

RESERVE ANALYSIS REPORT

Evergreen Community Association

Irvine, California

Version 1

April 13, 2022



ADVANCED RESERVE SOLUTIONS, INC.

23201 Mill Creek Drive, Suite 210

Laguna Hills, California 92653

Phone (949) 474-9800

Facsimile (949) 474-9820

www.arsinc.com

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Evergreen Community Association

Table of Contents

	Page
Preface	i
Executive Summary	1
Membership Disclosure Summary	2
Disclosure Statement	3
Calculation of Percent Funded	4
Management Summary	6
Management Charts	8
Annual Expenditure Detail	10
Projections	14
Projection Charts	15
Component Detail	17
Index	47

Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

Introduction to Reserve Budgeting	page i
Understanding the Reserve Analysis	page i
Reserve Funding Goals / Objectives	page ii
Reserve Funding Calculation Methods	page ii
Reading the Reserve Analysis	page v
Glossary of Key Terms	page x
Limitations of Reserve Analysis	page xiii

◆ ◆ ◆ ◆ INTRODUCTION TO RESERVE BUDGETING ◆ ◆ ◆ ◆

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes a “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

◆ ◆ ◆ ◆ UNDERSTANDING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget

Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded

Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the

Preface

reserve analysis was prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is “100% funded” means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections

Indicate the “level of service” the association will provide the membership as well as a “road map” for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will “catch up” or how a properly funded association will remain fiscally “healthy.”

Inventory

Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst’s comments.

◆ ◆ ◆ ◆ RESERVE FUNDING GOALS / OBJECTIVES ◆ ◆ ◆ ◆

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding

Describes the goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. The component calculation method or cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding

Describes the goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association’s percent funded. The cash flow calculation method is typically used to develop a baseline funding plan.

Threshold Funding

Describes the goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. The cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding

Describes the pursuit of an objective as described or required by local laws or codes. The component calculation method or cash flow calculation method is typically used to develop a statutory funding plan.

◆ ◆ ◆ ◆ RESERVE FUNDING CALCULATION METHODS ◆ ◆ ◆ ◆

There are two funding methods which can be used to develop a reserve funding plan based on a reserve funding goal/objective: Component Calculation Method and Cash Flow Calculation Method. These calculation methods are described as follows:

Component Calculation Method

This calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the “straight line”

Preface

method and is widely believed to be the most conservative reserve funding method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

Step 1: Calculation of fully funded balance for each component

The fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Cost}$$

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserves are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate \$100,000 in ten years, \$10,000 could be contributed each year. Alternatively, the association could contribute \$8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using an annual contribution increase parameter that is greater than the inflation parameter will reduce the burden to the current membership at the expense of the future membership. Using an annual contribution increase parameter that is less than the inflation parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

Preface

	<u>0% Increase</u>	<u>3% Increase</u>	<u>10% Increase</u>
Year 1	\$10,000.00	\$8,723.05	\$6,274.54
Year 2	\$10,000.00	\$8,984.74	\$6,901.99
Year 3	\$10,000.00	\$9,254.28	\$7,592.19
Year 4	\$10,000.00	\$9,531.91	\$8,351.41
Year 5	\$10,000.00	\$9,817.87	\$9,186.55
Year 6	\$10,000.00	\$10,112.41	\$10,105.21
Year 7	\$10,000.00	\$10,415.78	\$11,115.73
Year 8	\$10,000.00	\$10,728.25	\$12,227.30
Year 9	\$10,000.00	\$11,050.10	\$13,450.03
Year 10	\$10,000.00	\$11,381.60	\$14,795.04
TOTAL	\$100,000.00	\$100,000.00	\$100,000.00

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds “in the bank” for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The component calculation method is typically used for well-funded associations (greater than 65% funded) with a goal/objective of full funding.

Cash Flow Calculation Method

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not necessarily concerned with the ideal level of reserves through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding).

Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The cash flow calculation method is typically used for under-funded associations (less than 65% funded) with a goal/objective of full funding, threshold funding, baseline funding or statutory funding.

Preface

◆ ◆ ◆ ◆ READING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a “red flag” is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information

Provides various client information including fiscal year for which the reserve analysis was prepared, number of units, phasing, etc.

Community Profile

Provides brief description of the community, as well as other “global” type comments.

Budget

Provides recommended funding for the fiscal year for which the reserve analysis was prepared. Indicates the reserve funding from the membership, anticipated interest contribution and the total contribution

Global Parameters

Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.

Sample Homeowners Association
Executive Summary
Component Calculation Method

Client Information:		Global Parameters:	
Account Number	99999	Inflation Rate	2.00%
Version Number	1	Annual Contribution Increase	2.00%
Analysis Date	3/18/2014	Investment Rate	1.00%
Fiscal Year	6/1/2014 to 5/31/2015	Taxes on Investment	30.00%
Number of Units	167	Contingency	3.00%
Phasing	8 of 8		

Community Profile:
This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.
For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.
ARS site visits: March 1, 2014; January 2011; February 2009; April 2005; March 2005; March 2003; March 2002; April 2001 and March 2000

Adequacy of Reserves as of June 30, 2014:

Anticipated Reserve Balance	\$865,450.00
Fully Funded Reserve Balance	\$1,011,228.83
Percent Funded	85.56%

Recommended Funding for the 2014-2015 Fiscal Year:

	Annual	Monthly	Per Unit Per Month
Member Contribution	\$110,659	\$9,221.58	\$55.22
Interest Contribution	\$5,977	\$498.09	\$2.98
Total Contribution	\$116,636	\$9,719.66	\$58.20

3.18.2014(1) 1 ADVANCED RESERVE SOLUTIONS, INC.

Adequacy of Reserves

Displays the results of calculations with regard to the “health” of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, fully funded reserve balance and the percent funded.

Preface

Calculation of Percent Funded

Summary displays all reserve components, shown here in “category” order. Provides the remaining life, useful life, current cost and the fully funded balance at the beginning of the fiscal year for which the reserve analysis was prepared.

Reserve Components

All components are displayed (shown here in “category” order).

Lifespans

Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Current Cost

Displays the current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance

Displays the fully funded balance for each component. This column is conveniently sub totaled.

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	\$101,897.50	\$71,584.91
Streets - Asphalt, Repair	0	4	\$3,621.75	\$3,621.75
Streets - Asphalt, Seal Coat	0	4	\$5,926.50	\$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Sub Total	0-8	4-27	\$111,245.75	\$81,113.16
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Sillings				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				
Sub Total				
070 Decks				
Decks - Clean & Top Coat	2	5	\$30,480.00	\$18,288.00
Decks - Resurface	2	13	\$65,227.20	\$54,720.81
Sub Total	2	5-13	\$95,707.20	\$73,008.81
080 Misc. Buildings				
Fire Extinguisher Cabinets	2	21	\$27,825.00	\$24,994.05
Utility Closet Doors	2	21	\$73,500.00	\$66,361.90
Sub Total	2	21	\$101,325.00	\$91,355.95
090 Misc. (Grounds)				
Landscape - Irrigation Controllers	0	12	\$26,000.00	\$26,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Mailboxes	2	21	\$37,200.00	\$33,657.14
Sub Total	0-2	12-21	\$63,200.00	\$62,657.14
100 Termite Control				
Termite Control	n.a.	n.a.	\$0.00	\$100,000.00
Sub Total	n.a.	n.a.	\$0.00	\$100,000.00
Contingency	n.a.	n.a.	n.a.	\$29,453.27
Total	0-11	2-36	\$1,091,533.78	\$1,011,228.83
Anticipated Reserve Balance				\$865,488.00
Percent Funded				85.58%

The total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives and useful lives.

Preface

Management / Accounting Summary and Charts

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Balance at FYB

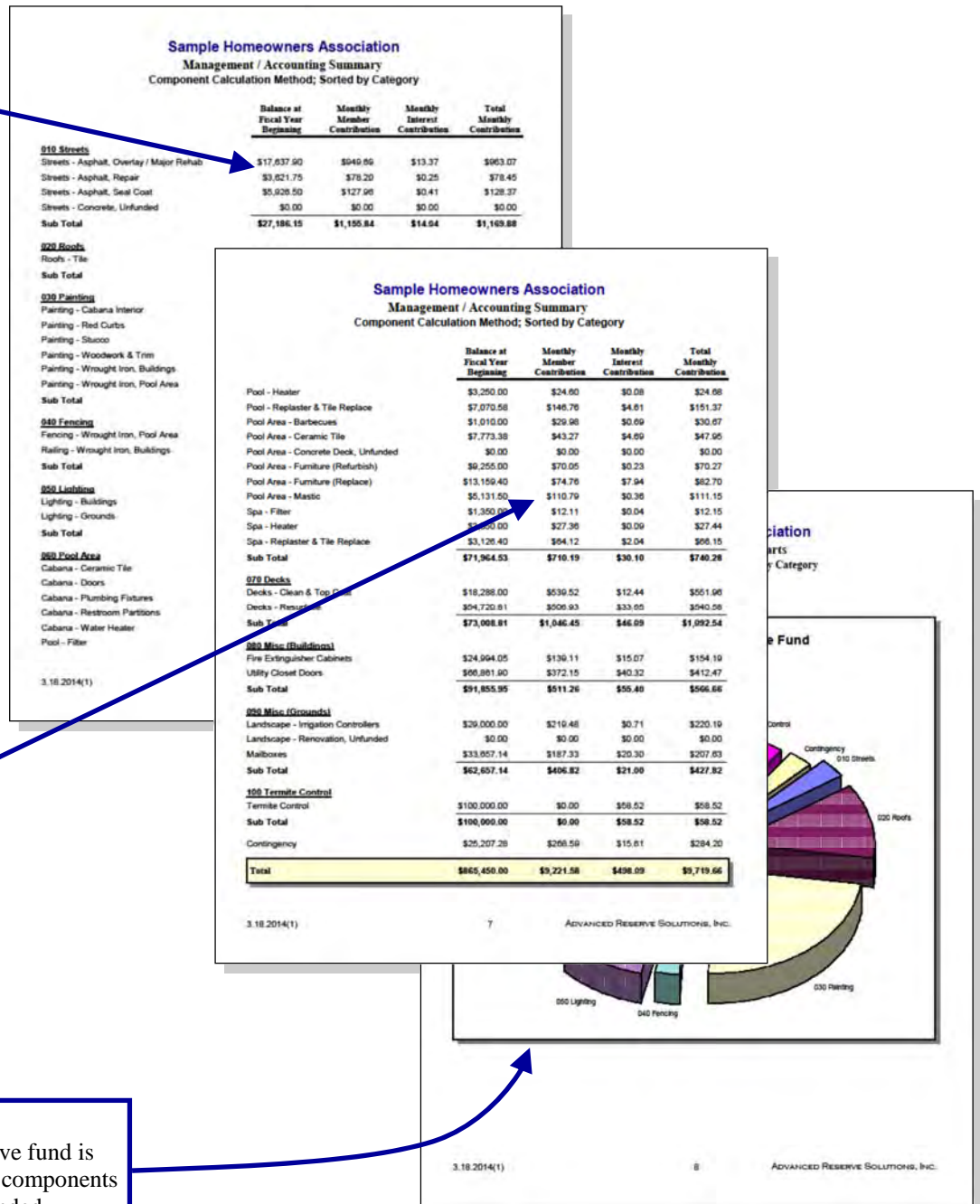
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Monthly Funding

Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Pie Charts

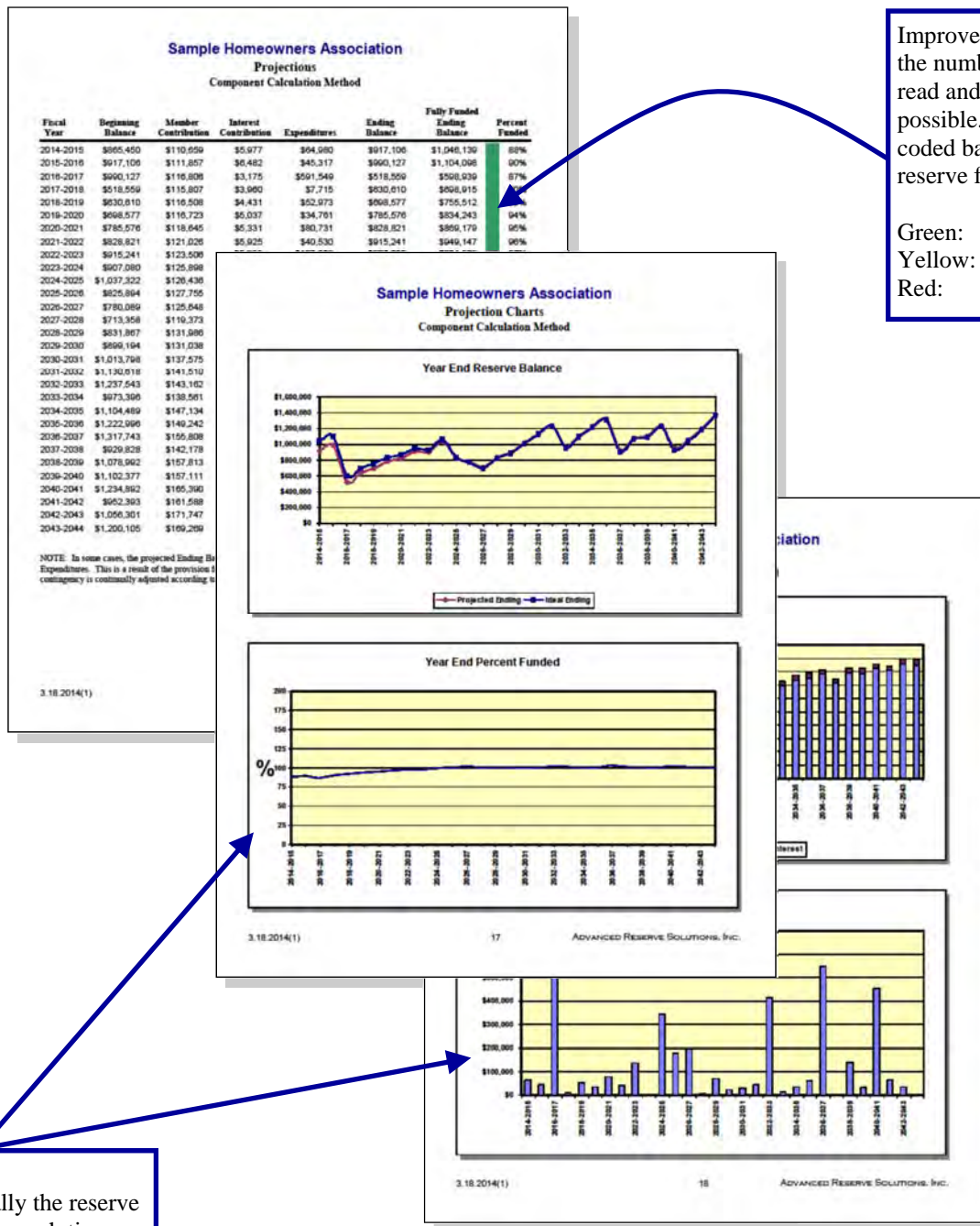
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.



Preface

Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the fully funded ending balance and the percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



Improved format makes the numbers as easy to read and understand as possible. The color-coded bar indicates the reserve fund status:

Green: Good
Yellow: Fair
Red: Poor

Charts

Show graphically the reserve funding plan through time.

Preface

Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.

Lifespan Information

Displays placed-in-service date, useful life, remaining life and replacement year.

Cost Information

Displays quantity, unit cost, percentage of replacement, current cost and future cost.

Calculation Results

Displays assigned reserves and funding requirements.

Comments

Useful information from site observations and historical expenses included here.

Photos

Optional inclusion of photos adds an additional layer of detail to the reserve analysis.

Sample Homeowners Association
Component Detail
Component Calculation Method; Sorted by Category

Streets - Asphalt, Seal Coat

Category	010 Streets	Quantity	65,800 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.090
		% of Replacement	100.00%
		Current Cost	\$5,926.50
		Future Cost	\$6,415.03
Placed In Service	11/09	Assigned Reserves at FYB	\$5,926.50
Useful Life	4	Monthly Member Contribution	\$127.96
Remaining Life	0	Monthly Interest Contribution	\$0.41
Replacement Year	2014-2015	Total Monthly Contribution	\$128.37

Comments:

The association seal coated and restriped the streets in November 2009 for a total cost of \$6,000. The current cost used for this component is adjusted for inflation where applicable. Asphalt surfaces should be seal coated on...

3.18.2014(1)

Sample Homeowners Association
Component Detail
Component Calculation Method; Sorted by Category

Painting - Woodwork & Trim

Category	030 Painting	Quantity	31,575 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.920
		% of Replacement	100.00%
		Current Cost	\$29,049.00
		Future Cost	\$30,222.58
Placed In Service	06/12	Assigned Reserves at FYB	\$14,524.50
Useful Life	4	Monthly Member Contribution	\$634.91
Remaining Life	2	Monthly Interest Contribution	\$10.54
Replacement Year	2016-2017	Total Monthly Contribution	\$645.45

Comments:

The association painted the woodwork and trim between July and November 2000 for a total cost of \$6,000. The association was in the process of painting the cabana interior (excluded) for a total cost of \$6,000 throughout the community by the end of the year. The current cost used for this component is adjusted for inflation where applicable. For budgeting purposes, we have used the component. The inventory for this component has been March 2000 site visit, we believe this inventory is accurate.

3.18.2014(1)

Sample Homeowners Association
Component Detail
Component Calculation Method; Sorted by Category

Pool - Replaster & Tile Replace

Category	060 Pool Area	Quantity	1 pool
Photo Date	January 2011	Unit Cost	\$15,075.000
		% of Replacement	100.00%
		Current Cost	\$15,075.00
		Future Cost	\$16,644.02
Placed In Service	01/10	Assigned Reserves at FYB	\$7,070.58
Useful Life	10	Monthly Member Contribution	\$146.76
Remaining Life	5	Monthly Interest Contribution	\$4.61
Replacement Year	2019-2020	Total Monthly Contribution	\$151.37

Comments:

The pool and spa were replastered in March 2000 for a total cost of approximately \$6,700. The association acid washed the pool in June 2002 for a total cost of \$675. The association replastered the pool and spa (including replacement of the mastic directly adjacent to the pool and spa) in January 2010 for a total cost of \$16,000.

3.18.2014(1)

42

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1,020 sq. ft. of replastering @ \$12.50 = \$12,750.00
135 lin. ft. of trim tile @ \$15.00 = \$2,025.00
25 lin. ft. of step tile @ \$12.00 = \$300.00
TOTAL = \$15,075.00

Preface

◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆

Annual Contribution Increase Parameter

The rate used in the calculation of the funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the “time value of money,” this creates the most equitable distribution of member contributions through time.

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter. See the description of “reserve funding calculation methods” in this preface for more detail on this parameter.

Anticipated Reserve Balance (or Reserve Funds)

The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of reserve components. This figure is “anticipated” because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and “Fixed” Assigned Funds)

The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component has been assigned.

The assigned funds are considered “fixed” when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns \$10,000 to the roofs, but the association would like to show \$20,000 assigned to roofs, “fixed” funds of \$20,000 can be assigned.

Cash Flow Calculation Method

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

Component Calculation Method

Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

Contingency Parameter

The rate used as a built-in buffer in the calculation of the funding plan. This rate will assign a percentage of the reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

Current Replacement Cost

The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component is expected to cost to replace.

Fiscal Year

Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

Fully Funded Reserve Balance (or Ideal Reserves)

The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

Preface

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost

The amount of money, as of the fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters

The financial parameters used to calculate the reserve analysis. See also "inflation parameter," "annual contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter

The rate used in the calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents the rate the association expects the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution

The amount of money contributed to the reserve fund by the interest earned on the reserve fund and member contributions.

Investment Rate Parameter

The gross rate used in the calculation of interest contribution (interest earned) from the reserve balance and member contributions. This rate (net of the taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their reserve fund investments.

Membership Contribution

The amount of money contributed to the reserve fund by the association's membership.

Monthly Contribution (and "Fixed" Monthly Contribution)

The amount of money, for the fiscal year which the reserve analysis is prepared, that a reserve component will be funded.

The monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds \$1,000 to the roofs each month, but the association would like to show \$500 funded to roofs each month, a "fixed" contribution of \$500 can be assigned.

Number of Units (or other assessment basis)

Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for commercial/industrial developments.

Preface

One-Time Replacement

Used for components that will be budgeted for only once.

Percent Funded

A measure, expressed as a percentage, of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the anticipated reserve fund balance to the fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

An association that is 100% funded does not have all of the reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement

The percentage of the reserve component that is expected to be replaced.

For most reserve components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

Phasing

Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

Placed-In-Service Date

The date (month and year) that the reserve component was originally put into service or last replaced.

Remaining Life

The length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment

The length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for the current cycle of replacement.

If the current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year

The fiscal year that a reserve component is scheduled to be replaced.

Reserve Components

Line items included in the reserve analysis.

Taxes on Investments Parameter

The rate used to offset the investment rate parameter in the calculation of the interest contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the reserve funds and member contributions.

Preface

Total Contribution

The sum of the membership contribution and interest contribution.

Useful Life

The length of time, in years, that a reserve component is expected to last each time it is replaced. See also “remaining life adjustment.”

◆ ◆ ◆ ◆ LIMITATIONS OF RESERVE ANALYSIS ◆ ◆ ◆ ◆

This reserve analysis is intended as a tool for the association’s Board of Directors to be used in evaluating the association’s current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

The representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association’s obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the components.

Evergreen Community Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	12146
Version Number	1
Analysis Date	04/13/2022
Fiscal Year	7/1/2022 to 6/30/2023
Number of Units	108
Phasing	6 of 6

Global Parameters:

Inflation Rate	2.50 %
Annual Contribution Increase	2.50 %
Investment Rate	0.30 %
Taxes on Investments	30.00 %
Contingency	5.00 %

Community Profile:

This community consists of 108 attached units with private roadways and landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used July 2000 as the average placed-in-service date for aging the original components in this community.

