

RESERVE ANALYSIS REPORT

Evergreen Community Association

Irvine, California

Version 1

April 25, 2023



Advanced Reserve Solutions, Inc.

23201 Mill Creek Drive, Suite 210

Laguna Hills, California 92653

Phone (949) 474-9800

arsinc.com

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Evergreen Community Association

Table Of Contents

	Page
Preface	i
Executive Summary	1
Disclosure Statement	2
Calculation of Percent Funded	3
Management Summary	5
Management Charts	7
Annual Expenditures	9
Projections	15
Projection Charts	16
Component Detail	18
Component Detail Index	48

Evergreen Community Association

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 Budgetingpage i
Understanding the Reserve Analysispage i
Reserve Funding Goals / Objectivespage ii
Reserve Funding Calculation Methodspage iii
Reading the Reserve Analysispage vi
Glossary of Key Termspage xi
Limitations of Reserve Analysispage xiv

◆ ◆ ◆ ◆ 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 association common areas and property values of 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 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 is 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.

Evergreen Community Association

Preface

Percent Funded

Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis is 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 “level of service” the association will provide the membership as well as a “road map” for the fiscal future of the association. Projections define the timetables for repairs and replacements, such as when buildings will be painted or when asphalt will be seal coated. 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 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 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. Component calculation method or directed cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding

Describes 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. Minimum cash flow calculation method or directed cash flow calculation method s typically used to develop a baseline funding plan.

Threshold Funding

Describes 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. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding

Describes goal/objective as described or required by local laws or codes. Component calculation method, minimum cash flow calculation method or directed cash flow calculation method may be used to develop a statutory funding plan, depending on the requirements.

Evergreen Community Association

Preface

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

There are three funding methods which can be used to develop a reserve funding plan based on reserve funding goals/objectives: Component Calculation Method, Minimum Cash Flow Calculation Method and Directed Cash Flow Calculation Method.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow calculation method funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user “directs” the funding plan as needed to achieve reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using the directed cash flow calculation method. Whereas component calculation method funding plans and minimum cash flow calculation method funding plans are typically used as reference information; usually considered the “floor” (minimum cash flow calculation method) and “ceiling” (component calculation method) of a reasonable reserve funding plan.

The three calculation methods are described as follows:

Component Calculation Method

Component 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” 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 fully funded reserves in time, and then enables the association to maintain fully funded reserves through time. The following is a detailed description of component calculation method:

Step 1: Calculation of fully funded balance for each component

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

Association's current reserve funds are assigned to (or distributed amongst) 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 reserve funds 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, components are organized in remaining life order, from least to greatest, and remaining current reserve funds are assigned to each component up to its current cost, until reserve funds 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, until reserve funds are exhausted. After pass 3, if additional reserve funds remain, there are excess reserves.

Distributing, or assigning, 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 contribution increase parameter to develop a “stair stepped” contribution.

Evergreen Community Association

Preface

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, the contribution increase parameter should match the inflation parameter. Matching the 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 a contribution increase parameter that is greater than the inflation parameter will reduce the burden to current members at the expense of future members. Using a contribution increase parameter that is less than the inflation parameter will increase the burden to the current members to the benefit of future members. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
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

One major benefit of using component calculation method is that for any single component (or group of components), 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 Summary and Charts as well as elsewhere within the report.

Minimum Cash Flow Calculation Method

Minimum cash flow 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 concerned with the ideal level of reserves or percent funded through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding). This calculation method will determine the minimum reserve contribution to ensure that the beginning reserve balance is sufficient to pay for the scheduled expenditures in each year. By definition, this calculation method will create a funding plan where, at some point over the projection period, the beginning reserve fund balance will equal the expenditures for that year. Under some conditions, based on reserve expenditure profile, this calculation method produces a funding plan that will take the association into an overfunded status through time; in these cases, directed cash flow calculation method can be used to optimize results.

Minimum cash flow calculation method is not without downsides... Unlike component calculation method, the minimum cash flow calculation method cannot precisely calculate 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 calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using minimum cash flow calculation method typical-

Evergreen Community Association

Preface

ly requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

Directed Cash Flow Calculation Method

Directed cash flow 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 and, if possible, determine the optimal funding plan to achieve 100% funding over the projection period.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user “directs” the funding plan as needed to achieve any reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using this calculation method.

Directed cash flow calculation method is not without downsides... Unlike component calculation method, the directed cash flow calculation method cannot precisely calculate 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 calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using directed cash flow calculation method typically requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

Evergreen Community Association

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 (“Component Detail”), 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 project, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information

Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.

Global Parameters

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

Community Profile

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

Budget

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

Sample Condominium Association			
Executive Summary			
Directed Cash Flow Method			
Client Information		Global Parameters	
Account Number	00002	Inflation Rate	2.50%
Version Number	1	Annual Contribution Increase	2.50%
Analysis Date	1/16/2023	Investment Rate	1.00%
Fiscal Year	1/1/2022 to 12/31/2022	Taxes on Investments	30.00%
Number of Condominiums	275	Contingency	3.00%
Community Profile			
This community consists of 275 attached condominium units with private roadways, pool area and extensive landscaped areas.			
For budgeting purposes, unless otherwise indicated, we have used January 1994 as the average placed-in-service date for aging the original components included in this analysis.			
ARS site visits: August 24, 2021; July 2018; August 2015; June 2012 and August 2009			
Adequacy of Reserves as of January 1, 2022			
Anticipated Reserve Balance			\$2,860,500.00
Fully Funded Reserve Balance			\$5,089,099.96
Percent Funded			56.21%
Deficit per Condominium			\$8,104.00
Funding for the 2022 Fiscal Year			
	Annual	Monthly	Per Month
Member Contribution	\$524,159	\$43,679.89	\$158.84
Interest Contribution	\$20,842	\$1,736.83	\$6.32
Total Contribution	\$545,001	\$45,416.72	\$165.15

Adequacy of Reserves

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

Evergreen Community Association

Preface

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides remaining life, useful life, current cost and fully funded balance at beginning of fiscal year for which the reserve analysis is 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 current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance

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

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

Sample Condominium Association
Calculation of Percent Funded
Sorted by Category: Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	6	24	\$360,300.00	\$321,176.47
Streets - Asphalt, Repair	2	4	\$24,300.00	\$12,100.00
Streets - Asphalt, Seal Coat	2	4	\$14,580.00	\$7,290.00
Streets - Concrete	2	4	\$20,300.00	\$10,000.00
Sub Total	2-6	4-24	\$448,980.00	\$350,616.47

020 Roofs				
Roofs - Rain Gutters	12	40	\$123,785.00	\$66,646.50
Roofs - Tile, Clean & Maintain	0	1	\$37,500.00	\$37,500.00
Roofs - Tile, Replace				
Sub Total				

030 Painting				
Painting - Cabana Interior				
Painting - Red Cuts				
Painting - Stucco				
Painting - Woodwork				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				

040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation				
Fencing - Wrought Iron, Pool Area				
Railing & Gates - Wrought Iron, Units				
Walls - Stucco, Repair				
Sub Total				

050 Lighting				
Lighting - Buildings				
Lighting - Landscape				
Lighting - Streets & Walkways				
Sub Total				

060 Pool Area				
Cabana - Ceramic Tile, Interior				
Cabana - Ceramic Tile, Showers				
Cabana - Doors				
Cabana - Plumbing Fixtures%				
Cabana - Restroom Partitions				
Cabana - Water Heater				

Sample Condominium Association
Calculation of Percent Funded
Sorted by Category: Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool - Filters	2	12	\$4,000.00	\$3,538.46
Pool - Heater	7	12	\$4,750.00	\$1,959.79
Pool - Replaster & Tile	7	10	\$34,387.50	\$9,466.21
Pool Area - Furniture	4	6	\$15,400.00	\$4,529.41
Pool Area - Paver Deck, Repair	17	20	\$20,000.00	\$2,564.10
Pool Area - Wood Patio Covers	7	20	\$15,125.00	\$9,631.25
Spa - Filter	2	10	\$2,000.00	\$1,724.14
Spa - Heater	4	10	\$4,750.00	\$2,650.00
Spa - Replaster & Tile	7	10	\$8,475.00	\$2,337.93
Sub Total	2-17	6-30	\$152,107.50	\$69,326.48

070 Decks				
Decks/Stairs - Clean & Seal	2	4	\$103,868.25	\$45,695.27
Decks/Stairs - Resurface	6	20	\$728,900.00	\$562,196.97
Sub Total	2-6	4-20	\$832,768.25	\$608,092.24

080 Termite Control & Wood Repair				
Termite Control	n.a.	n.a.	\$0.00	\$300,000.00
Wood Repair - Paint Cycle	4	5	\$58,000.00	\$6,444.44
Wood Repair - Shutters	4	20	\$44,900.00	\$39,267.50
Sub Total	4	5-20	\$102,900.00	\$345,731.94

