	39.14	0.00	105,608.94
November	105,608.94	2,400.00	40.05	0.00	108,048.99
December	108,048.99	2,400.00	40.97	0.00	110,489.96
	\$ 81,258.66	\$ 28,800.00	\$ 431.30	\$ 0.00	\$ 110,489.96

2036	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	110,489.96	2,400.00	41.88	0.00	112,931.84
February	112,931.84	2,400.00	42.80	0.00	115,374.64
March	115,374.64	2,400.00	43.72	0.00	117,818.36
April	117,818.36	2,400.00	44.63	0.00	120,262.99
May	120,262.99	2,400.00	45.55	0.00	122,708.54
June	122,708.54	2,400.00	46.47	0.00	125,155.01
July	125,155.01	2,400.00	47.38	0.00	127,602.39
August	127,602.39	2,400.00	48.30	0.00	130,050.69
September	130,050.69	2,400.00	49.22	0.00	132,499.91
October	132,499.91	2,400.00	50.14	0.00	134,950.05
November	134,950.05	2,400.00	51.06	0.00	137,401.11
December	137,401.11	2,400.00	51.98	0.00	139,853.09
	\$ 110,489.96	\$ 28,800.00	\$ 563.13	\$ 0.00	\$ 139,853.09

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

Cash Flow - Monthly

2037	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	139,853.09	2,400.00	52.89	0.00	142,305.98
February	142,305.98	2,400.00	53.81	0.00	144,759.79
March	144,759.79	2,400.00	54.73	0.00	147,214.52
April	147,214.52	2,400.00	55.66	0.00	149,670.18
May	149,670.18	2,400.00	56.58	0.00	152,126.76
June	152,126.76	2,400.00	57.50	0.00	154,584.26
July	154,584.26	2,400.00	58.42	0.00	157,042.68
August	157,042.68	2,400.00	59.34	0.00	159,502.02
September	159,502.02	2,400.00	60.26	0.00	161,962.28
October	161,962.28	2,400.00	61.19	0.00	164,423.47
November	164,423.47	2,400.00	62.11	0.00	166,885.58
December	166,885.58	2,400.00	63.03	0.00	169,348.61
	\$ 139,853.09	\$ 28,800.00	\$ 695.52	\$ 0.00	\$ 169,348.61

2038	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	169,348.61	2,400.00	63.96	0.00	171,812.57
February	171,812.57	2,400.00	64.88	0.00	174,277.45
March	174,277.45	2,400.00	65.80	0.00	176,743.25
April	176,743.25	2,400.00	66.73	0.00	179,209.98
May	179,209.98	2,400.00	67.65	0.00	181,677.63
June	181,677.63	2,400.00	64.36	22,489.90	161,652.09
July	161,652.09	2,400.00	61.07	0.00	164,113.16
August	164,113.16	2,400.00	61.99	0.00	166,575.15
September	166,575.15	2,400.00	62.92	0.00	169,038.07
October	169,038.07	2,400.00	63.84	0.00	171,501.91
November	171,501.91	2,400.00	64.76	0.00	173,966.67
December	173,966.67	2,400.00	65.69	0.00	176,432.36
	\$ 169,348.61	\$ 28,800.00	\$ 773.65	\$ 22,489.90	\$ 176,432.36

Royal Oaks Professional Center Condominium...

Analysis Date - January 1, 2016

Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/16 - 12/16	\$ 42,629.00	\$ 28,800.00	\$ 257.11	\$ 0.00	\$ 71,686.11
01/17 - 12/17	71,686.11	28,800.00	388.13	0.00	100,874.24
01/18 - 12/18	100,874.24	28,800.00	507.84	4,889.90	125,292.18
01/19 - 12/19	125,292.18	28,800.00	563.36	27,258.00	127,397.54
01/20 - 12/20	127,397.54	28,800.00	596.41	17,600.00	139,193.95
01/21 - 12/21	139,193.95	28,800.00	692.56	0.00	168,686.51
01/22 - 12/22	168,686.51	28,800.00	456.74	151,149.90	46,793.35
01/23 - 12/23	46,793.35	28,800.00	275.88	0.00	75,869.23
01/24 - 12/24	75,869.23	28,800.00	324.59	33,772.30	71,221.52
01/25 - 12/25	71,221.52	28,800.00	386.05	0.00	100,407.57
	\$ 42,629.00	\$ 288,000.00	\$ 4,448.67	\$ 234,670.10	\$ 100,407.57