ARS site visits: January 28, 2021; April 2018; March 2015; October 2012; December 2010; March 2008; March 2006; February 2005 and March 2002

Adequacy of Reserves as of July 1, 2022:

Anticipated Reserve Balance	\$660,220.00
Fully Funded Reserve Balance	\$910,599.65
Percent Funded	72.50%

Recommended Funding for the 2022-2023 Fiscal Year:	Annual	Monthly	Per Unit
			Per Month
Member Contribution	\$142,500	\$11,875.00	\$109.95
Interest Contribution	\$1,131	\$94.28	\$0.87
Total Contribution	\$143,631	\$11,969.28	\$110.83

Evergreen Community Association

Membership Disclosure Summary

Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Streets	\$296,498	\$100,283	0-8	4-30
020 Roofs	\$33,000	\$33,000	0	3
030 Painting	\$336,773	\$75,641	3-8	5-10
040 Railing & Walls	\$146,400	\$63,090	8-18	20-40
050 Lighting	\$177,440	\$130,123	8	30
060 Buildings	\$286,011	\$124,287	3-18	5-40
070 Landscape	\$70,850	\$65,031	0-4	5-12
080 Miscellaneous	\$48,500	\$37,327	3-8	25-30
Contingency	n.a.	\$31,439	n.a.	n.a.
Total	\$1,395,471	\$660,220	0-18	3-40

Evergreen Community Association

Preparer's Disclosure Statement

In July 1998, Steve Jackson was awarded the Reserve Specialist (RS) designation from Community Associations Institute (CAI). Mr. Jackson was the seventh person in the United States to receive this professional designation.

The RS designation was developed by CAI for professional reserve analysts who wish to confirm to their peers and/or clients that they have demonstrated a basic level of competency within the industry. The RS designation is awarded to reserve analysts who are dedicated to the highest standards of professionalism and reserve analysis preparation.

Consultant certifies that:

- 1) Consultant has no other involvement with association which could result in actual or perceived conflicts of interest.
 - 2) Consultant made a site visit of this community on January 28, 2021. Consultant made previous site visits of this community in April 2018, March 2015, October 2012, December 2010, March 2008, March 2006, February 2005 and March 2002. Component inventories were developed by actual field inventory, representative sampling or were provided by the association's Department of Real Estate (DRE) reserve worksheets as originally prepared by the community's developer.
- Component conditional assessments were developed by actual field observation and representative sampling.
- 3) Financial assumptions used in this analysis are listed on the Executive Summary and further explained in the Preface of this report.
 - 4) Consultant is a Reserve Specialist (RS) designee.
 - 5) This is a "Level 3" reserve study update without a site visit.
 - 6) There are no material issues known to consultant at this time which would cause a distortion of the association's situation.

Evergreen Community Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<u>010 Streets</u>				
Streets - Asphalt, Overlay / Major Rehab	8	30	\$196,215.00	\$143,891.00
Streets - Asphalt, Repair (2022-23)	0	22	\$65,000.00	\$65,000.00
Streets - Asphalt, Repair (Ongoing)	0	4	\$15,258.75	\$15,258.75
Streets - Asphalt, Seal Coat	0	4	\$15,024.00	\$15,024.00
Streets - Concrete	0	4	\$5,000.00	\$5,000.00
Sub Total	0-8	4-30	\$296,497.75	\$244,173.75
<u>020 Roofs</u>				
Roofs - Tile, Inspect & Repair	0	3	\$33,000.00	\$33,000.00
Roofs - Tile, Replace (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
Sub Total	0	3	\$33,000.00	\$33,000.00
<u>030 Painting</u>				
Painting - Miscellaneous Metals	3	5	\$5,400.00	\$1,732.08
Painting - Red Curbs, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Painting - Stucco	8	10	\$169,174.55	\$25,451.04
Painting - Tubular Steel (Perimeter)	3	5	\$6,153.84	\$1,973.87
Painting - Woodwork & Trim	3	5	\$144,544.50	\$46,363.33
Wood Repair	3	5	\$11,500.00	\$3,688.68
Sub Total	3-8	5-10	\$336,772.89	\$79,209.00
<u>040 Railing & Walls</u>				
Fencing / Walls - Perimeter	8	20	\$86,580.00	\$51,948.00
Gates - Wood, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Railing - Tubular Steel	18	40	\$41,250.00	\$22,687.50
Walls - Masonry, Unit Boundary (Repair)	8	20	\$18,569.63	\$11,141.78
Sub Total	8-18	20-40	\$146,399.63	\$85,777.28
<u>050 Lighting</u>				
Lighting - Buildings	8	30	\$73,440.00	\$53,856.00
Lighting - Streets, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Lighting - Walkways	8	30	\$104,000.00	\$76,266.67
Sub Total	8	30	\$177,440.00	\$130,122.67
<u>060 Buildings</u>				
Decks - Clean & Seal	3	5	\$4,761.00	\$1,527.11
Decks - Resurface	3	25	\$51,750.00	\$45,540.00
Doors - Garage	8	30	\$105,300.00	\$77,220.00
Doors - Unit Entrance	18	40	\$124,200.00	\$68,310.00

Evergreen Community Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Rain Gutters - Unfunded	n.a.	n.a.	\$0.00	\$0.00
Sub Total	3-18	5-40	\$286,011.00	\$192,597.11
<u>070 Landscape</u>				
Landscape - Irrigation Controllers	4	12	\$16,850.00	\$11,031.30
Landscape - Renovation	0	5	\$54,000.00	\$54,000.00
Landscape - Tree Trim, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Sub Total	0-4	5-12	\$70,850.00	\$65,031.30
<u>080 Miscellaneous</u>				
Mailboxes & Posts	8	30	\$36,500.00	\$26,766.67
Street Signs	3	25	\$12,000.00	\$10,560.00
Sub Total	3-8	25-30	\$48,500.00	\$37,326.67
Contingency	n.a.	n.a.	n.a.	\$43,361.89
Total	0-18	3-40	\$1,395,471.27	\$910,599.65
Anticipated Reserve Balance				\$660,220.00
Percent Funded				72.50%

Evergreen Community Association
Management / Accounting Summary
Directed Cash Flow Calculation Method; Sorted by Category

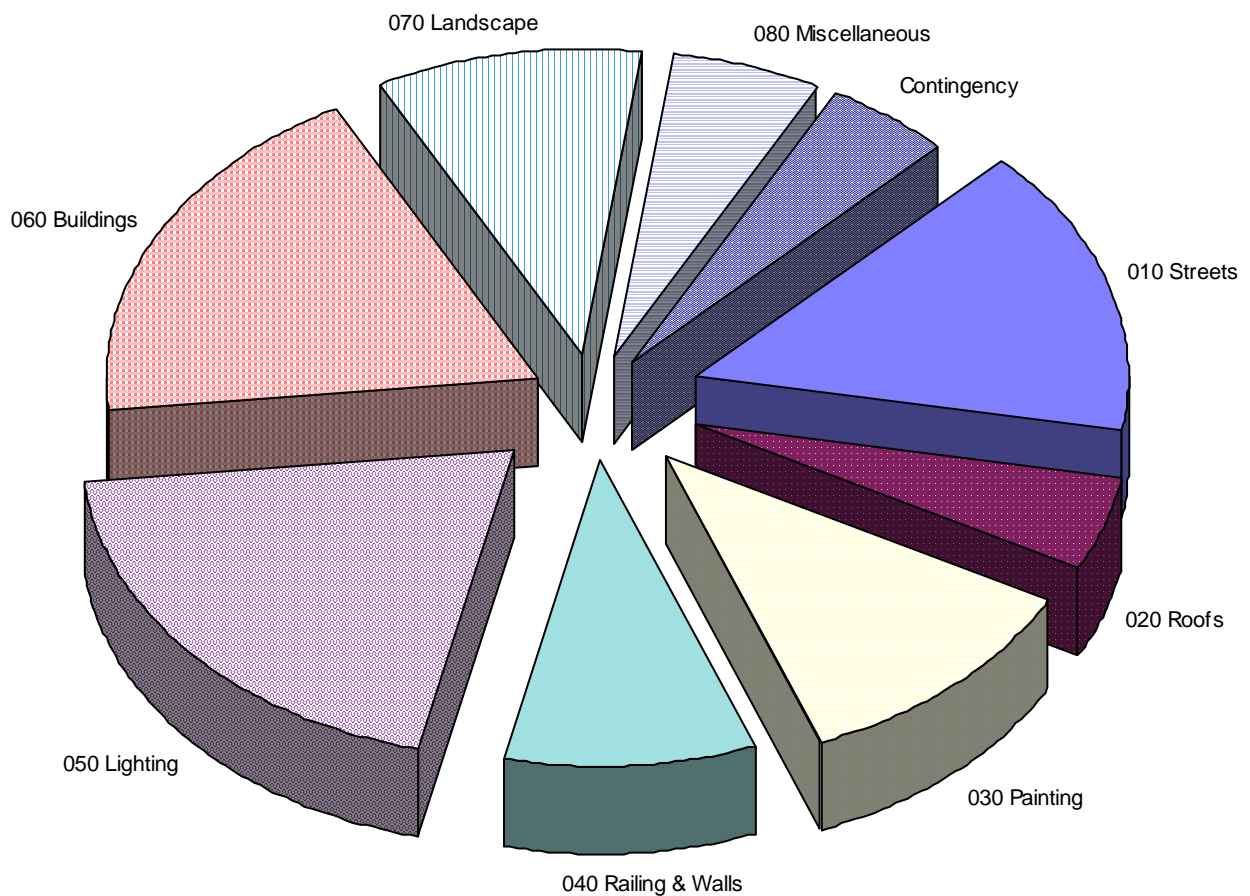
	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<u>010 Streets</u>				
Streets - Asphalt, Overlay / Major Rehab	\$0.00	\$1,871.42	\$2.13	\$1,873.55
Streets - Asphalt, Repair (2022-23)	\$65,000.00	\$0.00	\$0.00	\$0.00
Streets - Asphalt, Repair (Ongoing)	\$15,258.75	\$278.49	\$0.31	\$278.80
Streets - Asphalt, Seal Coat	\$15,024.00	\$274.20	\$0.31	\$274.52
Streets - Concrete	\$5,000.00	\$91.26	\$0.11	\$91.36
Sub Total	\$100,282.75	\$2,515.37	\$2.86	\$2,518.23
<u>020 Roofs</u>				
Roofs - Tile, Inspect & Repair	\$33,000.00	\$794.15	\$0.90	\$795.04
Roofs - Tile, Replace (Unfunded)	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total	\$33,000.00	\$794.15	\$0.90	\$795.04
<u>030 Painting</u>				
Painting - Miscellaneous Metals	\$1,732.08	\$91.00	\$0.40	\$91.40
Painting - Red Curbs, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Painting - Stucco	\$21,882.73	\$1,439.32	\$5.37	\$1,444.70
Painting - Tubular Steel (Perimeter)	\$1,973.87	\$103.70	\$0.46	\$104.16
Painting - Woodwork & Trim	\$46,363.33	\$2,435.85	\$10.69	\$2,446.54
Wood Repair	\$3,688.68	\$193.80	\$0.85	\$194.65
Sub Total	\$75,640.69	\$4,263.68	\$17.77	\$4,281.45
<u>040 Railing & Walls</u>				
Fencing / Walls - Perimeter	\$51,948.00	\$412.23	\$9.34	\$421.57
Gates - Wood, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Railing - Tubular Steel	\$0.00	\$194.69	\$0.22	\$194.91
Walls - Masonry, Unit Boundary (Repair)	\$11,141.78	\$88.42	\$2.00	\$90.41
Sub Total	\$63,089.78	\$695.34	\$11.57	\$706.90
<u>050 Lighting</u>				
Lighting - Buildings	\$53,856.00	\$271.72	\$9.51	\$281.23
Lighting - Streets, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Lighting - Walkways	\$76,266.67	\$384.79	\$13.47	\$398.25
Sub Total	\$130,122.67	\$656.50	\$22.98	\$679.48
<u>060 Buildings</u>				
Decks - Clean & Seal	\$1,527.11	\$80.23	\$0.35	\$80.58
Decks - Resurface	\$45,540.00	\$221.26	\$8.03	\$229.29