090 Landscape				
Landscape - Irrigation Controllers	7	12	\$24,150.00	\$9,450.00
Landscape - Renovation	0	1	\$17,500.00	\$17,500.00
Sub Total	0-7	1-12	\$41,650.00	\$26,950.00

100 Miscellaneous				
Fire Safety - Control Panels	1	20	\$126,000.00	\$121,655.17
Fire Safety - Extinguisher Cabinets	9	30	\$64,900.00	\$49,113.51
Motobikes	18	20	\$67,000.00	\$6,700.00
Signage	0	20	\$75,000.00	\$75,000.00
Utility Closet Doors	4	20	\$157,100.00	\$137,467.50
Sub Total	0-18	20-30	\$490,000.00	\$389,931.18

Contingency	n.a.	n.a.	n.a.	\$148,226.21
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Total	0-18	1-40	\$7,044,161.25	\$6,089,099.96
Anticipated Reserve Balance				\$2,860,800.00
Percent Funded				56.21%

Evergreen Community Association

Preface

Management Summary and Charts

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

Sample Condominium Association Management Summary Directed Cash Flow Method; Sorted by Category				
	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	\$321,176.47	\$1,150.31	\$188.16	\$1,338.46
Streets - Asphalt, Repair	\$12,190.00	\$414.09	\$8.63	\$422.73
Streets - Asphalt, Seal Coat	\$7,200.00	\$246.45	\$5.18	\$253.64
Streets - Concrete	\$10,000.00	\$340.82	\$7.11	\$347.92
Sub Total	\$350,616.47	\$2,153.67	\$209.08	\$2,362.75
020 Roofs				
Roofs - Rain Gutters	\$86,649.50	\$321.53	\$50.81	\$372.34
Roofs - Tile, Clean & Maintain	\$17,500.00	\$2,448.57	\$10.02	\$2,458.59
Roofs - Tile, Replace	\$226,722.83	\$19.25		
Sub Total	\$350,872.33	\$22.05		
030 Painting				
Painting - Cabana Interior	\$94.21	\$1		
Painting - Red Curbs	\$2,557.50	\$8		
Painting - Stucco	\$20,230.79	\$2.85		
Painting - Woodwork	\$19,001.11	\$2.06		
Painting - Wrought Iron, Buildings	\$4,277.76	\$57		
Painting - Wrought Iron, Pool Area	\$670.83	\$4		
Sub Total	\$46,632.22	\$6.19		
040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation	\$38,027.03	\$13		
Fencing - Wrought Iron, Pool Area	\$19,455.88	\$6		
Railing & Gates - Wrought Iron, Units	\$298,472.22	\$1.08		
Walls - Stucco, Repair	\$8,368.84	\$2		
Sub Total	\$364,323.97	\$1.31		
050 Lighting				
Lighting - Buildings	\$154,994.23	\$81		
Lighting - Landscape	\$11,340.00	\$12		
Lighting - Streets & Walkways	\$77,437.60	\$27		
Sub Total	\$243,771.73	\$1.21		
060 Pool Area				
Cabana - Ceramic Tile, Interior	\$10,847.94	\$3		
Cabana - Ceramic Tile, Showers	\$6,342.19	\$5		
Cabana - Doors	\$2,036.36	\$1		
Cabana - Plumbing Fixtures%	\$7,404.12	\$2		
Cabana - Restroom Partitions	\$3,609.57	\$2		
Cabana - Water Heater	\$175.00	\$1		

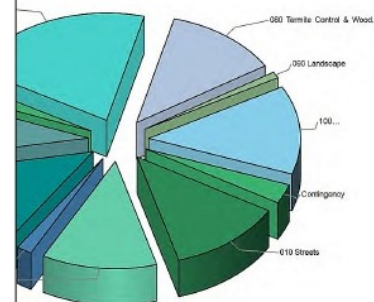
Balance at FYB
Shows amount of
reserve funds assigned to
each reserve component.
And, this column is
conveniently sub totaled.

Sample Condominium Association Management Summary Directed Cash Flow Method; Sorted by Category				
	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
070 Decks				
Decks/Stairs - Clean & Seal	\$45,895.27	\$1,901.98	\$34.24	\$1,936.22
Decks/Stairs - Resurface	\$62,196.97	\$2,641.42	\$326.21	\$2,967.63
Sub Total	\$98,092.24	\$4,503.40	\$360.45	\$4,963.85
080 Termite Control & Wood Repair				
Termite Control	\$300,000.00	\$0.00	\$171.35	\$171.35
Wood Repair - Paint Cycle	\$6,444.44	\$871.43	\$7.25	\$878.68
Wood Repair - Shutters	\$39,287.50	\$139.06	\$23.01	\$162.06
Sub Total	\$345,731.94	\$1,010.48	\$201.61	\$1,212.09
090 Landscape				
Landscape - Irrigation Controllers	\$9,450.00	\$155.33	\$6.03	\$161.36
Landscape - Renovation	\$17,500.00	\$1,142.96	\$4.67	\$1,147.64
Sub Total	\$26,950.00	\$1,297.99	\$10.71	\$1,308.70
100 Miscellaneous				
Fire Safety - Control Panels	\$121,655.17	\$423.02	\$71.22	\$494.24
Fire Safety - Extinguisher Cabinets	\$49,113.51	\$179.05	\$28.79	\$207.83
Mailboxes	\$0.00	\$281.30	\$1.15	\$282.45
Signage	\$75,000.00	\$288.18	\$1.18	\$289.36
Utility Closet Doors	\$137,462.50	\$495.04	\$80.51	\$567.05
Sub Total	\$383,231.19	\$1,656.08	\$182.84	\$1,840.92
Contingency	\$83,315.33	\$1,272.23	\$52.79	\$1,325.02
Total	\$2,860,500.30	\$43,679.89	\$1,736.83	\$45,416.72

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

Sample Condominium Association
Management / Accounting Charts
Directed Cash Flow Method; Sorted by Category

Distribution of Current Reserve Fund



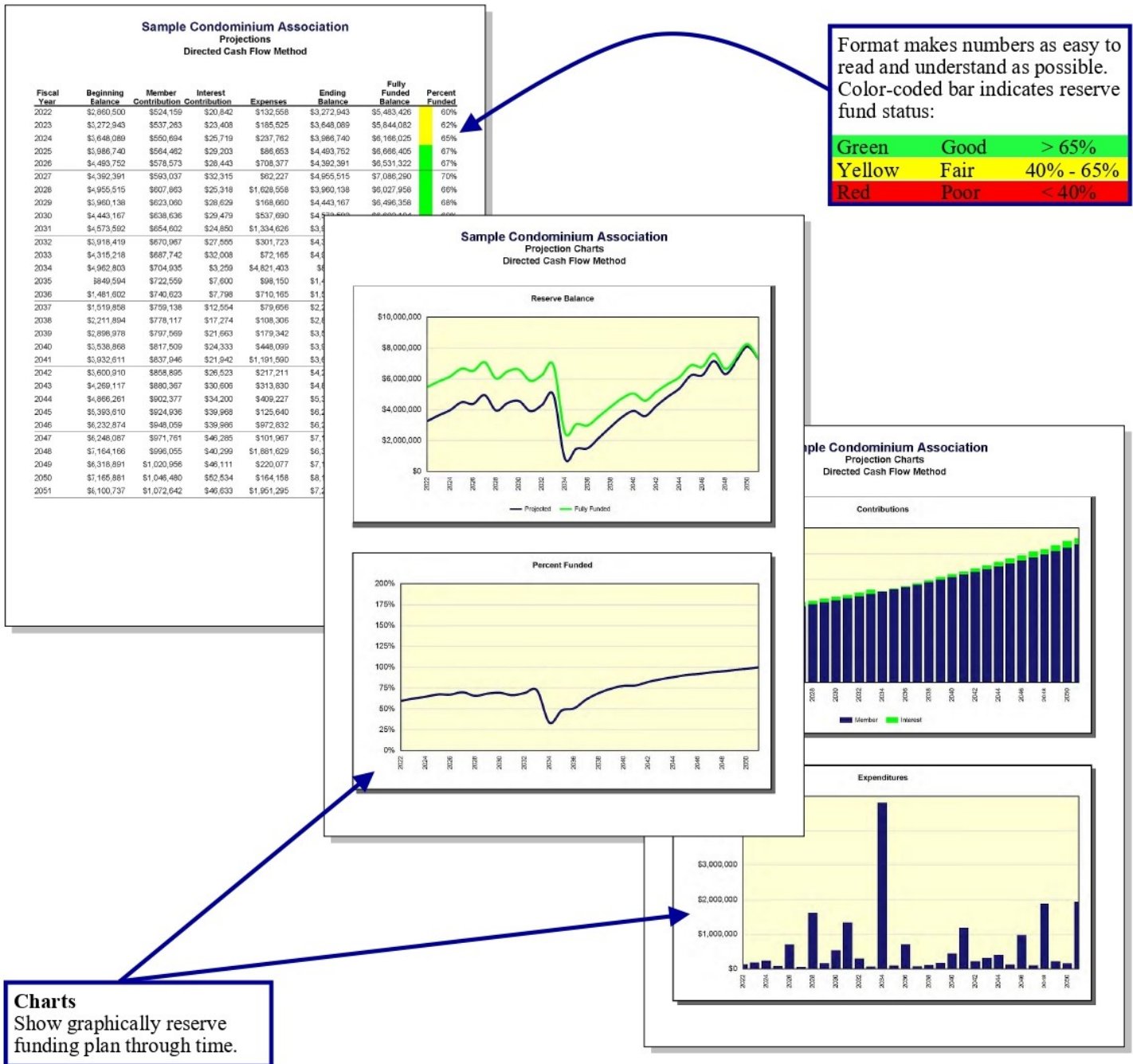
Pie Charts
Show graphically how reserve fund is
distributed amongst reserve components
and how components are funded.