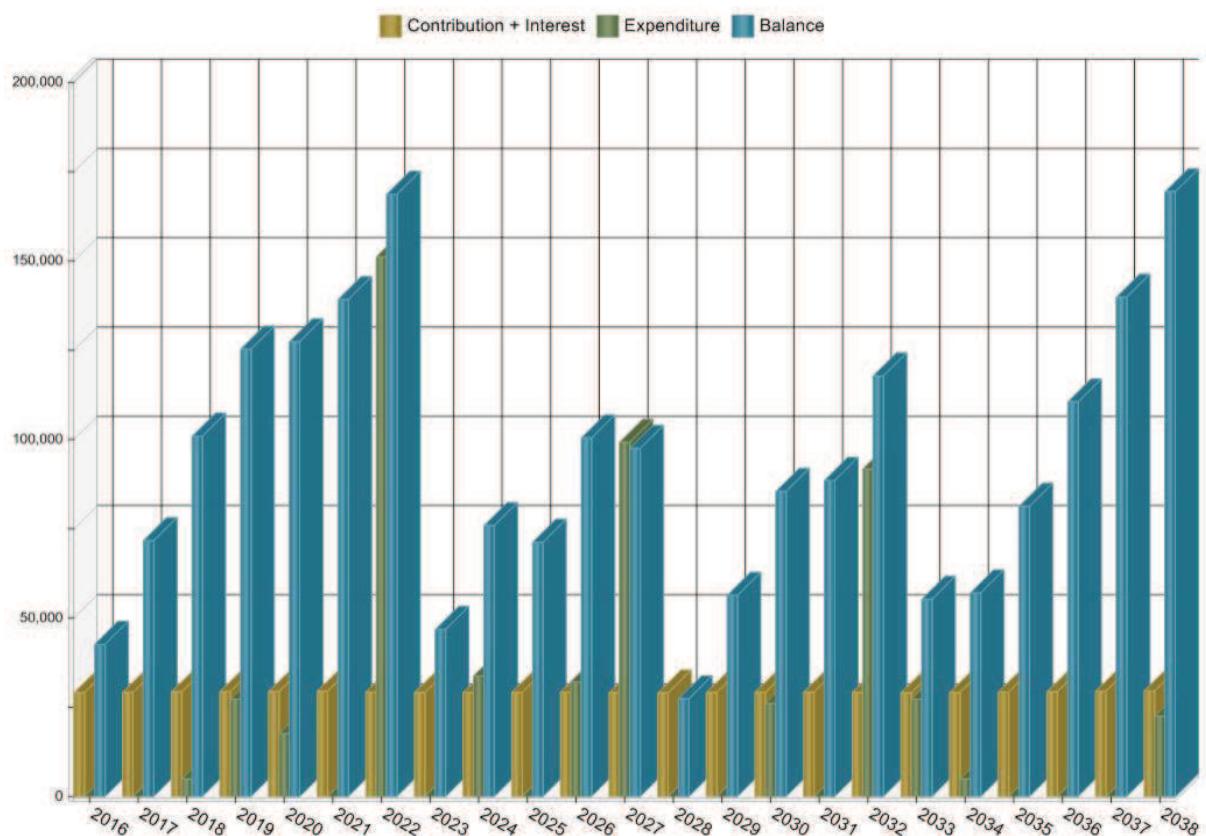
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/26 - 12/26	100,407.57	28,800.00	439.22	32,147.90	97,498.89
01/27 - 12/27	97,498.89	28,800.00	262.44	99,216.50	27,344.83
01/28 - 12/28	27,344.83	28,800.00	188.19	0.00	56,333.02
01/29 - 12/29	56,333.02	28,800.00	318.90	0.00	85,451.92
01/30 - 12/30	85,451.92	28,800.00	386.51	26,105.90	88,532.53
01/31 - 12/31	88,532.53	28,800.00	464.12	0.00	117,796.65
01/32 - 12/32	117,796.65	28,800.00	372.25	91,720.00	55,248.90
01/33 - 12/33	55,248.90	28,800.00	247.50	27,258.00	57,038.40
01/34 - 12/34	57,038.40	28,800.00	310.16	4,889.90	81,258.66
01/35 - 12/35	81,258.66	28,800.00	431.30	0.00	110,489.96
	\$ 100,407.57	\$ 288,000.00	\$ 3,420.59	\$ 281,338.20	\$ 110,489.96