Evergreen Community Association
Management / Accounting Summary
Directed Cash Flow Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Doors - Garage	\$77,220.00	\$389.60	\$13.63	\$403.23
Doors - Unit Entrance	\$0.00	\$586.19	\$0.66	\$586.86
Rain Gutters - Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total	\$124,287.11	\$1,277.28	\$22.68	\$1,299.96
<u>070 Landscape</u>				
Landscape - Irrigation Controllers	\$11,031.30	\$123.59	\$2.03	\$125.62
Landscape - Renovation	\$54,000.00	\$797.25	\$0.91	\$798.16
Landscape - Tree Trim, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total	\$65,031.30	\$920.85	\$2.94	\$923.78
<u>080 Miscellaneous</u>				
Mailboxes & Posts	\$26,766.67	\$135.05	\$4.73	\$139.78
Street Signs	\$10,560.00	\$51.31	\$1.86	\$53.17
Sub Total	\$37,326.67	\$186.35	\$6.59	\$192.95
Contingency	\$31,439.05	\$565.48	\$6.01	\$571.49
Total	\$660,220.00	\$11,875.00	\$94.28	\$11,969.28

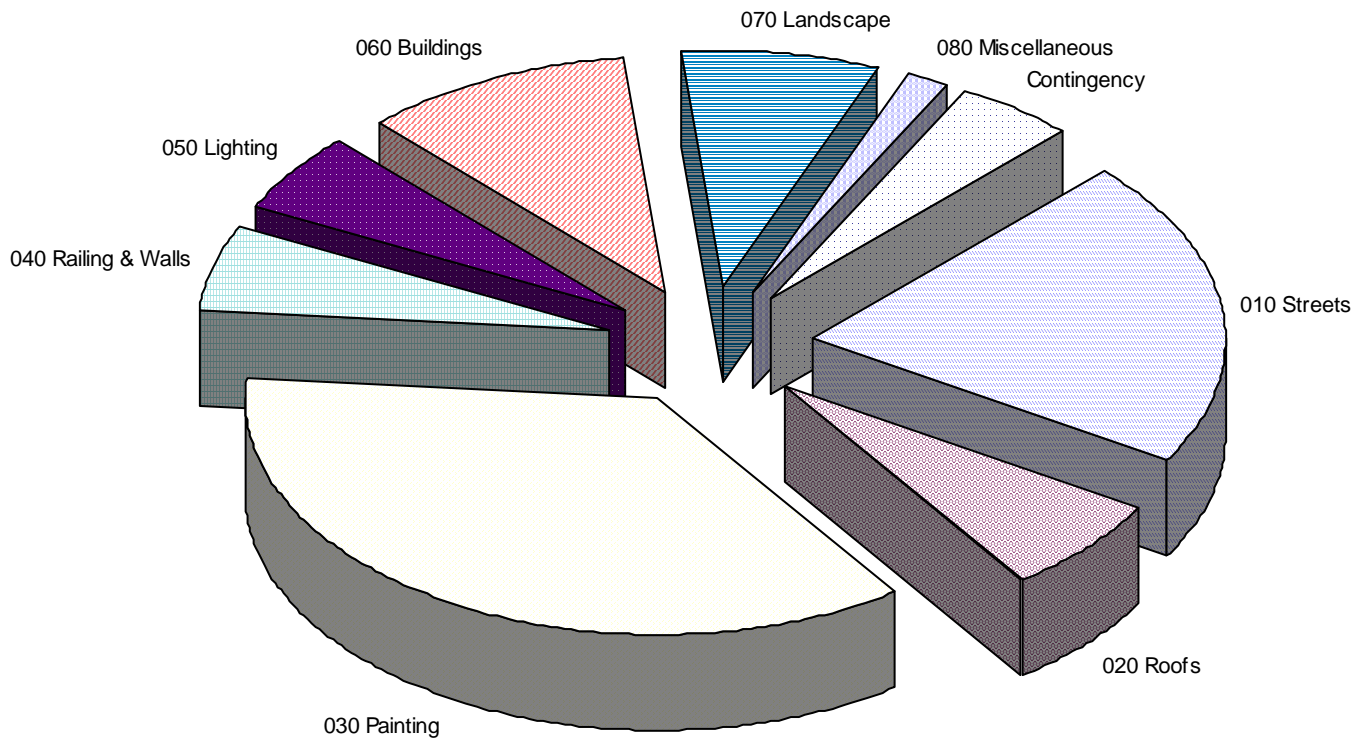
Evergreen Community Association
Management / Accounting Charts
Directed Cash Flow Calculation Method; Sorted by Category

Distribution of Current Reserve Fund



Evergreen Community Association
Management / Accounting Charts
Directed Cash Flow Calculation Method; Sorted by Category

Monthly Member Contribution



Evergreen Community Association

Annual Expenditure Detail

Sorted by Description

2022-2023 Fiscal Year

Landscape - Renovation	\$54,000.00
Roofs - Tile, Inspect & Repair	\$33,000.00
Streets - Asphalt, Repair (2022-23)	\$65,000.00
Streets - Asphalt, Repair (Ongoing)	\$15,258.75
Streets - Asphalt, Seal Coat	\$15,024.00
Streets - Concrete	\$5,000.00

Sub Total	\$187,282.75
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2025-2026 Fiscal Year

Decks - Clean & Seal	\$5,127.08
Decks - Resurface	\$55,729.09
Painting - Miscellaneous Metals	\$5,815.21
Painting - Tubular Steel (Perimeter)	\$6,627.01
Painting - Woodwork & Trim	\$155,658.62
Roofs - Tile, Inspect & Repair	\$35,537.39
Street Signs	\$12,922.69
Wood Repair	\$12,384.24

Sub Total	\$289,801.33
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2026-2027 Fiscal Year

Landscape - Irrigation Controllers	\$18,599.25
Streets - Asphalt, Repair (Ongoing)	\$16,842.80
Streets - Asphalt, Seal Coat	\$16,583.68
Streets - Concrete	\$5,519.06

Sub Total	\$57,544.80
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2027-2028 Fiscal Year

Landscape - Renovation	\$61,096.04
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Sub Total	\$61,096.04
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2028-2029 Fiscal Year

Roofs - Tile, Inspect & Repair	\$38,269.88
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Sub Total	\$38,269.88
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2030-2031 Fiscal Year

Decks - Clean & Seal	\$5,800.82
Doors - Garage	\$128,297.83
Fencing / Walls - Perimeter	\$105,489.32
Lighting - Buildings	\$89,479.51
Lighting - Walkways	\$126,713.90

Evergreen Community Association

Annual Expenditure Detail

Sorted by Description

Mailboxes & Posts	\$44,471.71
Painting - Miscellaneous Metals	\$6,579.38
Painting - Stucco	\$206,122.76
Painting - Tubular Steel (Perimeter)	\$7,497.86
Painting - Woodwork & Trim	\$176,113.44
Streets - Asphalt, Overlay / Major Rehab	\$239,068.92
Streets - Asphalt, Repair (Ongoing)	\$18,591.31
Streets - Asphalt, Seal Coat	\$18,305.29
Streets - Concrete	\$6,092.01
Walls - Masonry, Unit Boundary (Repair)	\$22,625.28
Wood Repair	\$14,011.63
Sub Total	\$1,215,260.96
2031-2032 Fiscal Year	
Roofs - Tile, Inspect & Repair	\$41,212.48
Sub Total	\$41,212.48
2032-2033 Fiscal Year	
Landscape - Renovation	\$69,124.57
Sub Total	\$69,124.57
2034-2035 Fiscal Year	
Roofs - Tile, Inspect & Repair	\$44,381.33
Streets - Asphalt, Repair (Ongoing)	\$20,521.32
Streets - Asphalt, Seal Coat	\$20,205.61
Streets - Concrete	\$6,724.44
Sub Total	\$91,832.71
2035-2036 Fiscal Year	
Decks - Clean & Seal	\$6,563.09
Painting - Miscellaneous Metals	\$7,443.96
Painting - Tubular Steel (Perimeter)	\$8,483.14
Painting - Woodwork & Trim	\$199,256.19
Wood Repair	\$15,852.88
Sub Total	\$237,599.25
2037-2038 Fiscal Year	
Landscape - Renovation	\$78,208.10
Roofs - Tile, Inspect & Repair	\$47,793.84
Sub Total	\$126,001.94

Evergreen Community Association

Annual Expenditure Detail

Sorted by Description

2038-2039 Fiscal Year

Landscape - Irrigation Controllers	\$25,013.92
Streets - Asphalt, Repair (Ongoing)	\$22,651.70
Streets - Asphalt, Seal Coat	\$22,303.21
Streets - Concrete	\$7,422.53

Sub Total	\$77,391.36
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2040-2041 Fiscal Year

Decks - Clean & Seal	\$7,425.54
Doors - Unit Entrance	\$193,709.61
Painting - Miscellaneous Metals	\$8,422.16
Painting - Stucco	\$263,854.56
Painting - Tubular Steel (Perimeter)	\$9,597.89
Painting - Woodwork & Trim	\$225,440.09
Railing - Tubular Steel	\$64,335.92
Roofs - Tile, Inspect & Repair	\$51,468.74
Wood Repair	\$17,936.08

Sub Total	\$842,190.58
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2042-2043 Fiscal Year

Landscape - Renovation	\$88,485.29
Streets - Asphalt, Repair (Ongoing)	\$25,003.24
Streets - Asphalt, Seal Coat	\$24,618.57
Streets - Concrete	\$8,193.08

Sub Total	\$146,300.18
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2043-2044 Fiscal Year

Roofs - Tile, Inspect & Repair	\$55,426.20
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Sub Total	\$55,426.20
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2045-2046 Fiscal Year

Decks - Clean & Seal	\$8,401.31
Decks - Resurface	\$91,318.60
Painting - Miscellaneous Metals	\$9,528.90
Painting - Tubular Steel (Perimeter)	\$10,859.13
Painting - Woodwork & Trim	\$255,064.77
Street Signs	\$21,175.33
Wood Repair	\$20,293.02

Sub Total	\$416,641.06
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Evergreen Community Association

Annual Expenditure Detail

Sorted by Description

2046-2047 Fiscal Year

Roofs - Tile, Inspect & Repair	\$59,687.96
Streets - Asphalt, Repair (Ongoing)	\$27,598.90
Streets - Asphalt, Seal Coat	\$27,174.30
Streets - Concrete	\$9,043.63

Sub Total	\$123,504.78
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2047-2048 Fiscal Year

Landscape - Renovation	\$100,112.98
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Sub Total	\$100,112.98
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2049-2050 Fiscal Year

Roofs - Tile, Inspect & Repair	\$64,277.40
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Sub Total	\$64,277.40
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2050-2051 Fiscal Year

Decks - Clean & Seal	\$9,505.31
Doors - Garage	\$210,230.93
Fencing / Walls - Perimeter	\$172,856.54
Landscape - Irrigation Controllers	\$33,640.94
Lighting - Buildings	\$146,622.59
Painting - Miscellaneous Metals	\$10,781.07
Painting - Stucco	\$337,756.15
Painting - Tubular Steel (Perimeter)	\$12,286.11
Painting - Woodwork & Trim	\$288,582.37
Streets - Asphalt, Repair (Ongoing)	\$30,464.02
Streets - Asphalt, Seal Coat	\$29,995.34
Streets - Concrete	\$9,982.48
Walls - Masonry, Unit Boundary (Repair)	\$37,074.16
Wood Repair	\$22,959.69