Evergreen Community Association

Preface

Projections and Charts

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



Evergreen Community Association

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.

Sample Condominium Association
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Streets - Asphalt, Seal Coat			
Category	010 Streets	Quantity	162,000 sq. ft.
		Unit Cost	\$0.09
		% of Replacement	100.00%
		Current Cost	\$14,580.00
		Future Cost	\$15,318.11
Placed In Service	01/2020		
Useful Life	4		
Remaining Life	2		
Replacement Year	2024		
		Assigned Reserves at FYB	\$7,290.00
		Monthly Member Contribution	\$248.45
		Monthly Interest Contribution	\$5.18
		Total Monthly Contribution	\$253.64



The association repaired, seal coated and restriped the asphalt throughout the community during 2015 for an unknown cost. The association repaired, seal coated and restriped the asphalt throughout the community in October 2010 for a total cost of \$4,790, seal coat at \$8,736 and restripe at \$3,482.

The current cost used for this component is based on actual expenditures incurred and adjusted for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the replacement year.

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

Sample Condominium Association
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Painting - Stucco			
Category	030 Painting	Quantity	325,750 sq. ft.
		Unit Cost	\$1.18
		% of Replacement	100.00%
		Current Cost	\$384,385.00
		Future Cost	\$480,044.19
Placed In Service	07/2021		
Useful Life	10		
Remaining Life	9		
Replacement Year	2031		
		Assigned Reserves at FYB	\$20,230.79
		Monthly Member Contribution	\$2,855.92
		Monthly Interest Contribution	\$23.24
		Total Monthly Contribution	\$2,879.16



The association painted the entire community (stucco, woodwork, wrought iron and total cost of \$306,000. The association painted the entire community (stucco, woodwork, wrought iron and total cost of \$400,000. The association painted the entire community (stucco, woodwork, wrought iron and total cost of \$1,565,000. The association painted the entire community (stucco, woodwork, wrought iron and total cost of \$1,565,000. The association painted the entire community (stucco, woodwork, wrought iron and total cost of \$1,565,000.

The current cost used for this component is based on actual expenditures incurred and adjusted for inflation where applicable.

Sample Condominium Association
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Pool - Replaster & Tile			
Category	060 Pool Area	Quantity	1 pool
		Unit Cost	\$34,387.50
		% of Replacement	100.00%
		Current Cost	\$34,387.50
		Future Cost	\$40,875.93
Placed In Service	05/2019		
Useful Life	10		
Remaining Life	7		
Replacement Year	2029		
		Assigned Reserves at FYB	\$9,486.21
		Monthly Member Contribution	\$255.65
		Monthly Interest Contribution	\$6.46
		Total Monthly Contribution	\$262.11



2,125 sq. ft. of replastering	@	\$13.90	=	\$29,541.25
180 lin. ft. of waterline/tile	@	\$17.50	=	\$3,150.00
170 lin. ft. of step/bench tile	@	\$15.00	=	\$2,550.00
		TOTAL	=	\$35,241.25

The association replastered the pool during 2006 for a total cost of \$22,174. The association replastered the pool and spa, replaced the pool and spa lighting (with LED lights) and replaced the mosaic material at the pool area in March 2011 for a total cost of \$41,541. The association replastered the pool and spa in May 2019 for a total cost of \$35,443.

Comments

Useful information from site observations and historical expenses included here.

Photos

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

Evergreen Community Association

Preface

◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆

Anticipated Reserve Balance (or Reserve Funds)

Amount of money, as of a certain point in time, held by 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)

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

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.

Component Calculation Method

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

Contingency Parameter

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

Contribution Increase Parameter

Rate used in calculation of 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 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.

Current Replacement Cost

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

Directed 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.

Fiscal Year

Budget year for association for which reserve analysis is prepared. Fiscal year beginning (FYB) is first day of budget year; fiscal year end (FYE) is last day of budget year.

Fully Funded Reserve Balance

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:

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

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 com-

Evergreen Community Association

Preface

ponents it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost

Amount of money, as of 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

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

Inflation Parameter

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

Interest Contribution

Amount of money contributed to reserve fund by interest earned on reserve fund and member contributions.

Investment Rate Parameter

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

Membership Contribution

Amount of money contributed to reserve fund by association's membership.

Minimum 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.

Monthly Contribution (and "Fixed" Monthly Contribution)

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

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)

Number of units for which reserve analysis is prepared. In "phased" developments, this number represents the number of units, and corresponding common area components, that exist as of a certain point in time.

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

One-Time Replacement

Used for components that will be budgeted for only once.

Percent Funded

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

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

Evergreen Community Association

Preface

Reserve fund health:

Green	Good	> 65%
Yellow	Fair	40% to 65%
Red	Poor	< 40%

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

Percentage of Replacement

Percentage of reserve component that is expected to be replaced.

For most reserve components, this percentage is 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%. Another example would be a component where partial replacement is expected, such as interior doors.

Placed-In-Service Date

Date (month and year) that a reserve component was originally put into service or last replaced.

Remaining Life

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

Remaining Life Adjustment

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

If 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, 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, useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year

Fiscal year that a reserve component is scheduled to be replaced.

Reserve Components

Line items included in the reserve analysis.

Taxes on Investments Parameter

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

Total Contribution

Sum of membership contribution and interest contribution.

Useful Life

Length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

Evergreen Community Association

Preface

◆ ◆ ◆ ◆ 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.

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, climate change, 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 reserve components.

Evergreen Community Association

Executive Summary Directed Cash Flow Method

Client Information

Account Number	12146
Version Number	1
Analysis Date	4/25/2023
Fiscal Year	7/1/2023 to 6/30/2024
Number of Units	108

Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	3.00%
Investment Rate	1.00%
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: April 14, 2023; January 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, 2023

Anticipated Reserve Balance		\$764,050.00
Fully Funded Reserve Balance		\$1,089,586.51
Percent Funded	0 25 50 75 100	70.12%
Deficit per Unit		\$3,014.23

Funding for the 2023-24 Fiscal Year	Annual	Monthly	Per Unit Per Month
Member Contribution	\$164,350	\$13,695.83	\$126.81
Interest Contribution	\$4,378	\$364.80	\$3.38
Total Contribution	\$168,728	\$14,060.64	\$130.19

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 April 14, 2023. Consultant made previous site visits of this community in January 2021, 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 2" reserve study update including 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; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<u>010 Streets</u>				
Streets - Asphalt, Overlay / Major Rehab	8	24	\$219,495.00	\$162,851.13
Streets - Asphalt, Repair (2022-23)	0	23	\$75,000.00	\$75,000.00
Streets - Asphalt, Repair (Ongoing)	0	4	\$23,005.50	\$23,005.50
Streets - Asphalt, Seal Coat	0	4	\$16,902.00	\$16,902.00
Streets - Concrete	0	4	\$5,000.00	\$5,000.00
Sub Total	0-8	4-24	\$339,402.50	\$282,758.63
<u>020 Roofs</u>				
Roofs - Tile, Inspect & Repair	0	3	\$35,000.00	\$35,000.00
Roofs - Tile, Replace (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
Sub Total	0	3	\$35,000.00	\$35,000.00
<u>030 Painting</u>				
Painting - Miscellaneous Metals	2	5	\$5,850.00	\$3,200.94
Painting - Red Curbs, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Painting - Stucco	7	10	\$182,023.25	\$46,713.93
Painting - Tubular Steel (Perimeter)	2	5	\$6,593.40	\$3,607.71
Painting - Woodwork & Trim	2	5	\$152,574.75	\$83,484.30
Wood Repair	2	5	\$12,200.00	\$6,675.47
Sub Total	2-7	5-10	\$359,241.40	\$143,682.35
<u>040 Railing & Walls</u>				
Fencing / Walls - Perimeter	7	20	\$91,908.00	\$59,740.20
Gates - Wood, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Railing - Tubular Steel	17	40	\$42,625.00	\$24,509.38
Walls - Masonry, Unit Boundary (Repair)	7	20	\$20,184.38	\$13,119.84
Sub Total	7-17	20-40	\$154,717.38	\$97,369.42
<u>050 Lighting</u>				
Lighting - Buildings	7	20	\$78,840.00	\$60,444.00
Lighting - Streets, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Lighting - Walkways	7	30	\$112,000.00	\$85,866.67
Sub Total	7	20-30	\$190,840.00	\$146,310.67
<u>060 Buildings</u>				
Decks - Clean & Seal	2	5	\$5,175.00	\$2,831.60
Decks - Resurface	2	20	\$57,500.00	\$52,900.00
Doors - Garage	7	20	\$113,400.00	\$86,940.00
Doors - Unit Entrance	17	20	\$132,300.00	\$76,072.50