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/36 - 12/36	110,489.96	28,800.00	563.13	0.00	139,853.09
01/37 - 12/37	139,853.09	28,800.00	695.52	0.00	169,348.61
01/38 - 12/38	169,348.61	28,800.00	773.65	22,489.90	176,432.36
	\$ 110,489.96	\$ 86,400.00	\$ 2,032.30	\$ 22,489.90	\$ 176,432.36

Royal Oaks Professional Center Condominium...

Analysis Date - January 1, 2016

Cash Flow - Chart



Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

**Supplementary Information
on Future Major Repairs and Replacements**

Components by Category	Estimated Remaining Useful Lives Life YY:MM	Estimated Current Replacement Cost	2016 Funding Requirement	Components of Fund Balance at 12/31/2015
Common Area Interiors				
Elevator Cab Interiors	6:05	11,580	740	1,117
Int. Renovations, Common Areas	4:05	17,600	1,250	1,698
		29,180	1,990	2,815
Mechanical/Electrical				
Elevator Modernization, Hydraulic	16:05	91,720	3,909	8,847
Fire Alarm System Modernization	11:05	22,440	1,148	2,165
		114,160	5,057	11,012
Painting & Waterproofing				
Paint/Waterproof Bldg. Exteriors	3:05	27,258	4,979	2,629
		27,258	4,979	2,629
Pavement				
Asphalt Overlay	8:05	33,772	1,963	3,258
Asphalt Sealcoat/Rejuvenation	2:05	4,890	1,563	472
Pavers, Parking/Drives	11:05	25,657	1,312	2,475
		64,319	4,838	6,205
Roofs				
Roofing, Flat/Membrane	6:05	134,680	8,610	12,991
Roofing, Tile	11:05	51,120	2,614	4,931
		185,800	11,224	17,922

Royal Oaks Professional Center Condominium Association, Inc.

Analysis Date - January 1, 2016

**Supplementary Information
on Future Major Repairs and Replacements**

Components by Category	Estimated Remaining Useful Lives Life YY:MM	Estimated Current Replacement Cost	2016 Funding Requirement	Components of Fund Balance at 12/31/2015
Site Improvements				
Perimeter Fencing, Aluminum	14:05	21,216	969	2,047
		21,216	969	2,047
		441,933	29,057	42,629

ADDENDUM

Chapter 718 & 719 Florida Statutes

The Condominium Act, 1995

The Cooperative Act, 1997

CONDOMINIUMS 718.112 (2)(f) 2 & 3
COOPERATIVES 719.106 (1)(j) 2 & 3

2. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to take into account any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. This subsection does not apply to budgets in which the members of an association have, by a majority vote at a duly called meeting of the association, determined for a fiscal year to provide no reserves or reserves less adequate than required by this subsection. However, prior to turnover of control of an association by a developer to unit owners other than a developer pursuant to s. 718.301, the developer may vote to waive the reserves or reduce the funding of reserves for the first 2 years of the operation of the association, after which time reserves may only be waived or reduced upon the vote of a majority of all nondeveloper voting interests voting in person or by limited proxy at a duly called meeting of the association. If a meeting of the unit owners has been called to determine to provide no reserves or reserves less adequate than required, and such result is not attained or a quorum is not attained, the reserves as included in the budget shall go into effect.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a vote of the majority of the voting interests, voting in person or by limited proxy at a duly called meeting of the association. Prior to turnover of control of an association by a developer to unit owners other than the developer pursuant to s 718.301, the developer-controlled association shall not vote to use reserves for purposes other than that for which they were intended without the approval of a majority of all nondeveloper voting interests, voting in person or by limited proxy at a duly called meeting of the association.