Sub Total	\$1,352,737.71
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Evergreen Community Association

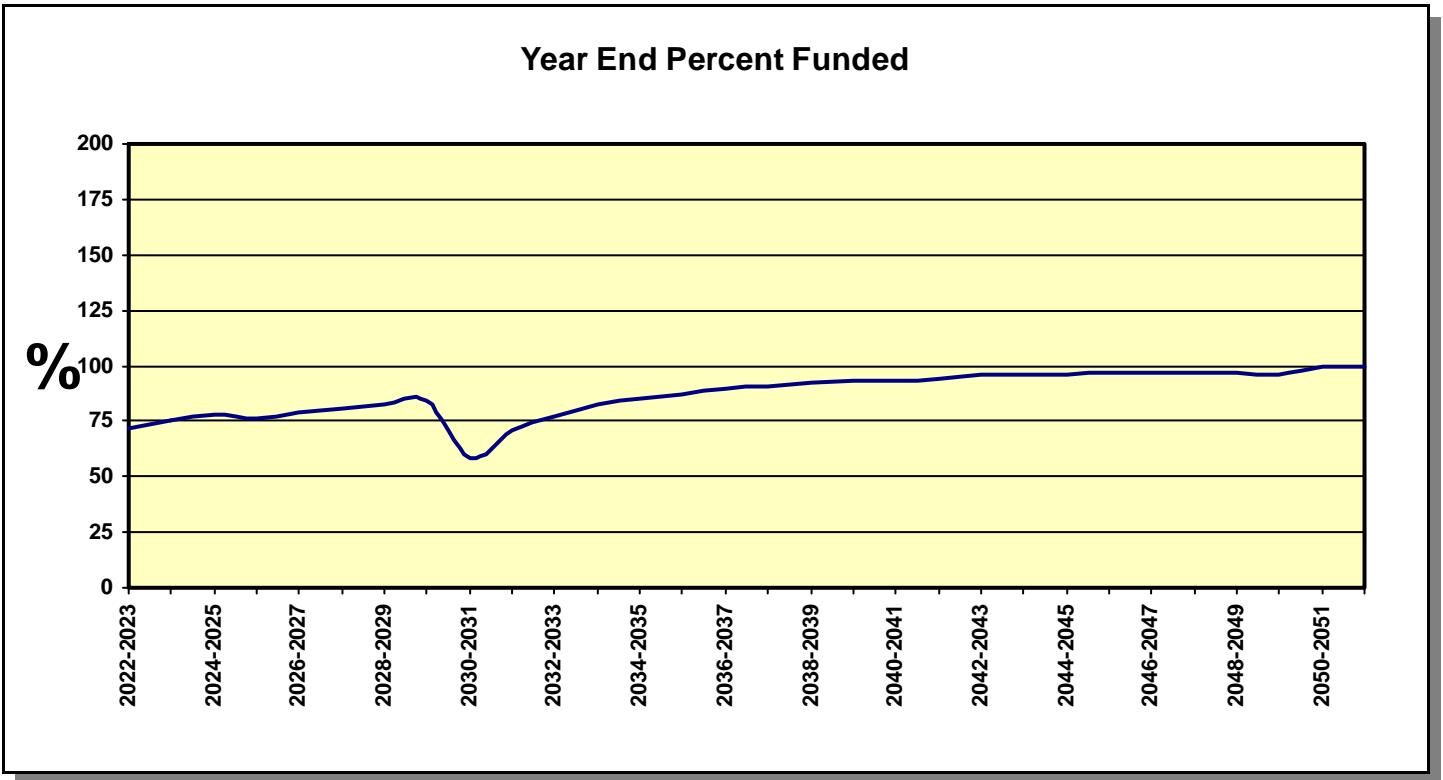
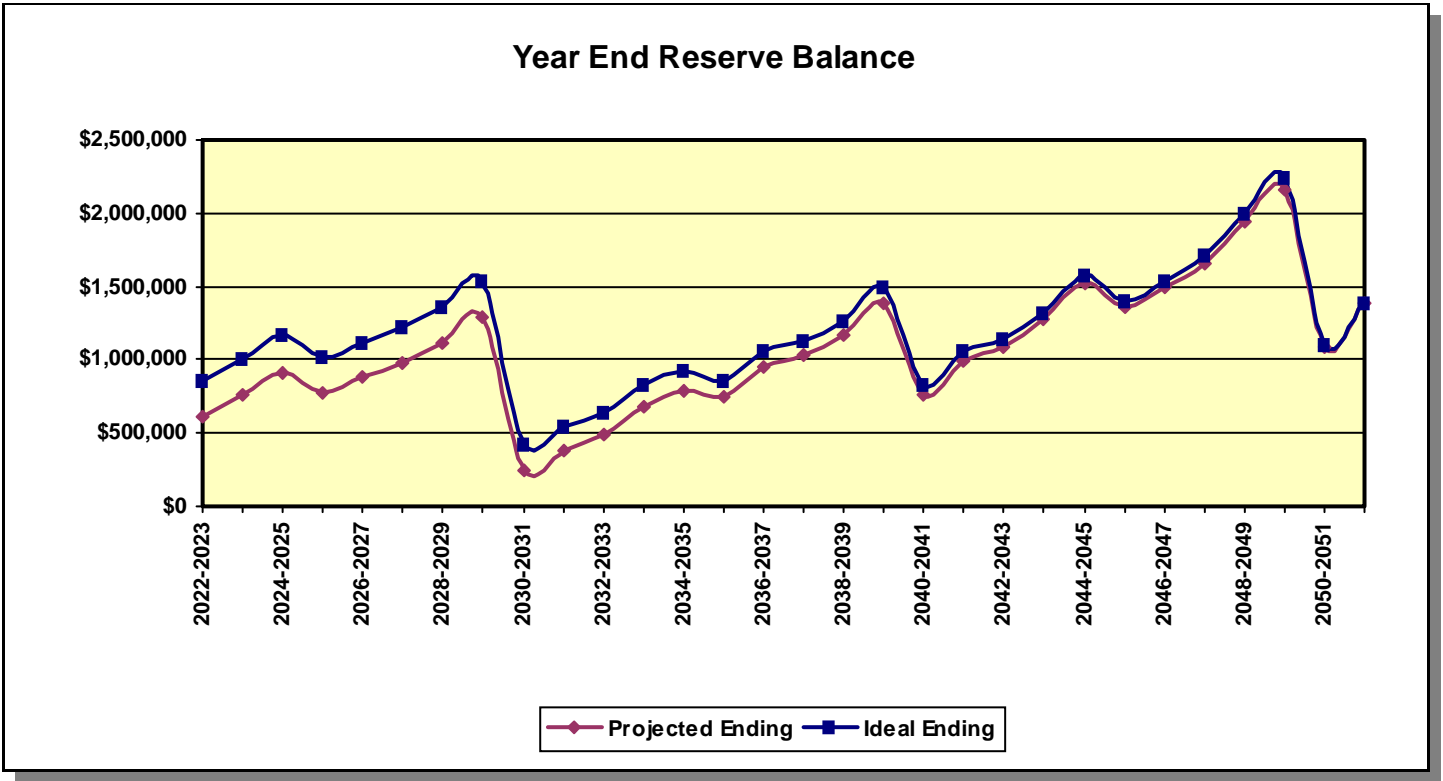
Projections

Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2022-2023	\$660,220	\$142,500	\$1,131	\$187,283	\$616,569	\$859,005	72%
2023-2024	\$616,569	\$146,063	\$1,437	\$0	\$764,068	\$1,010,863	76%
2024-2025	\$764,068	\$149,714	\$1,750	\$0	\$915,532	\$1,169,778	78%
2025-2026	\$915,532	\$153,457	\$1,463	\$289,801	\$780,651	\$1,019,569	77%
2026-2027	\$780,651	\$157,293	\$1,671	\$57,545	\$882,071	\$1,118,823	79%
2027-2028	\$882,071	\$161,226	\$1,881	\$61,096	\$984,081	\$1,220,129	81%
2028-2029	\$984,081	\$165,256	\$2,147	\$38,270	\$1,113,215	\$1,352,011	82%
2029-2030	\$1,113,215	\$169,388	\$2,503	\$0	\$1,285,106	\$1,531,942	84%
2030-2031	\$1,285,106	\$173,622	\$314	\$1,215,261	\$243,781	\$416,776	58%
2031-2032	\$243,781	\$177,963	\$597	\$41,212	\$381,129	\$541,163	70%
2032-2033	\$381,129	\$182,412	\$832	\$69,125	\$495,248	\$642,577	77%
2033-2034	\$495,248	\$186,972	\$1,221	\$0	\$683,442	\$824,978	83%
2034-2035	\$683,442	\$191,647	\$1,428	\$91,833	\$784,684	\$917,263	86%
2035-2036	\$784,684	\$196,438	\$1,339	\$237,599	\$744,861	\$859,237	87%
2036-2037	\$744,861	\$201,349	\$1,760	\$0	\$947,970	\$1,059,844	89%
2037-2038	\$947,970	\$206,382	\$1,927	\$126,002	\$1,030,277	\$1,134,336	91%
2038-2039	\$1,030,277	\$211,542	\$2,207	\$77,391	\$1,166,634	\$1,267,597	92%
2039-2040	\$1,166,634	\$216,831	\$2,661	\$0	\$1,386,126	\$1,492,187	93%
2040-2041	\$1,386,126	\$222,251	\$1,357	\$842,191	\$767,544	\$826,019	93%
2041-2042	\$767,544	\$227,808	\$1,833	\$0	\$997,185	\$1,054,677	95%
2042-2043	\$997,185	\$233,503	\$2,013	\$146,300	\$1,086,401	\$1,136,797	96%
2043-2044	\$1,086,401	\$239,340	\$2,398	\$55,426	\$1,272,713	\$1,324,102	96%
2044-2045	\$1,272,713	\$245,324	\$2,912	\$0	\$1,520,948	\$1,581,207	96%
2045-2046	\$1,520,948	\$251,457	\$2,563	\$416,641	\$1,358,327	\$1,401,929	97%
2046-2047	\$1,358,327	\$257,743	\$2,844	\$123,505	\$1,495,410	\$1,539,397	97%
2047-2048	\$1,495,410	\$264,187	\$3,187	\$100,113	\$1,662,671	\$1,711,361	97%
2048-2049	\$1,662,671	\$270,792	\$3,756	\$0	\$1,937,219	\$2,001,401	97%
2049-2050	\$1,937,219	\$277,562	\$4,204	\$64,277	\$2,154,707	\$2,235,694	96%
2050-2051	\$2,154,707	\$284,501	\$1,960	\$1,352,738	\$1,088,430	\$1,095,476	99%
2051-2052	\$1,088,430	\$291,613	\$2,569	\$0	\$1,382,612	\$1,389,131	100%

NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Evergreen Community Association
Projection Charts
Directed Cash Flow Calculation Method