Evergreen Community Association

Calculation of Percent Funded

Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Rain Gutters - Unfunded	n.a.	n.a.	\$0.00	\$0.00
Sub Total	2-17	5-20	\$308,375.00	\$218,744.10
<u>070 Landscape</u>				
Landscape - Irrigation Controllers	3	12	\$17,850.00	\$13,226.98
Landscape - Renovation	0	5	\$57,000.00	\$57,000.00
Landscape - Tree Trim	0	1	\$4,000.00	\$4,000.00
Sub Total	0-3	1-12	\$78,850.00	\$74,226.98
<u>080 Miscellaneous</u>				
Mailboxes & Posts	7	30	\$37,950.00	\$29,095.00
Street Signs	5	20	\$12,800.00	\$10,514.29
Sub Total	5-7	20-30	\$50,750.00	\$39,609.29
Contingency	n.a.	n.a.	n.a.	\$51,885.07
Total	0-17	1-40	\$1,517,176.28	\$1,089,586.51
Anticipated Reserve Balance				\$764,050.00
Percent Funded				70.12%

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

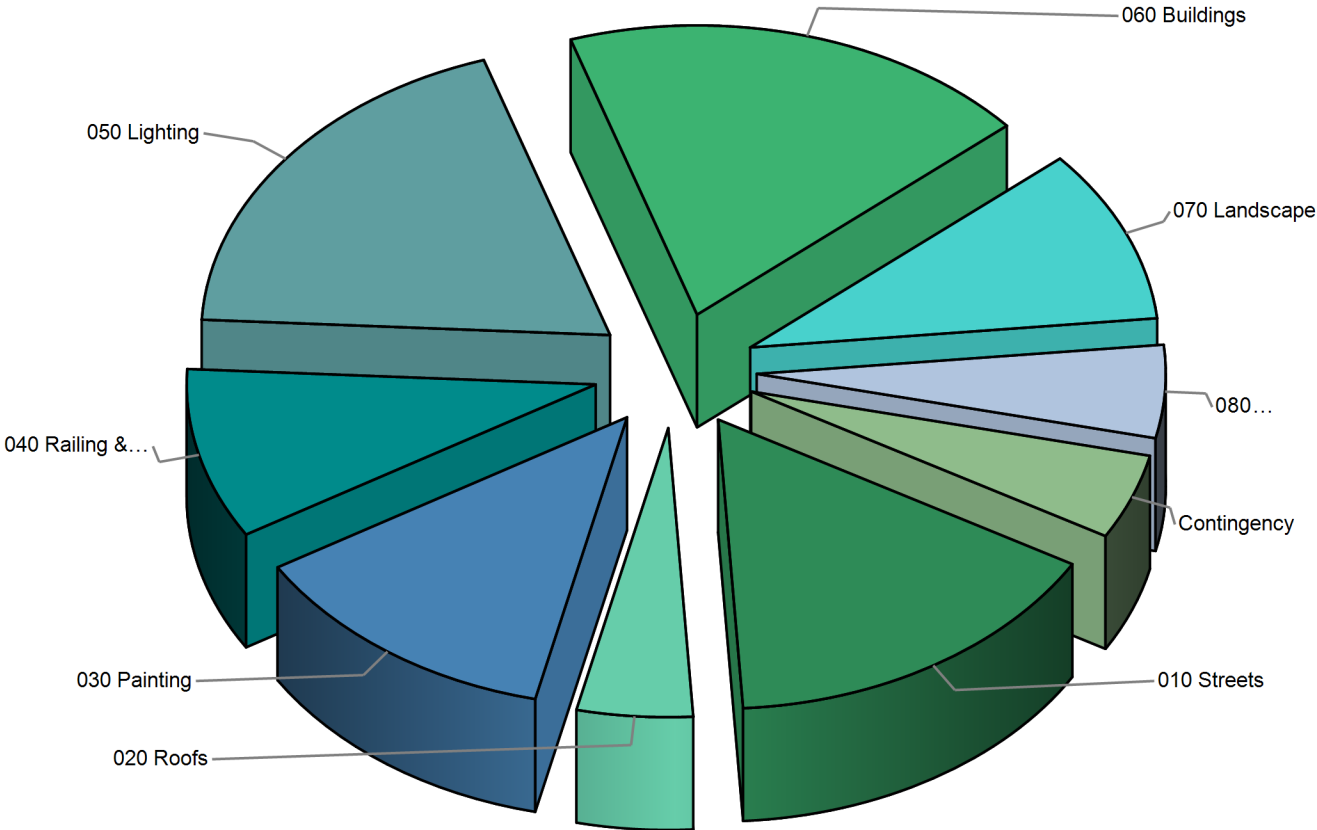
	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<u>010 Streets</u>				
Streets - Asphalt, Overlay / Major Rehab	\$0.00	\$2,046.20	\$7.93	\$2,054.12
Streets - Asphalt, Repair (2022-23)	\$75,000.00	\$285.21	\$1.10	\$286.31
Streets - Asphalt, Repair (Ongoing)	\$23,005.50	\$410.42	\$1.59	\$412.01
Streets - Asphalt, Seal Coat	\$16,902.00	\$301.53	\$1.17	\$302.70
Streets - Concrete	\$5,000.00	\$89.20	\$0.35	\$89.55
Sub Total	\$119,907.50	\$3,132.56	\$12.13	\$3,144.70
<u>020 Roofs</u>				
Roofs - Tile, Inspect & Repair	\$35,000.00	\$823.32	\$3.19	\$826.51
Roofs - Tile, Replace (Unfunded)	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total	\$35,000.00	\$823.32	\$3.19	\$826.51
<u>030 Painting</u>				
Painting - Miscellaneous Metals	\$3,200.94	\$97.36	\$2.20	\$99.56
Painting - Red Curbs, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Painting - Stucco	\$112.17	\$1,917.13	\$7.49	\$1,924.62
Painting - Tubular Steel (Perimeter)	\$3,607.71	\$109.73	\$2.48	\$112.21
Painting - Woodwork & Trim	\$83,484.30	\$2,539.31	\$57.32	\$2,596.63
Wood Repair	\$6,675.47	\$203.05	\$4.58	\$207.63
Sub Total	\$97,080.59	\$4,866.59	\$74.07	\$4,940.65
<u>040 Railing & Walls</u>				
Fencing / Walls - Perimeter	\$59,740.20	\$430.95	\$35.65	\$466.60
Gates - Wood, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Railing - Tubular Steel	\$0.00	\$205.99	\$0.80	\$206.79
Walls - Masonry, Unit Boundary (Repair)	\$13,119.84	\$94.64	\$7.83	\$102.47
Sub Total	\$72,860.04	\$731.58	\$44.27	\$775.86
<u>050 Lighting</u>				
Lighting - Buildings	\$60,444.00	\$286.91	\$35.49	\$322.40
Lighting - Streets, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Lighting - Walkways	\$85,866.67	\$407.58	\$50.42	\$457.99
Sub Total	\$146,310.67	\$694.48	\$85.91	\$780.39
<u>060 Buildings</u>				
Decks - Clean & Seal	\$2,831.60	\$86.13	\$1.94	\$88.07
Decks - Resurface	\$52,900.00	\$241.95	\$31.02	\$272.97
Doors - Garage	\$86,940.00	\$412.67	\$51.05	\$463.72
Doors - Unit Entrance	\$0.00	\$639.36	\$2.48	\$641.84

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

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Rain Gutters - Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total	\$142,671.60	\$1,380.11	\$86.49	\$1,466.60
<u>070 Landscape</u>				
Landscape - Irrigation Controllers	\$13,226.98	\$129.11	\$8.02	\$137.14
Landscape - Renovation	\$57,000.00	\$822.58	\$3.19	\$825.77
Landscape - Tree Trim	\$4,000.00	\$276.03	\$1.07	\$277.10
Sub Total	\$74,226.98	\$1,227.73	\$12.28	\$1,240.01
<u>080 Miscellaneous</u>				
Mailboxes & Posts	\$29,095.00	\$138.10	\$17.08	\$155.19
Street Signs	\$10,514.29	\$49.17	\$6.17	\$55.34
Sub Total	\$39,609.29	\$187.28	\$23.25	\$210.53
Contingency	\$36,383.33	\$652.18	\$23.22	\$675.40
Total	\$764,050.00	\$13,695.83	\$364.80	\$14,060.64