Florida Administrative Code Reserve Requirements

61B-22.001 Definitions. For the purposes of this chapter, the following definitions shall apply:

(2) "Capital expenditure" means an expenditure of funds for the purchase of an asset whose life is greater than one year in length, or the replacement of an asset whose life is greater than one year in length, or the addition to an asset which extends the life of the previously existing asset for a period greater than one year.

(3) "Deferred maintenance" means any maintenance or repair that will be performed less frequently than yearly and will result in maintaining the life of an asset; and

(4) "Reserves" means any funds which are restricted for deferred maintenance and capital expenditures, including the items required by section 718.112(2)(f), Florida Statutes, and any other funds restricted as to use by the condominium documents or the condominium association. "Contingency reserves" which are not restricted as to use by the condominium documents or by the association shall not be considered reserves within the meaning of this rule.

61B-22.003 Budgets. Required elements for estimated operating budgets. The budget for each association shall:

- (d) Include all estimated common expenses or expenditures of the association including the categories set forth in section 718.504(20)(c), Florida Statutes. Reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f), Florida Statutes, must be included in the proposed annual budget and shall not be waived or reduced prior to the mailing to unit owners of a proposed annual budget. If the estimated common expense for any category set forth in the statute is not applicable, the category shall be listed followed by an indication that the expense is not applicable;
- (e) Include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures;
 1. The total estimated useful life of the asset;
 2. The estimated remaining useful life of the asset;
 3. The estimated replacement cost or deferred maintenance expense of the asset;
 4. The estimated fund balance as of the beginning of the period for which the budget will be in effect; and,
 5. The developer's total funding obligation, when all units are sold, for each converter reserve account established pursuant to section 718.618, Florida Statutes, if applicable.
- (f) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures;
 1. The intended use of the restricted funds; and
 2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.
- (g) "Contingency reserves" and any other categories of expense which are not restricted as to use shall be stated in the operating portion of the budget rather than the reserve portion of the budget.

61B-22.005 Reserves. Reserves required by statute. Reserves required by section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost of an item exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the replacement cost of an item exceeds \$10,000, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but is not required to do so.

61B-22.0051 Estimating Reserve Requirements.

- (1) Formula for calculation of reserves required by statute. Reserves for deferred maintenance and capital expenditures required by section 718.112(2)(f), Florida Statutes, shall be calculated using a formula which will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost for an asset over the remaining useful life of the asset. The formula shall provide funds in annual increments and may be adjusted each year for changes in estimates. The formula may consider such factors as inflation and interest or other earnings rates, but must include the following:
 - (a) The estimated remaining useful life of the asset;
 - (b) The estimated deferred maintenance expense or estimated replacement cost of the asset; and,
 - (c) The estimated fund balance of the reserve account as of the beginning of the period for which the budget will be in effect.
- (2) Estimating reserves which are not required by statute. Reserves which are not required by section 718.112(2)(f), Florida Statutes, are not required to be based on any specific formula.
- (3) Estimating reserves when the developer is funding converted reserves. For the purpose of estimating non-converter reserves the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to section 718.618, Florida Statutes, shall be the sum of:
 - (a) The developer's total funding obligation, when all units are sold, for the converter reserve account pursuant to section 718.618, Florida Statutes,; and,
 - (b) The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect.

61B-22.0052 Funding Requirements and Restrictions on Use.