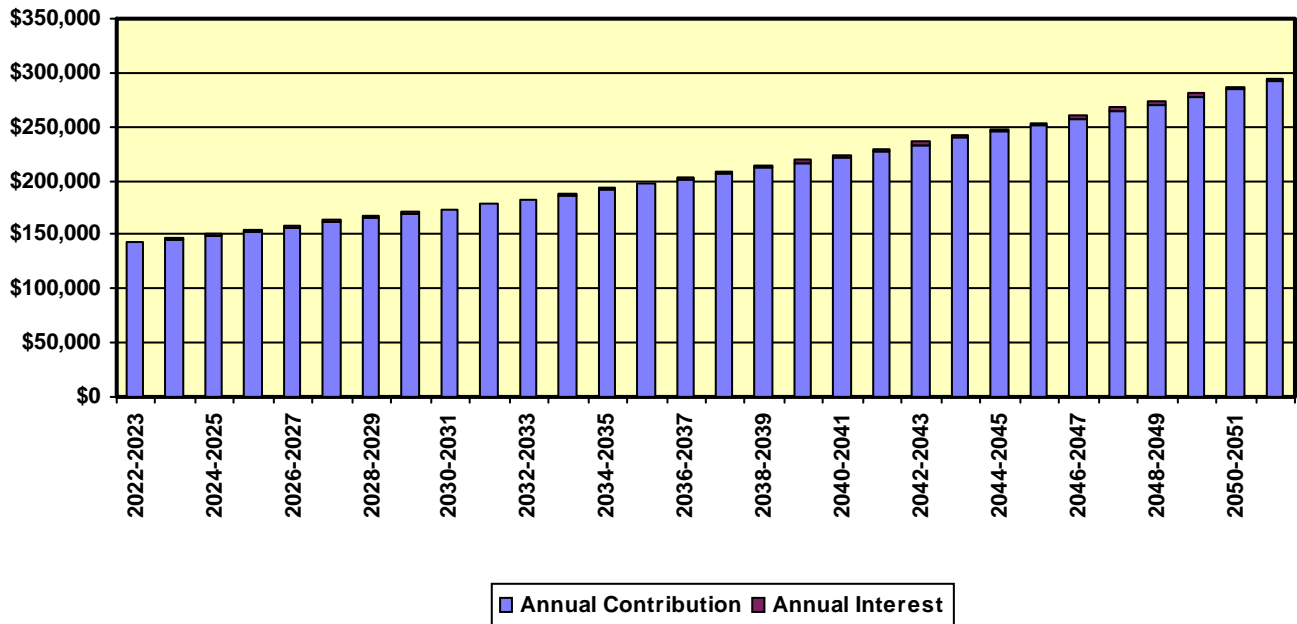


Evergreen Community Association

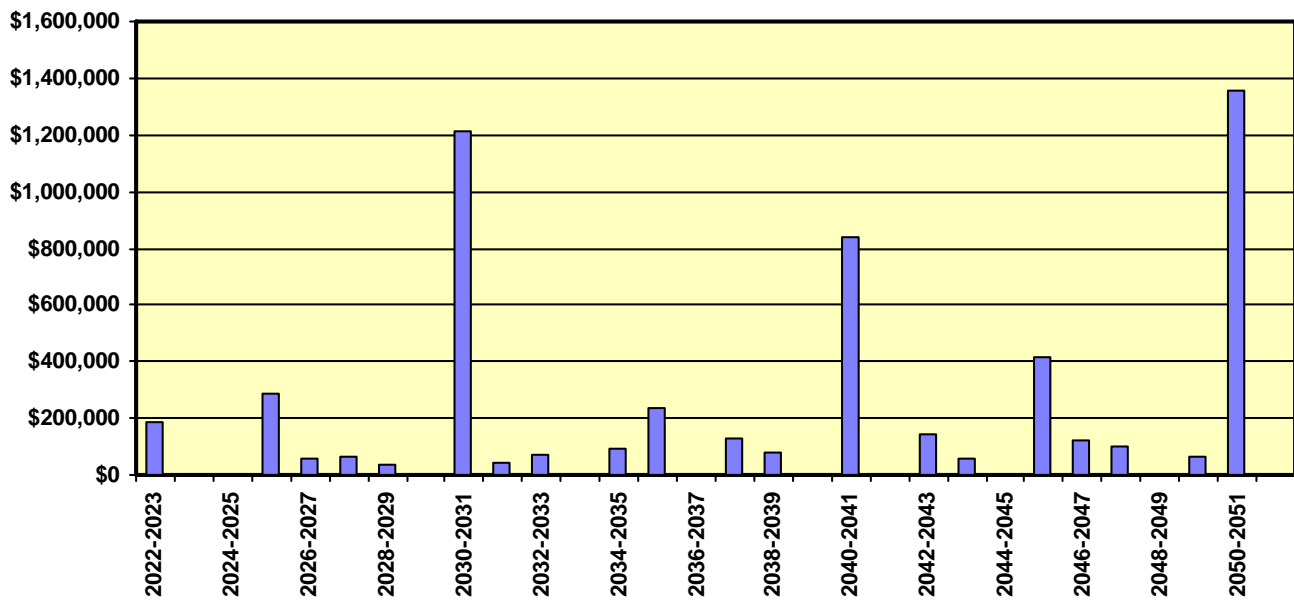
Projection Charts

Directed Cash Flow Calculation Method

Reserve Contribution



Expenditures



Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt, Overlay / Major Rehab

Category	010 Streets	Quantity	1 total
Photo Date	January 2021	Unit Cost	\$196,215.00
		% of Replacement	100.00%
		Current Cost	\$196,215.00
		Future Cost	\$239,068.92
Placed In Service	07/00		
Useful Life	24		
Adjustment	+6	Assigned Reserves at FYB	\$0.00
Remaining Life	8	Monthly Member Contribution	\$1,871.42
Replacement Year	2030-2031	Monthly Interest Contribution	\$2.13
		Total Monthly Contribution	\$1,873.55

Comments:



93,900	sq. ft. of overlay/major rehab	@	\$1.85	=	\$173,715.00
54	valve cover adjustments	@	\$250.00	=	\$13,500.00
18	manhole cover adjustments	@	\$500.00	=	\$9,000.00
	TOTAL			=	\$196,215.00

During 2015, three vendors provided an asphalt inventory to the association ranging from 87,300 sq. ft. to 93,900 sq. ft.

The remaining life of this component has been extended due to its condition (generally) at our most recent site visit; Roseville and Three Rivers are in need of immediate attention.

Most asphalt areas can be expected to last approximately 20 to 25 years before it will become necessary for an overlay to be applied or other major rehabilitation to be completed. It will be necessary to adjust manhole and valve covers at the time the overlay is applied or other major rehabilitation is completed.

Deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and estimated remaining life before the overlay or other major rehabilitation is

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

required. In addition to this service, a consultant may be obtained to prepare the application specifications, and to work with the contractor during actual installation. It is recommended that the client obtain bids for such a consultation near the end of the estimated useful life. As costs vary, a provision for this consulting has not been included in this cost estimate. Should the client request, this cost can be incorporated into this analysis.

Streets - Asphalt, Repair (2022-23)		One Time Replacement	
Category	010 Streets	Quantity	1 provision
Photo Date	January 2021	Unit Cost	\$65,000.000
		% of Replacement	100.00%
		Current Cost	\$65,000.00
		Future Cost	\$0.00
Placed In Service	07/00		
Useful Life	22		
		Assigned Reserves at FYB	\$65,000.00
Remaining Life	0	Monthly Member Contribution	\$0.00
Replacement Year	2022-2023	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:



See comments contained in the "Streets - Asphalt, Repair (Ongoing)" component.

The association intends to make significant repairs and seal coat the asphalt throughout the community during Summer 2022 for an anticipated total cost of approximately \$100,000; we have budgeted accordingly.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt, Repair (Ongoing)

Category	010 Streets	Quantity	93,900 sq. ft.
Photo Date	January 2021	Unit Cost	\$6.500
		% of Replacement	2.50%
		Current Cost	\$15,258.75
Placed In Service	07/16	Future Cost	\$16,842.80
Useful Life	4		
		Assigned Reserves at FYB	\$15,258.75
Remaining Life	0	Monthly Member Contribution	\$278.49
Replacement Year	2022-2023	Monthly Interest Contribution	\$0.31
		Total Monthly Contribution	\$278.80

Comments:



The association made asphalt repairs in August 2018 for a total cost of \$2,695.

We have budgeted for the asphalt to be repaired on the same cycle and in conjunction with the seal coating of the asphalt.

It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and these estimates adjusted accordingly.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt, Seal Coat

Category	010 Streets	Quantity	93,900 sq. ft.
Photo Date	January 2021	Unit Cost	\$0.160
		% of Replacement	100.00%
		Current Cost	\$15,024.00
Placed In Service	07/16	Future Cost	\$16,583.68
Useful Life	4		
		Assigned Reserves at FYB	\$15,024.00
Remaining Life	0	Monthly Member Contribution	\$274.20
Replacement Year	2022-2023	Monthly Interest Contribution	\$0.31
		Total Monthly Contribution	\$274.52

Comments:



The association seal coated and restriped the asphalt throughout the community in September 2006 for a total cost of \$6,895. The association seal coated and restriped the asphalt and painted the red curbs throughout the community in September 2012 for a total cost of \$7,725. The association seal coated and restriped the asphalt throughout the community in July 2016 for a total cost of \$11,550.

The current cost used for this component is based on actual expenditures incurred at last seal coating, and has been adjusted for inflation where applicable.

Asphalt surfaces should be seal coated on a 3 to 4 year cycle.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Concrete

Category	010 Streets	Quantity	1 provision
Photo Date	January 2021	Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	07/16	Future Cost	\$5,519.06
Useful Life	4		
		Assigned Reserves at FYB	\$5,000.00
Remaining Life	0	Monthly Member Contribution	\$91.26
Replacement Year	2022-2023	Monthly Interest Contribution	\$0.11
		Total Monthly Contribution	\$91.36

Comments:



There are typical concrete driveways, sidewalks, stairways, curbs, gutters and drainage swales located throughout the community.

Typically, budgeting for concrete repairs as a reserve component is excluded as it is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice would not allow the need for repairs to accumulate to a point that they would become a major expense. Minor repairs, as needed, should be addressed immediately as a maintenance issue using the client's operating and/or reserve contingency funds.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Roofs - Tile, Inspect & Repair

Category	020 Roofs	Quantity	1 total
Photo Date	January 2021	Unit Cost	\$33,000.000
		% of Replacement	100.00%
		Current Cost	\$33,000.00
Placed In Service	07/18	Future Cost	\$35,537.39
Useful Life	3		
		Assigned Reserves at FYB	\$33,000.00
Remaining Life	0	Monthly Member Contribution	\$794.15
Replacement Year	2022-2023	Monthly Interest Contribution	\$0.90
		Total Monthly Contribution	\$795.04

Comments:



The association completed a tile roof inspection and repair project in September 2015 for a total cost of \$16,386. The association repaired the roofs at two units between Fall 2017 and Spring 2018 for a total cost of \$7,600. The association completed a tile roof inspection and repairs (as needed) near the end of their 2017-18 fiscal year for a total cost of approximately \$20,000.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

The current cost for this component was originally provided by the client, and has been adjusted to allow for inflation where applicable.

It is recommended that the client include a line item in the annual operating budget for regularly scheduled inspections and repairs that may be necessary from time to time. The annual operating budget should be adjusted each year to reflect changes in tile roof-related requirements (based on inspections and scope of repairs needed).