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

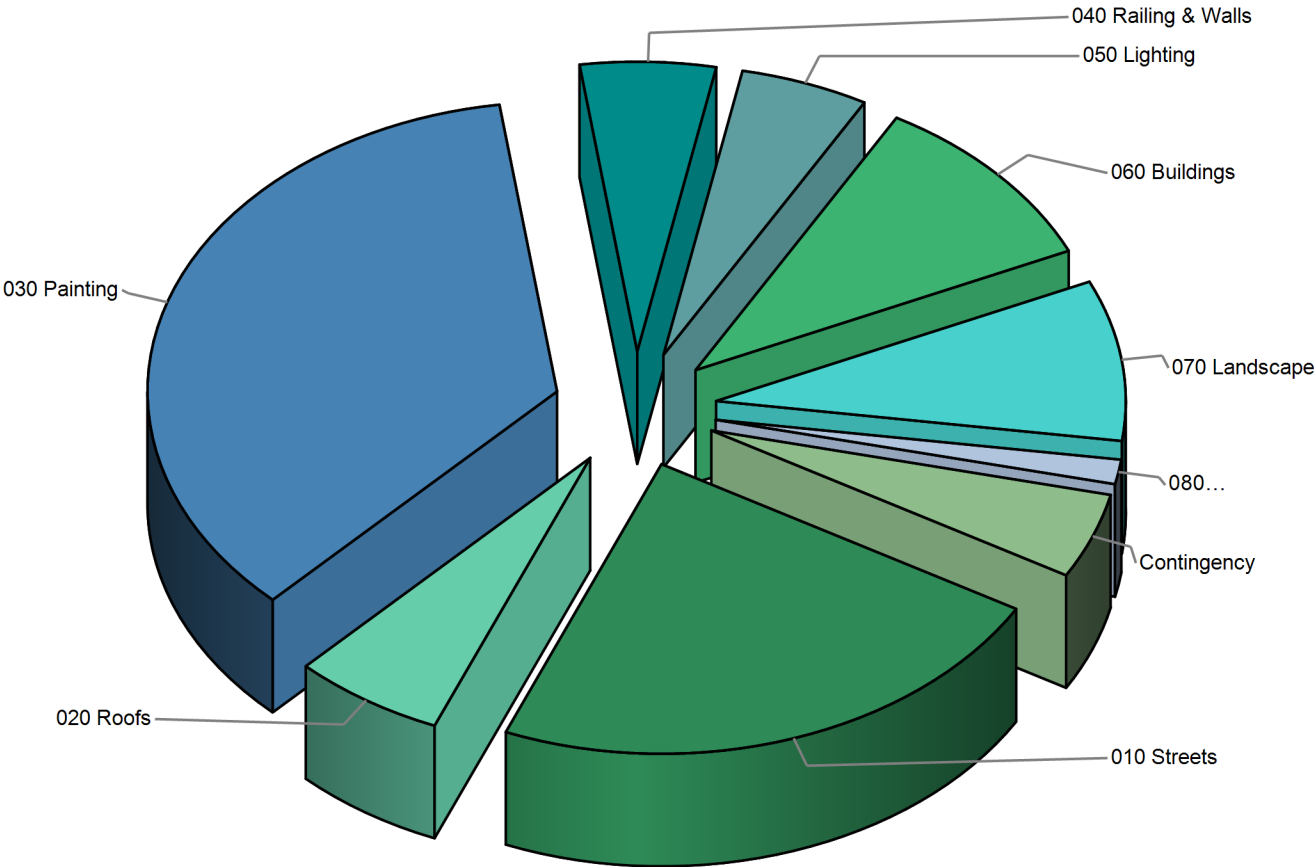
Distribution of Current Reserve Fund



010 Streets (16%)	060 Buildings (19%)
020 Roofs (5%)	070 Landscape (10%)
030 Painting (13%)	080 Miscellaneous (5%)
040 Railing & Walls (10%)	Contingency (5%)
050 Lighting (19%)	

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

Monthly Member Contribution



010 Streets (23%)	060 Buildings (10%)
020 Roofs (6%)	070 Landscape (9%)
030 Painting (36%)	080 Miscellaneous (1%)
040 Railing & Walls (5%)	Contingency (5%)
050 Lighting (5%)	

Evergreen Community Association

Annual Expenditures Sorted by Alphabetical

2023-24 Fiscal Year

Landscape - Renovation	\$57,000.00
Landscape - Tree Trim	\$4,000.00
Roofs - Tile, Inspect & Repair	\$35,000.00
Streets - Asphalt, Repair (2022-23)	\$75,000.00
Streets - Asphalt, Repair (Ongoing)	\$23,005.50
Streets - Asphalt, Seal Coat	\$16,902.00
Streets - Concrete	\$5,000.00
Sub Total	\$215,907.50

2024-25 Fiscal Year

Landscape - Tree Trim	\$4,120.00
Sub Total	\$4,120.00

2025-26 Fiscal Year

Decks - Clean & Seal	\$5,490.16
Decks - Resurface	\$61,001.75
Landscape - Tree Trim	\$4,243.60
Painting - Miscellaneous Metals	\$6,206.27
Painting - Tubular Steel (Perimeter)	\$6,994.94
Painting - Woodwork & Trim	\$161,866.55
Wood Repair	\$12,942.98
Sub Total	\$258,746.24

2026-27 Fiscal Year

Landscape - Irrigation Controllers	\$19,505.18
Landscape - Tree Trim	\$4,370.91
Roofs - Tile, Inspect & Repair	\$38,245.45
Sub Total	\$62,121.53

2027-28 Fiscal Year

Landscape - Tree Trim	\$4,502.04
Streets - Asphalt, Repair (Ongoing)	\$25,892.89
Streets - Asphalt, Seal Coat	\$19,023.35
Streets - Concrete	\$5,627.54
Sub Total	\$55,045.82

2028-29 Fiscal Year

Landscape - Renovation	\$66,078.62
Landscape - Tree Trim	\$4,637.10
Street Signs	\$14,838.71
Sub Total	\$85,554.43

Evergreen Community Association

Annual Expenditures Sorted by Alphabetical

2029-30 Fiscal Year

Landscape - Tree Trim	\$4,776.21
Roofs - Tile, Inspect & Repair	\$41,791.83
Sub Total	\$46,568.04

2030-31 Fiscal Year

Decks - Clean & Seal	\$6,364.60
Doors - Garage	\$139,467.70
Fencing / Walls - Perimeter	\$113,035.25
Landscape - Tree Trim	\$4,919.50
Lighting - Buildings	\$96,963.26
Lighting - Walkways	\$137,745.87
Mailboxes & Posts	\$46,673.71
Painting - Miscellaneous Metals	\$7,194.76
Painting - Stucco	\$223,865.64
Painting - Tubular Steel (Perimeter)	\$8,109.05
Painting - Woodwork & Trim	\$187,647.70
Walls - Masonry, Unit Boundary (Repair)	\$24,824.24
Wood Repair	\$15,004.46
Sub Total	\$1,011,815.72

2031-32 Fiscal Year

Landscape - Tree Trim	\$5,067.08
Streets - Asphalt, Overlay / Major Rehab	\$278,049.70
Streets - Asphalt, Repair (Ongoing)	\$29,142.68
Streets - Asphalt, Seal Coat	\$21,410.95
Streets - Concrete	\$6,333.85
Sub Total	\$340,004.26

2032-33 Fiscal Year

Landscape - Tree Trim	\$5,219.09
Roofs - Tile, Inspect & Repair	\$45,667.06
Sub Total	\$50,886.15

2033-34 Fiscal Year

Landscape - Renovation	\$76,603.23
Landscape - Tree Trim	\$5,375.67
Sub Total	\$81,978.90

2034-35 Fiscal Year

Landscape - Tree Trim	\$5,536.94
Sub Total	\$5,536.94

Evergreen Community Association

Annual Expenditures Sorted by Alphabetical

2035-36 Fiscal Year

Decks - Clean & Seal	\$7,378.31
Landscape - Tree Trim	\$5,703.04
Painting - Miscellaneous Metals	\$8,340.70
Painting - Tubular Steel (Perimeter)	\$9,400.61
Painting - Woodwork & Trim	\$217,535.11
Roofs - Tile, Inspect & Repair	\$49,901.63
Streets - Asphalt, Repair (Ongoing)	\$32,800.34
Streets - Asphalt, Seal Coat	\$24,098.21
Streets - Concrete	\$7,128.80
Wood Repair	\$17,394.28
Sub Total	\$379,681.05

2036-37 Fiscal Year

Landscape - Tree Trim	\$5,874.13
Sub Total	\$5,874.13

2037-38 Fiscal Year

Landscape - Tree Trim	\$6,050.36
Sub Total	\$6,050.36

2038-39 Fiscal Year

Landscape - Irrigation Controllers	\$27,809.72
Landscape - Renovation	\$88,804.14
Landscape - Tree Trim	\$6,231.87
Roofs - Tile, Inspect & Repair	\$54,528.86
Sub Total	\$177,374.59

2039-40 Fiscal Year

Landscape - Tree Trim	\$6,418.83
Streets - Asphalt, Repair (Ongoing)	\$36,917.07
Streets - Asphalt, Seal Coat	\$27,122.75
Streets - Concrete	\$8,023.53
Sub Total	\$78,482.18