- (1) Timely funding. Reserves included in the adopted budget are common expenses and must be fully funded unless properly waived or reduced. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly).
- (2) Restrictions on use. Reserves required by section 718.112(2)(f), Florida Statutes, and other reserves included on the adopted budget, shall only be used for the purposes for

which they were intended unless their use for other purposes is approved in advance by the unit owners according to section 718.112(2)(f)3, Florida Statutes. In a multi-condominium association, the same procedures which are specified for the waiving or reduction of reserves shall apply where an association seeks to use reserve funds for purposes other than which the funds were originally reserved. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

61B-22.0053 Waiver of Reserves.

- (1) Annual vote required to waive reserves. Any vote to waive or reduce reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f)2, Florida Statutes, shall be effective for only one annual budget, and the vote must be taken annually. Additionally, in a multi-condominium association, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which a majority of the voting interests in that condominium are present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves.
- (2) Developer voting restrictions. Prior to turnover, the developer may cast votes to waive or reduce reserves during the first two fiscal years only, beginning with the date of the recording of the declaration. In the case of a multi-condominium association, this restriction applies to the association's first two fiscal years beginning with the recording of the initial declaration.

1.

2. 61B-22.006 Financial Reporting Requirements.

- (3) Disclosure requirements. The financial statements required by sections 718.111(14) and 718.301(4), Florida Statutes, shall contain the following disclosures within the financial statements, notes, or supplementary information:
 - (a) The following reserve disclosures shall be made regardless of whether reserves have been waived for the fiscal period covered by the financial statements:
 1. The beginning balance in each reserve account as of the beginning of the fiscal period covered by the financial statements;
 2. The amount of assessments and other additions to each reserve account, including authorized transfers from other reserve accounts;
 3. The amount expended or removed from each reserve account, including authorized transfers to other reserve accounts;
 4. The ending balance in each reserve account as of the end of the fiscal period covered by the financial statements;
 5. The manner by which reserve items were estimated, the date the estimates were last made, the association's policies for allocating reserve fund interest, and whether reserves have been waived during the period covered by the financial statements; and,
 6. If the developer has established converter reserves pursuant to section 718.618(1), Florida Statutes, each converter reserve account shall be identified and include the disclosures required by this rule.

Chapter 61B – 22, Florida Administrative Code **Summary of Rule Amendments**

61B-22.003 Budgets

- Recognizes the use of a pooled account for reserves and provides that a schedule showing each reserve account is not necessary if a pooled account for reserves is used.
- Provides an alternate disclosure method for the use of a pooled account for reserves.

61B-22.005 Reserves

- Recognizes the concept of funding a group of assets using a pooled analysis of two or more required assets and provides requirements and direction related to the pooled account method.
- Clarifies that the chosen reserve funding formula shall not include any type of balloon payment.

Amended Rule Text

61B – 22.003 Budgets

(e) Unless the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures:

(f) If the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a separate schedule of any pooled reserves with the following minimum disclosures:

1. The total estimated useful life of each asset within the pooled analysis;
2. The estimated remaining useful life of each asset within the pooled analysis;
3. The estimated replacement cost or deferred maintenance expense of each asset within the pooled analysis; and
4. The estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

(g) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures:

1. The intended use of the restricted funds; and
2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.

61B – 22.005 Reserves

- 1) Reserves required by statute. Reserves required by Section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools,

each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but it is not required to do so.

- 2) Commingling operating and reserve funds. Associations that collect operating and reserve assessments as a single payment shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.
- 3) Calculating reserves required by statute. Reserves for deferred maintenance and capital expenditures required by Section 718.112(2)(f), Florida Statutes, shall be calculated using a formula that will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost of an asset or group of assets over the remaining useful life of the asset or group of assets. Funding formulas for reserves required by Section 718.112(2)(f), Florida Statutes, shall be based on either a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.
 - (a) If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations:
 1. The total amount necessary, if any, to bring a negative account balance to \$0; and
 2. The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may consider factors such as inflation and earnings on invested funds.
 - (b) If the association maintains a pooled account of two or more of the required reserve assets, the amount of contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payment.