This component, and all information contained herein, has been provided by the client and incorporated into this analysis at their request.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Roofs - Tile, Replace (Unfunded)

Category	020 Roofs	Quantity	235,070 sq. ft.
Photo Date	January 2021	Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
		Future Cost	\$0.00
Placed In Service	07/00		
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:



Tile roofs are designed to last the life of a community. However, the underlayment (waterproof membrane underneath the roof tiles) can be subject to deterioration and failure through time. The timing and rate of failure is difficult to predict and can vary significantly from one project to another depending largely on the quality of the original design and construction (materials and installation), exposure to outside influences (climate, foot traffic, etc.) and the level of routine maintenance.

The inventory for this component has been provided by the client in the form of the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Painting - Miscellaneous Metals

Category	030 Painting	Quantity	1 total
Photo Date	January 2021	Unit Cost	\$5,400.000
		% of Replacement	100.00%
		Current Cost	\$5,400.00
Placed In Service	02/21	Future Cost	\$5,815.21
Useful Life	5		
		Assigned Reserves at FYB	\$1,732.08
Remaining Life	3	Monthly Member Contribution	\$91.00
Replacement Year	2025-2026	Monthly Interest Contribution	\$0.40
		Total Monthly Contribution	\$91.40

Comments:



32 light poles
29 mailbox posts
16 street signs

The association painted the miscellaneous metals and tubular steel hand rails in September 2008 for a total cost of \$8,105. The association painted the woodwork and trim, miscellaneous metals and red curbs throughout the community in November 2014 for a total cost of \$79,560. The association painted the stucco, woodwork and trim, tubular steel perimeter fencing and miscellaneous metals and top-coated the decks throughout the community between August 2020 and February 2021 for a total cost of \$293,249; the miscellaneous metals accounted for \$4,740 of this expense.

The current cost used for this component is based on actual expenditures incurred at last painting, and has been adjusted for inflation where applicable.

The useful life estimate for this component has been provided by the client.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Painting - Red Curbs, Unfunded

Category	030 Painting	Quantity	1 comment
Photo Date	January 2021	Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	04/16	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:



The association painted the red curbs throughout the community, in conjunction with the seal coating of the asphalt, in September 2006 for a total cost of \$1,195. The association seal coated the asphalt and painted the red curbs throughout the community in September 2012 for a total cost of \$7,725. The association painted the woodwork and trim, light poles, mailboxes and red curbs throughout the community in November 2014 for a total cost of \$79,560.

In April 2016, the association determined that the red curbs throughout the community would no longer be painted. This component is listed for inventory purposes only.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Painting - Stucco

Category	030 Painting	Quantity	214,145 sq. ft.
Photo Date	January 2021	Unit Cost	\$0.790
		% of Replacement	100.00%
		Current Cost	\$169,174.55
Placed In Service	02/21	Future Cost	\$206,122.76
Useful Life	10		
		Assigned Reserves at FYB	\$21,882.73
Remaining Life	8	Monthly Member Contribution	\$1,439.32
Replacement Year	2030-2031	Monthly Interest Contribution	\$5.37
		Total Monthly Contribution	\$1,444.70

Comments:



The association painted the stucco and wrought iron throughout the community (woodwork not painted) between November 2010 and February 2011 for a total cost of \$133,500. The association painted the stucco, woodwork and trim, tubular steel perimeter fencing and miscellaneous metals and top-coated the decks throughout the community between August 2020 and February 2021 for a total cost of \$293,249.

The current cost used for this component is based on actual expenditures incurred at last painting, and has been adjusted for inflation where applicable.

The inventory for this component has been provided by the client in the form of the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Painting - Tubular Steel (Perimeter)

Category	030 Painting	Quantity	3,996 sq. ft.
Photo Date	January 2021	Unit Cost	\$1.540
		% of Replacement	100.00%
		Current Cost	\$6,153.84
Placed In Service	02/21	Future Cost	\$6,627.01
Useful Life	5		
		Assigned Reserves at FYB	\$1,973.87
Remaining Life	3	Monthly Member Contribution	\$103.70
Replacement Year	2025-2026	Monthly Interest Contribution	\$0.46
		Total Monthly Contribution	\$104.16

Comments:



There is approximately 888 lin. ft. of 4.5' fencing located atop a block wall on the west perimeter of the community. For many years, the association believed this fencing was maintained by the master association; during 2014, the association learned this fencing was theirs to maintain.

The association replaced 520 lin. ft. of this fencing, made repairs to the remaining original fencing, made repairs to the block walls and painted all of the tubular steel in early 2016 for a total cost of \$41,613. The association painted the stucco, woodwork and trim, tubular steel perimeter fencing and miscellaneous metals and top-coated the decks throughout the community between August 2020 and February 2021 for a total cost of \$293,249; the tubular steel perimeter fencing accounted for \$5,404 of this expense.

The current cost used for this component is based on actual expenditures incurred at last painting, and has been adjusted for inflation where applicable.

The useful life estimate for this component has been provided by the client.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Painting - Woodwork & Trim

Category	030 Painting	Quantity	53,535 sq. ft.
Photo Date	January 2021	Unit Cost	\$2.700
		% of Replacement	100.00%
		Current Cost	\$144,544.50
Placed In Service	02/21	Future Cost	\$155,658.62
Useful Life	5		
		Assigned Reserves at FYB	\$46,363.33
Remaining Life	3	Monthly Member Contribution	\$2,435.85
Replacement Year	2025-2026	Monthly Interest Contribution	\$10.69
		Total Monthly Contribution	\$2,446.54

Comments:



This inventory includes all wood trim and miscellaneous metal trim (railings, etc.) on the unit buildings. The single metal handrailing, located at the front entry stairway of many of the units, may require interim painting; the association should address this on an "as needed" basis using their operating and/or reserve contingency funds.

The association painted the woodwork and trim throughout the community between September and December 2006 for a total cost of \$59,870. The association painted the metal handrailings throughout the community in September 2008 when the light poles and mailboxes were painted for a total cost of \$8,105. The association painted the stucco and wrought iron throughout the community (woodwork not painted) between November 2010 and February 2011 for a total cost of \$133,500. The association painted the woodwork and trim, light poles, mailboxes and red curbs throughout the community in November 2014 for a total cost of \$79,560. The association painted the stucco, woodwork and trim, tubular steel perimeter fencing and miscellaneous metals and top-coated the decks throughout the community between August 2020 and February 2021 for a total cost of \$293,249.

The current cost used for this component is based on actual expenditures incurred at last painting, and has been adjusted for inflation where applicable.

The useful life estimate for this component has been provided by the client.

The inventory for this component has been provided by the client in the form of the Department of Real Estate (DRE)

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

reserve worksheets as originally prepared at the direction of the developer.

Wood Repair			
Category	030 Painting	Quantity	1 provision
Photo Date	January 2021	Unit Cost	\$11,500.000
		% of Replacement	100.00%
		Current Cost	\$11,500.00
		Future Cost	\$12,384.24
Placed In Service	02/21		
Useful Life	5		
		Assigned Reserves at FYB	\$3,688.68
Remaining Life	3	Monthly Member Contribution	\$193.80
Replacement Year	2025-2026	Monthly Interest Contribution	\$0.85
		Total Monthly Contribution	\$194.65

Comments:



The association completed wood repairs in Spring 2021 for a total cost of approximately \$5,000.

For the purposes of this analysis, we have included a provision for wood repair to be completed on the same cycle and in conjunction with the painting of the woodwork and trim throughout the community.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Fencing / Walls - Perimeter

Category	040 Railing & Walls	Quantity	888 lin. ft.
Photo Date	January 2021	Unit Cost	\$97.500
		% of Replacement	100.00%
		Current Cost	\$86,580.00
Placed In Service	07/10	Future Cost	\$105,489.32
Useful Life	20		
		Assigned Reserves at FYB	\$51,948.00
Remaining Life	8	Monthly Member Contribution	\$412.23
Replacement Year	2030-2031	Monthly Interest Contribution	\$9.34
		Total Monthly Contribution	\$421.57

Comments:



There is approximately 888 lin. ft. of 4.5' fencing located atop a block wall on the west perimeter of the community. For many years, the association believed this fencing was maintained by the master association; during 2014, the association learned this fencing was theirs to maintain.

The association replaced 520 lin. ft. of this fencing, made repairs to the remaining original fencing, made repairs to the block walls and painted all of the tubular steel fencing in early 2016 for a total cost of \$41,613.

For the purposes of this analysis, at the request of the association, we have used an "average" placed-in-service date for this component.

The current cost for this component was originally provided by the client, and has been adjusted to allow for inflation where applicable.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Gates - Wood, Unfunded

Category	040 Railing & Walls	Quantity	108 gates
Photo Date	January 2021	Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	07/00	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:



Each unit has a 4' x 5.5' wood gate (opening is approximately 5' wide).

The association has repaired almost all of the gates throughout the community through time. The association repaired all gates as needed in November 2014 for a total cost of \$2,190.

In April 2016, the association determined that these gates are the repair and replacement responsibility of each individual unit owner. This component is listed for inventory purposes only.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Railing - Tubular Steel

Category	040 Railing & Walls	Quantity	550 lin. ft.
Photo Date	January 2021	Unit Cost	\$75.000
		% of Replacement	100.00%
		Current Cost	\$41,250.00
Placed In Service	07/00	Future Cost	\$64,335.92
Useful Life	40		
		Assigned Reserves at FYB	\$0.00
Remaining Life	18	Monthly Member Contribution	\$194.69
Replacement Year	2040-2041	Monthly Interest Contribution	\$0.22
		Total Monthly Contribution	\$194.91

Comments:



This is the heavy-duty 3' to 3.5' single tubular steel handrailing located at the front entry stairway of many of the units.

The association made tubular steel railing and block wall repairs in June 2014 for a total cost of \$2,064.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Walls - Masonry, Unit Boundary (Repair)

Category	040 Railing & Walls	Quantity	10,765 sq. ft.
Photo Date	January 2021	Unit Cost	\$11.500
		% of Replacement	15.00%
		Current Cost	\$18,569.63
Placed In Service	07/10	Future Cost	\$22,625.28
Useful Life	20		
		Assigned Reserves at FYB	\$11,141.78
Remaining Life	8	Monthly Member Contribution	\$88.42
Replacement Year	2030-2031	Monthly Interest Contribution	\$2.00
		Total Monthly Contribution	\$90.41

Comments:



These are the block and split-face block walls located primarily at the front entry of the units.

The association made wall repairs during the first half of 2010 for a total cost of approximately \$12,000. The association made tubular steel railing and block wall repairs in June 2014 for a total cost of \$2,064. The association made a block wall repair (corbell) in December 2017 for a total cost of \$900.

It is estimated that a percentage of the concrete block walls will require repair or replacement through time. The actual condition of these walls should be monitored and the percentage of replacement and remaining life estimates adjusted accordingly.

Repair and maintenance of the perimeter walls is budgeted for by the "Fencing / Walls - Perimeter" component.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Lighting - Buildings

Category	050 Lighting	Quantity	1 total
Photo Date	January 2021	Unit Cost	\$73,440.00
		% of Replacement	100.00%
		Current Cost	\$73,440.00
		Future Cost	\$89,479.51
Placed In Service	07/00		
Useful Life	20		
Adjustment	+10	Assigned Reserves at FYB	\$53,856.00
Remaining Life	8	Monthly Member Contribution	\$271.72
Replacement Year	2030-2031	Monthly Interest Contribution	\$9.51
		Total Monthly Contribution	\$281.23

Comments:



Front of Buildings:				
108	recessed spot fixtures*	@	\$190.00	= \$20,520.00
108	illuminated address signs	@	\$150.00	= \$16,200.00
Back of Buildings:				
108	medium size lantern fixtures	@	\$190.00	= \$20,520.00
108	illuminated address signs	@	\$150.00	= \$16,200.00
TOTAL			=	\$73,440.00

* There are a few (perhaps several) units that do not have a recessed spot fixture (a medium size lantern fixture is substituted by design).