2040-41 Fiscal Year

Decks - Clean & Seal	\$8,553.49
Doors - Unit Entrance	\$218,671.74
Landscape - Tree Trim	\$6,611.39
Painting - Miscellaneous Metals	\$9,669.16
Painting - Stucco	\$300,856.70
Painting - Tubular Steel (Perimeter)	\$10,897.89
Painting - Woodwork & Trim	\$252,182.81

Evergreen Community Association

Annual Expenditures Sorted by Alphabetical

Railing - Tubular Steel	\$70,452.63
Wood Repair	\$20,164.74
Sub Total	\$898,060.55
 <u>2041-42 Fiscal Year</u>	
Landscape - Tree Trim	\$6,809.73
Roofs - Tile, Inspect & Repair	\$59,585.16
Sub Total	\$66,394.89
 <u>2042-43 Fiscal Year</u>	
Landscape - Tree Trim	\$7,014.02
Sub Total	\$7,014.02
 <u>2043-44 Fiscal Year</u>	
Landscape - Renovation	\$102,948.34
Landscape - Tree Trim	\$7,224.44
Streets - Asphalt, Repair (Ongoing)	\$41,550.49
Streets - Asphalt, Seal Coat	\$30,526.89
Streets - Concrete	\$9,030.56
Sub Total	\$191,280.73
 <u>2044-45 Fiscal Year</u>	
Landscape - Tree Trim	\$7,441.18
Roofs - Tile, Inspect & Repair	\$65,110.31
Sub Total	\$72,551.49
 <u>2045-46 Fiscal Year</u>	
Decks - Clean & Seal	\$9,915.84
Decks - Resurface	\$110,175.95
Landscape - Tree Trim	\$7,664.41
Painting - Miscellaneous Metals	\$11,209.20
Painting - Tubular Steel (Perimeter)	\$12,633.64
Painting - Woodwork & Trim	\$292,349.00
Wood Repair	\$23,376.46
Sub Total	\$467,324.50
 <u>2046-47 Fiscal Year</u>	
Landscape - Tree Trim	\$7,894.35
Streets - Asphalt, Repair (2022-23)	\$148,018.99
Sub Total	\$155,913.33
 <u>2047-48 Fiscal Year</u>	

Evergreen Community Association

Annual Expenditures Sorted by Alphabetical

Landscape - Tree Trim	\$8,131.18
Roofs - Tile, Inspect & Repair	\$71,147.79
Streets - Asphalt, Repair (Ongoing)	\$46,765.44
Streets - Asphalt, Seal Coat	\$34,358.29
Streets - Concrete	\$10,163.97
Sub Total	\$170,566.67

2048-49 Fiscal Year

Landscape - Renovation	\$119,345.34
Landscape - Tree Trim	\$8,375.11
Street Signs	\$26,800.36
Sub Total	\$154,520.81

2049-50 Fiscal Year

Landscape - Tree Trim	\$8,626.37
Sub Total	\$8,626.37

2050-51 Fiscal Year

Decks - Clean & Seal	\$11,495.17
Doors - Garage	\$251,894.17
Fencing / Walls - Perimeter	\$204,154.23
Landscape - Irrigation Controllers	\$39,650.01
Landscape - Tree Trim	\$8,885.16
Lighting - Buildings	\$175,126.43
Painting - Miscellaneous Metals	\$12,994.54
Painting - Stucco	\$404,326.24
Painting - Tubular Steel (Perimeter)	\$14,645.85
Painting - Woodwork & Trim	\$338,912.61
Roofs - Tile, Inspect & Repair	\$77,745.12
Walls - Masonry, Unit Boundary (Repair)	\$44,835.33
Wood Repair	\$27,099.73
Sub Total	\$1,611,764.58

2051-52 Fiscal Year

Landscape - Tree Trim	\$9,151.71
Streets - Asphalt, Repair (Ongoing)	\$52,634.92
Streets - Asphalt, Seal Coat	\$38,670.55
Streets - Concrete	\$11,439.64
Sub Total	\$111,896.82

2052-53 Fiscal Year

Landscape - Tree Trim	\$9,426.26
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Evergreen Community Association
Annual Expenditures
Sorted by Alphabetical

Sub Total	<hr/> \$9,426.26
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Evergreen Community Association