TERMS AND DEFINITIONS

ACCRUED FUND BALANCE (AFB): Total Accrued Depreciation. 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, then summed together for an association tool. Two formulae can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

AFB = Current Cost X Effective Age/Useful Life

or

AFB = (Current Cost X Effective Age/Useful Life) + [(Current Cost X Effective Age/Useful Life)/(1 + Interest Rate) ^ Remaining Life] – [(Current Cost X Effective Age/Useful Life) /(1 + Inflation Rate) ^ Remaining Life]

CASH FLOW METHOD: A method of calculating 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. “Because we use the cash flow method, we compute individual line item contributions after the total contribution rate has been established.” See “Component Method”.

CAPITAL EXPENDITURES: A capital expenditure means any expenditure of funds for: (1) the purchase or replacement of an asset whose useful life is greater than one year, or (2) the addition to an asset that extends the useful life of the previously existing asset for a period greater than one year.

COMPONENT: The 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) predictable Remaining Useful Life expectancies, and 4) above a minimum threshold cost, and 5) as required by local codes. “We have 17 components in our reserve Study.”

COMPONENT ASSESSMENT AND VALUATION: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. This task is accomplished either with or without an on-site inspection, based on Level or Service selected by the client.

COMPONENT FULL FUNDING: When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task is accomplished through an on-site inspection, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. “Since we calculate a Reserve contribution rate for each component and then sum them all together, we are using the component method to calculate our Reserve contributions.” See “Cash Flow Method”.

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

CURRENT REPLACEMENT COST: See “Replacement Cost”.

DEFERRED MAINTENANCE: Deferred maintenance means any maintenance or repair that: (1) will be performed less frequently than yearly, and (2) will result in maintaining the useful life of an asset.

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

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where 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 a Reserve Study.

FULLY FUNDED: When the budget is provided to the owners, it will show the amount of money that must be deposited that year for each reserve item to ensure that, when the time comes, sufficient funds will be available for deferred maintenance or a capital expenditure. (Definition published in “Budgets & Reserve Schedules Made Easy” training manual by the State of Florida Department of Business and Professional Regulations in January 1997).

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

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

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 cash balance above zero.
- **Component Full Funding** – Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100%.
- **Statutory Funding** – Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves of component required by local statutes.

- **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 “Component Full Funding.”

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. “With \$76,000 in Reserves, and since our 100% Funded Balance is \$100,000, our association is 76% Funded”.

Editor’s Note: since funds can typically be allocated from one component to another with ease, this parameter has no real meaning on an individual Component basis. The purpose of this parameter is to identify the relative strength or weakness of the entire Reserve fund as of a particular point in time. The value of this parameter is in providing a more stable measure of Reserve Fund strength, since cash in Reserves may mean very different things to different associations.

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 “zero” 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 that the association has identified for use to defray to the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based on information provided and not audited

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which 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. “Our budget and finance committee is soliciting proposals to update our Reserve Study for the next year’s budget.”

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve duty of which he was in responsible charge. A reserve specialist

engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advanced notice for consultation and inspection where circumstances require personal availability.

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. “Since we need a new roof and there wasn’t enough money in the Reserve fund, we had to pass a special assessment.”

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balances. See Deficit”.

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

ANNUAL UPDATE PROGRAM

GAB Robins is pleased to offer our clients a program to provide annual updates to their Reserve Studies for the next three calendar years for a guaranteed fee.

The Update Program is valid only if there are no changes to the property, i.e. new construction, major upgrades, etc. Changes to the property within the three-year update program period would require a re-inspection of the property at a higher fee.

Benefits:

- Annual Reserve Study updates on the property provide a written validation of reserve study needs.
- Demonstrates due diligence and impartiality on the part of the property manager and board members by the involvement of a third party professional.
- The cost of your update reserve study is lower if enrolled in the update program.
- Provides peace of mind to clients knowing that their property is adequately funded year after year.

If you have not already chosen to accept the three-year annual update program, and would like to do so at this time, please contact our bid proposal specialist at (407) 805-0086 x 257, or (800) 248-3379 x 257 (FL only) or fax your request to (407) 805-9921. We will be pleased to provide you with a bid for the three year annual program.