The remaining life of this component has been extended due to its condition at our most recent site visit.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Lighting - Streets, Unfunded

Category	050 Lighting	Quantity	12 pole lights
Photo Date	January 2021	Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
		Future Cost	\$0.00
Placed In Service	07/00		
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:



These are the 15' ornate concrete light poles with large decorative vapor lanterns located along the roadways throughout the community.

We have excluded budgeting for these lights because they have "E" tags indicating that they are owned and maintained by the association's electric utility provider.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Lighting - Walkways

Category	050 Lighting	Quantity	32 pole lights
Photo Date	January 2021	Unit Cost	\$3,250.000
		% of Replacement	100.00%
		Current Cost	\$104,000.00
Placed In Service	07/00	Future Cost	\$126,713.90
Useful Life	30		
		Assigned Reserves at FYB	\$76,266.67
Remaining Life	8	Monthly Member Contribution	\$384.79
Replacement Year	2030-2031	Monthly Interest Contribution	\$13.47
		Total Monthly Contribution	\$398.25

Comments:



These are the 8' metal poles with architecturally sculpted bases and large vapor lanterns located along the walkways throughout the community.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Decks - Clean & Seal

Category	060 Buildings	Quantity	23 decks
Photo Date	January 2021	Unit Cost	\$207.000
		% of Replacement	100.00%
		Current Cost	\$4,761.00
Placed In Service	02/21	Future Cost	\$5,127.08
Useful Life	5		
		Assigned Reserves at FYB	\$1,527.11
Remaining Life	3	Monthly Member Contribution	\$80.23
Replacement Year	2025-2026	Monthly Interest Contribution	\$0.35
		Total Monthly Contribution	\$80.58

Comments:



There are approximately 23 decks throughout the community; each deck is approximately 70 to 100 sq. ft. in size.

The association painted the stucco, woodwork and trim, tubular steel perimeter fencing and miscellaneous metals and top-coated the decks throughout the community between August 2020 and February 2021 for a total cost of \$293,249; the deck top-coating accounted for \$4,197 of this expense.

The current cost used for this component is based on actual expenditures incurred at last deck top-coating, and has been adjusted for inflation where applicable.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Decks - Resurface

Category	060 Buildings	Quantity	23 decks
Photo Date	January 2021	Unit Cost	\$2,250.000
		% of Replacement	100.00%
		Current Cost	\$51,750.00
		Future Cost	\$55,729.09
Placed In Service	07/00		
Useful Life	20		
Adjustment	+5	Assigned Reserves at FYB	\$45,540.00
Remaining Life	3	Monthly Member Contribution	\$221.26
Replacement Year	2025-2026	Monthly Interest Contribution	\$8.03
		Total Monthly Contribution	\$229.29

Comments:



There are approximately 23 decks throughout the community; each deck is approximately 70 to 100 sq. ft. in size.

The remaining life of this component has been extended in order to schedule this resurfacing to be completed in conjunction with the next scheduled top-coating of these surfaces.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Doors - Garage

Category	060 Buildings	Quantity	108 doors
Photo Date	January 2021	Unit Cost	\$975.000
		% of Replacement	100.00%
		Current Cost	\$105,300.00
		Future Cost	\$128,297.83
Placed In Service	07/00		
Useful Life	20		
Adjustment	+10	Assigned Reserves at FYB	\$77,220.00
Remaining Life	8	Monthly Member Contribution	\$389.60
Replacement Year	2030-2031	Monthly Interest Contribution	\$13.63
		Total Monthly Contribution	\$403.23

Comments:



Each unit has a 16' x 7' metal sectional garage door.

The association replaced two garage doors in August 2015 for a total cost of \$1,500. The association replaced one garage door in September 2017 for a total cost of \$850. The association repaired three garage doors in Fall 2017 for a total cost of \$3,153. The association repaired or replaced a few garage doors in Spring 2021 for an estimated cost of \$3,000 to \$5,000.

The current cost for this component was originally provided by the client, and has been adjusted to allow for inflation where applicable.

The remaining life of this component has been extended due to its condition at our most recent site visit.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Doors - Unit Entrance

Category	060 Buildings	Quantity	108 doors
Photo Date	January 2021	Unit Cost	\$1,150.000
		% of Replacement	100.00%
		Current Cost	\$124,200.00
		Future Cost	\$193,709.61
Placed In Service	07/00		
Useful Life	20		
Adjustment	+20	Assigned Reserves at FYB	\$0.00
Remaining Life	18	Monthly Member Contribution	\$586.19
Replacement Year	2040-2041	Monthly Interest Contribution	\$0.66
		Total Monthly Contribution	\$586.86

Comments:



Each unit has a 3' x 7'10" metal "panel" front entrance door.

The association replaced one front door in February 2018 for a total cost of \$1,269.

The current cost for this component was originally provided by the client, and has been adjusted to allow for inflation where applicable.

The remaining life of this component has been extended at the request of the client.

These items were included in the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer. According to the association, per a 1999 amendment to their CC&Rs, the replacement of the unit entrance doors is the association's responsibility.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Rain Gutters - Unfunded

Category	060 Buildings	Quantity	13,385 lin. ft.
Photo Date	January 2021	Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
		Future Cost	\$0.00
Placed In Service	07/00		
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:



These items were included in the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer. Typically, we exclude budgeting for the replacement of rain gutters and downspouts, but recommend that the association include a line item in their annual operating budget for cleaning and repairs on an "as needed" basis.

In April 2016, the association determined that rain gutter and downspout expenses would be addressed through the annual operating budget. This component is listed for inventory purposes only.

The inventory for this component has been provided by the client in the form of the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Landscape - Irrigation Controllers

Category	070 Landscape	Quantity	1 total
Photo Date	January 2021	Unit Cost	\$16,850.000
		% of Replacement	100.00%
		Current Cost	\$16,850.00
Placed In Service	12/14	Future Cost	\$18,599.25
Useful Life	12		
		Assigned Reserves at FYB	\$11,031.30
Remaining Life	4	Monthly Member Contribution	\$123.59
Replacement Year	2026-2027	Monthly Interest Contribution	\$2.03
		Total Monthly Contribution	\$125.62

Comments:



2 - 24 station controllers
1 - 40 station controller

The association replaced the original Rainbird irrigation controllers with Weather Trak (Pro 3) "smart" irrigation controllers in December 2014 for a total cost of \$13,209.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Landscape - Renovation

Category	070 Landscape	Quantity	1 provision
Photo Date	January 2021	Unit Cost	\$54,000.000
		% of Replacement	100.00%
		Current Cost	\$54,000.00
Placed In Service	07/17	Future Cost	\$61,096.04
Useful Life	5		
		Assigned Reserves at FYB	\$54,000.00
Remaining Life	0	Monthly Member Contribution	\$797.25
Replacement Year	2022-2023	Monthly Interest Contribution	\$0.91
		Total Monthly Contribution	\$798.16

Comments:



The association completed landscape renovations near the end of their 2010-11 fiscal year for a total cost of approximately \$50,000. The association completed landscape renovations during their 2016-17 fiscal year for a total cost of \$30,000 to \$40,000. The association completed landscape renovations near the end of their 2017-18 fiscal year for a total cost of approximately \$18,200.

The current cost for this component was originally provided by the client, and has been adjusted to allow for inflation where applicable.

Major landscape renovation can be a major expense and significant potential liability to the client if not planned for in advance. However, landscape renovation can also be effectively managed as an annual operating/maintenance expense through time.

This component, and all information contained herein, has been provided by the client and incorporated into this analysis at their request.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Landscape - Tree Trim, Unfunded

Category	070 Landscape	Quantity	1 comment
Photo Date	January 2021	Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	04/16	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:



The association has spent the following amounts and tree trimming and removal:

2012-13: \$2,115 (removals)
 12/2013: \$7,576 (trimming)
 10/2014: \$4,993 (trimming)
 10/2014: \$12,990 (removals)
 12/2015: \$5,530 (trimming)

In April 2016, the association determined that future tree trimming expenses would be addressed through the annual operating budget. This component is listed for inventory purposes only.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Mailboxes & Posts

Category	080 Miscellaneous	Quantity	1 total
Photo Date	January 2021	Unit Cost	\$36,500.00
		% of Replacement	100.00%
		Current Cost	\$36,500.00
Placed In Service	07/00	Future Cost	\$44,471.71
Useful Life	30		
		Assigned Reserves at FYB	\$26,766.67
Remaining Life	8	Monthly Member Contribution	\$135.05
Replacement Year	2030-2031	Monthly Interest Contribution	\$4.73
		Total Monthly Contribution	\$139.78

Comments:



These are ornate metal mailbox posts with good quality individual metal mailboxes:

3 posts for 2 boxes	@	\$1,000.00	=	\$3,000.00
2 posts for 3 boxes	@	\$1,150.00	=	\$2,300.00
24 posts for 4 boxes	@	\$1,300.00	=	\$31,200.00
		TOTAL	=	\$36,500.00

The useful life estimate for this component has been provided by the client.

Evergreen Community Association

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Street Signs

Category	080 Miscellaneous	Quantity	16 signs
Photo Date	January 2021	Unit Cost	\$750.000
		% of Replacement	100.00%
		Current Cost	\$12,000.00
		Future Cost	\$12,922.69
Placed In Service	07/00		
Useful Life	20		
Adjustment	+5	Assigned Reserves at FYB	\$10,560.00
Remaining Life	3	Monthly Member Contribution	\$51.31
Replacement Year	2025-2026	Monthly Interest Contribution	\$1.86
		Total Monthly Contribution	\$53.17

Comments:



These are the street name signs mounted on ornate metal posts.

The remaining life of this component has been extended due to its condition at our most recent site visit.

Evergreen Community Association

Detail Report Index

	Page
Decks - Clean & Seal	37
Decks - Resurface	38
Doors - Garage	39
Doors - Unit Entrance	40
Fencing / Walls - Perimeter	30
Gates - Wood, Unfunded	31
Landscape - Irrigation Controllers	42
Landscape - Renovation	43
Landscape - Tree Trim, Unfunded	44
Lighting - Buildings	34
Lighting - Streets, Unfunded	35
Lighting - Walkways	36
Mailboxes & Posts	45
Painting - Miscellaneous Metals	24
Painting - Red Curbs, Unfunded	25
Painting - Stucco	26
Painting - Tubular Steel (Perimeter)	27
Painting - Woodwork & Trim	28
Railing - Tubular Steel	32
Rain Gutters - Unfunded	41
Roofs - Tile, Inspect & Repair	22
Roofs - Tile, Replace (Unfunded)	23
Street Signs	46
Streets - Asphalt, Overlay / Major Rehab	17
Streets - Asphalt, Repair (2022-23)	18
Streets - Asphalt, Repair (Ongoing)	19
Streets - Asphalt, Seal Coat	20
Streets - Concrete	21
Walls - Masonry, Unit Boundary (Repair)	33
Wood Repair	29

Number of components included in this reserve analysis is 30.