Projections

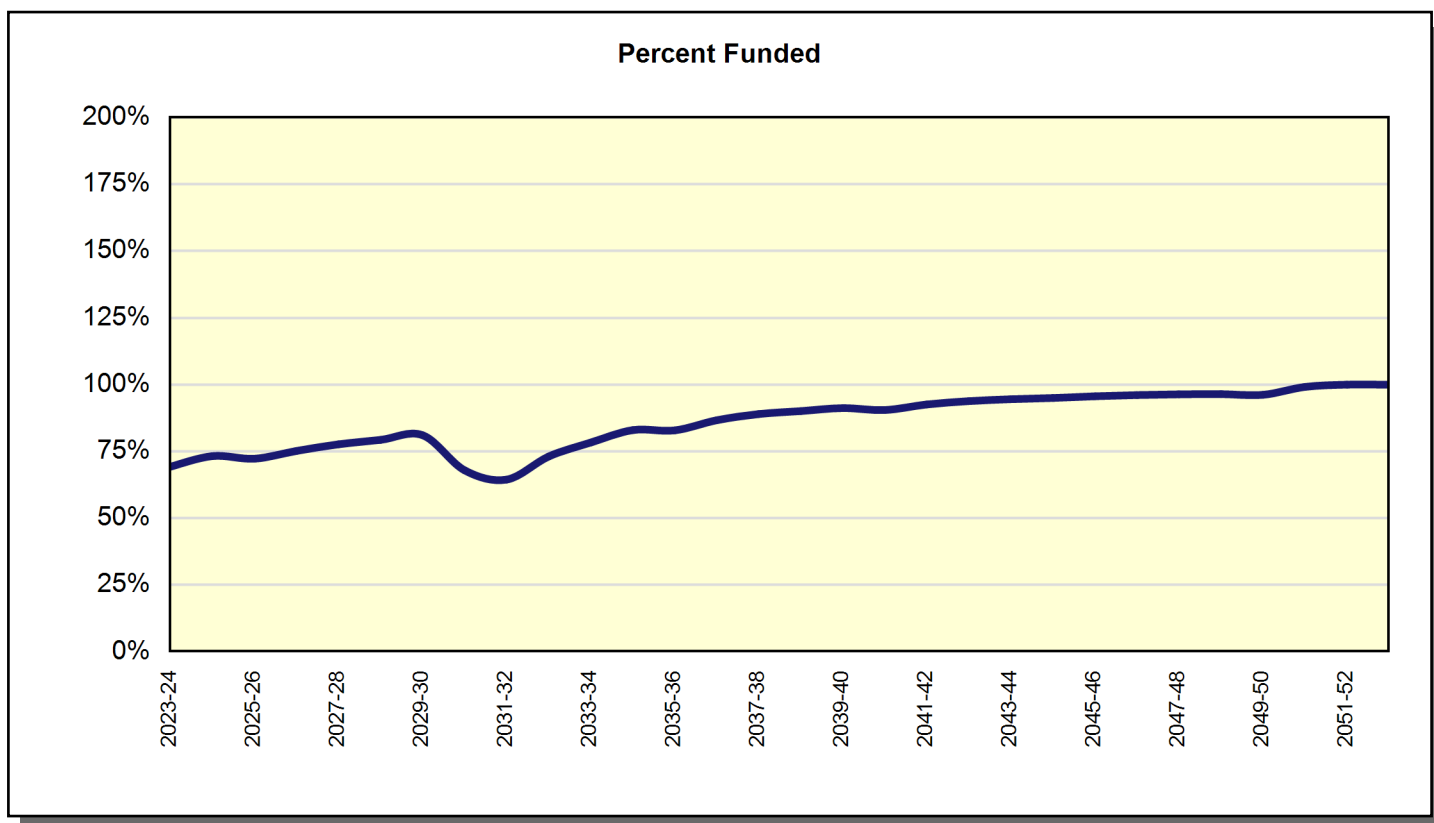
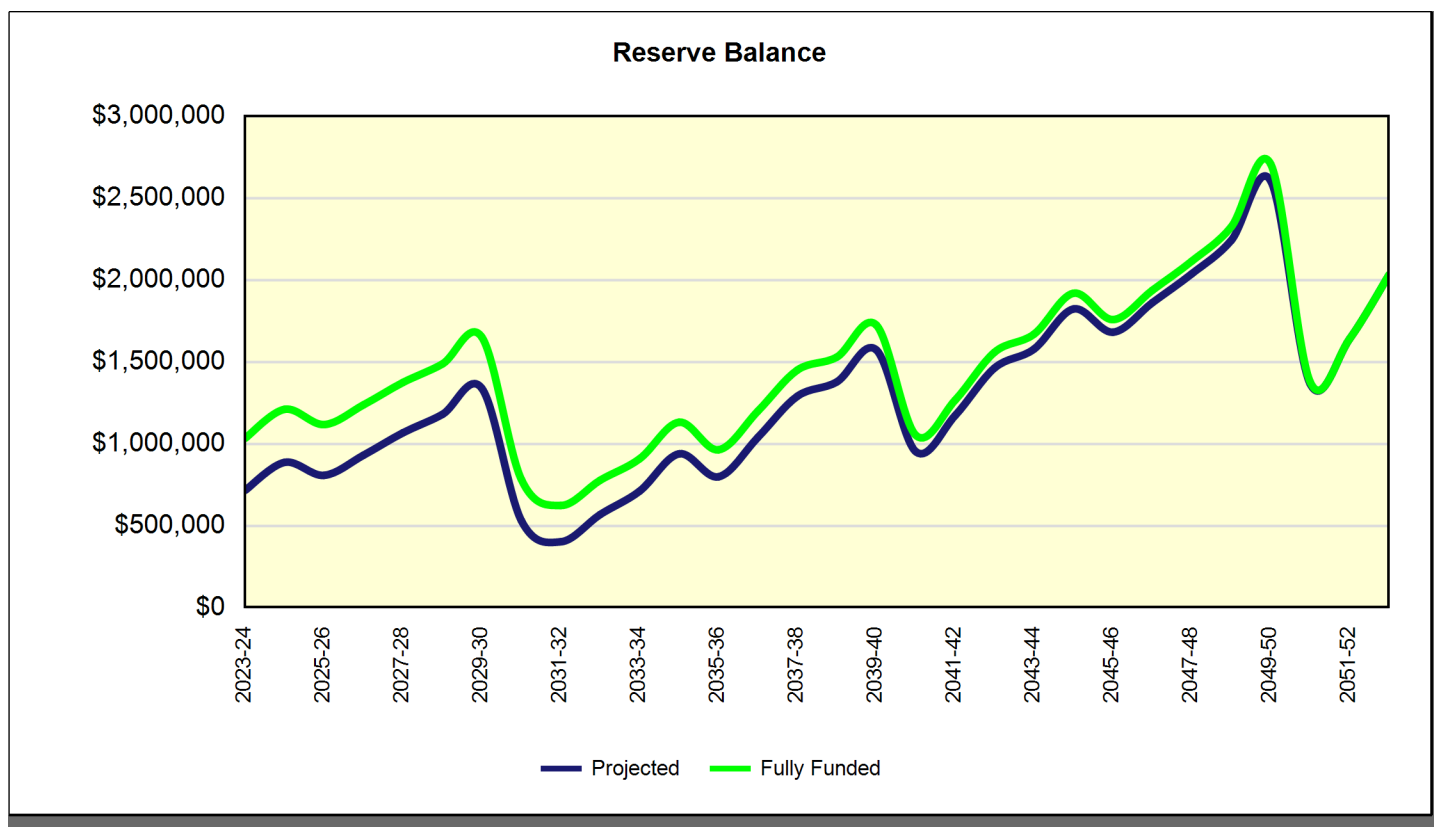
Directed Cash Flow Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2023-24	\$764,050	\$164,350	\$4,378	\$215,908	\$716,870	\$1,034,712	69%
2024-25	\$716,870	\$169,281	\$5,549	\$4,120	\$887,580	\$1,211,617	73%
2025-26	\$887,580	\$174,359	\$4,976	\$258,746	\$808,169	\$1,118,093	72%
2026-27	\$808,169	\$179,590	\$5,816	\$62,122	\$931,454	\$1,238,848	75%
2027-28	\$931,454	\$184,977	\$6,749	\$55,046	\$1,068,135	\$1,375,510	78%
2028-29	\$1,068,135	\$190,527	\$7,513	\$85,554	\$1,180,619	\$1,488,277	79%
2029-30	\$1,180,619	\$196,242	\$8,595	\$46,568	\$1,338,889	\$1,651,511	81%
2030-31	\$1,338,889	\$202,130	\$2,947	\$1,011,816	\$532,149	\$783,558	68%
2031-32	\$532,149	\$208,194	\$2,019	\$340,004	\$402,357	\$624,263	64%
2032-33	\$402,357	\$214,439	\$3,158	\$50,886	\$569,068	\$778,417	73%
2033-34	\$569,068	\$220,873	\$4,131	\$81,979	\$712,093	\$909,283	78%
2034-35	\$712,093	\$227,499	\$5,693	\$5,537	\$939,748	\$1,132,633	83%
2035-36	\$939,748	\$234,324	\$4,686	\$379,681	\$799,077	\$964,107	83%
2036-37	\$799,077	\$241,354	\$6,346	\$5,874	\$1,040,902	\$1,201,042	87%
2037-38	\$1,040,902	\$248,594	\$8,066	\$6,050	\$1,291,512	\$1,451,325	89%
2038-39	\$1,291,512	\$256,052	\$8,647	\$177,375	\$1,378,837	\$1,530,454	90%
2039-40	\$1,378,837	\$263,734	\$9,980	\$78,482	\$1,574,068	\$1,725,731	91%
2040-41	\$1,574,068	\$271,646	\$5,620	\$898,061	\$953,273	\$1,053,431	90%
2041-42	\$953,273	\$279,795	\$7,128	\$66,395	\$1,173,801	\$1,267,825	93%
2042-43	\$1,173,801	\$288,189	\$9,120	\$7,014	\$1,464,095	\$1,560,509	94%
2043-44	\$1,464,095	\$296,834	\$9,893	\$191,281	\$1,579,542	\$1,670,556	95%
2044-45	\$1,579,542	\$305,739	\$11,566	\$72,551	\$1,824,295	\$1,920,413	95%
2045-46	\$1,824,295	\$314,912	\$10,542	\$467,324	\$1,682,424	\$1,759,165	96%
2046-47	\$1,682,424	\$324,359	\$11,763	\$155,913	\$1,862,632	\$1,938,467	96%
2047-48	\$1,862,632	\$334,090	\$12,956	\$170,567	\$2,039,112	\$2,116,155	96%
2048-49	\$2,039,112	\$344,112	\$14,341	\$154,521	\$2,243,044	\$2,325,648	96%
2049-50	\$2,243,044	\$354,436	\$16,831	\$8,626	\$2,605,684	\$2,708,603	96%
2050-51	\$2,605,684	\$365,069	\$8,153	\$1,611,765	\$1,367,142	\$1,378,929	99%
2051-52	\$1,367,142	\$376,021	\$10,024	\$111,897	\$1,641,289	\$1,641,437	100%
2052-53	\$1,641,289	\$387,302	\$12,705	\$9,426	\$2,031,869	\$2,032,908	100%

Evergreen Community Association

Projection Charts

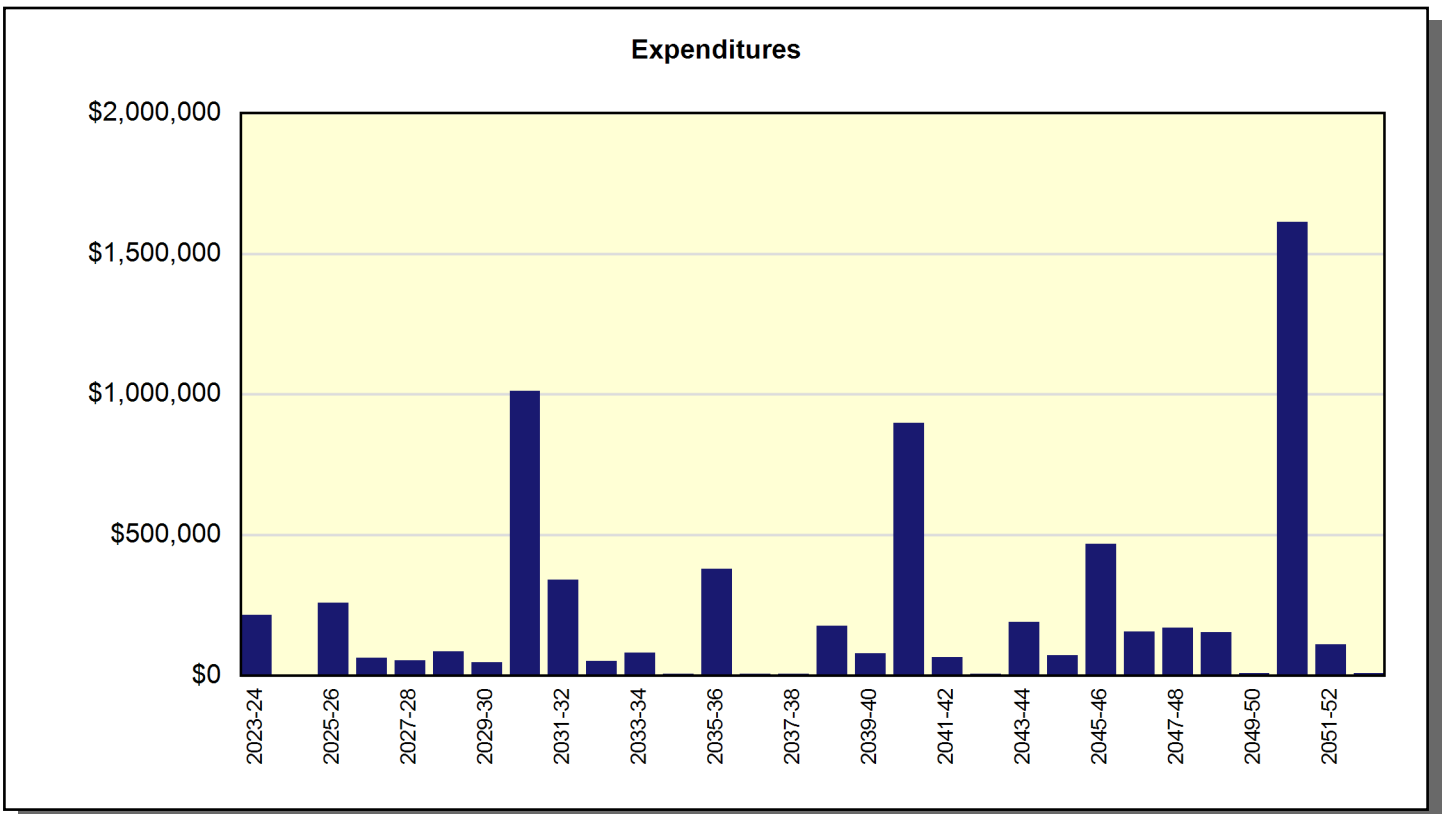
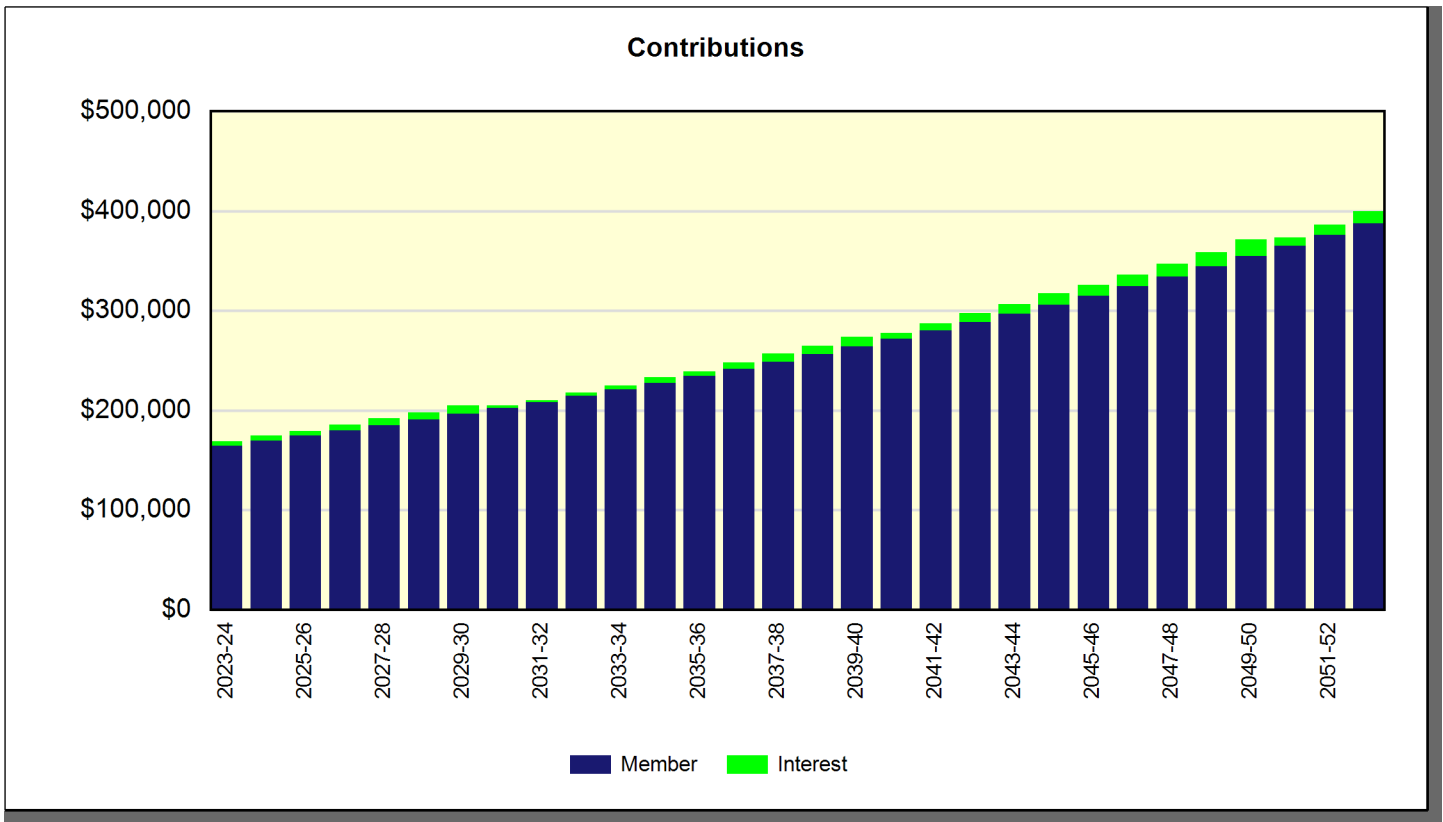
Directed Cash Flow Method



Evergreen Community Association

Projection Charts

Directed Cash Flow Method



Evergreen Community Association
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Streets - Asphalt, Overlay / Major Rehab

Category	010 Streets	Quantity	1 total
		Unit Cost	\$219,495.00
		% of Replacement	100.00%
		Current Cost	\$219,495.00
		Future Cost	\$278,049.70
Placed In Service	07/2000		
Useful Life	24		
Adjustment	+7	Assigned Reserves at FYB	\$0.00
Remaining Life	8	Monthly Member Contribution	\$2,046.20
Replacement Year	2031-32	Monthly Interest Contribution	\$7.93
		Total Monthly Contribution	\$2,054.12

93,900 sq. ft. of overlay/major rehab	@	\$2.05	=	\$192,495.00
54 valve cover adjustments	@	\$300.00	=	\$16,200.00
18 manhole cover adjustments	@	\$600.00	=	\$10,800.00
		TOTAL	=	\$219,495.00

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 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.

Evergreen Community Association
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Streets - Asphalt, Repair (2022-23)

Category	010 Streets	Quantity	1 provision
		Unit Cost	\$75,000.00
		% of Replacement	100.00%
		Current Cost	\$75,000.00
Placed In Service	07/2000	Future Cost	\$148,018.99
Useful Life	23		
		Assigned Reserves at FYB	\$75,000.00
Remaining Life	0	Monthly Member Contribution	\$285.21
Replacement Year	2023-24	Monthly Interest Contribution	\$1.10
		Total Monthly Contribution	\$286.31

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

The association had intended to make significant repairs and seal coat the asphalt throughout the community during Summer 2022 for an anticipated total cost of approximately \$100,000; this project has not yet materialized.

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.
		Unit Cost	\$7.00
		% of Replacement	3.50%
		Current Cost	\$23,005.50
Placed In Service	07/2016	Future Cost	\$25,892.89
Useful Life	4		
		Assigned Reserves at FYB	\$23,005.50
Remaining Life	0	Monthly Member Contribution	\$410.42
Replacement Year	2023-24	Monthly Interest Contribution	\$1.59
		Total Monthly Contribution	\$412.01

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.
		Unit Cost	\$0.18
		% of Replacement	100.00%
		Current Cost	\$16,902.00
Placed In Service	07/2016	Future Cost	\$19,023.35
Useful Life	4		
		Assigned Reserves at FYB	\$16,902.00
Remaining Life	0	Monthly Member Contribution	\$301.53
Replacement Year	2023-24	Monthly Interest Contribution	\$1.17
		Total Monthly Contribution	\$302.70

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
		Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	07/2016	Future Cost	\$5,627.54
Useful Life	4		
		Assigned Reserves at FYB	\$5,000.00
Remaining Life	0	Monthly Member Contribution	\$89.20
Replacement Year	2023-24	Monthly Interest Contribution	\$0.35
		Total Monthly Contribution	\$89.55

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
		Unit Cost	\$35,000.00
		% of Replacement	100.00%
		Current Cost	\$35,000.00
Placed In Service	07/2018	Future Cost	\$38,245.45
Useful Life	3		
		Assigned Reserves at FYB	\$35,000.00
Remaining Life	0	Monthly Member Contribution	\$823.32
Replacement Year	2023-24	Monthly Interest Contribution	\$3.19
		Total Monthly Contribution	\$826.51

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.
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	07/2000	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

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. At the request of the client, budgeting for this component has been excluded at this time. 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

Painting - Miscellaneous Metals

Category	030 Painting	Quantity	1 total
		Unit Cost	\$5,850.00
		% of Replacement	100.00%
		Current Cost	\$5,850.00
		Future Cost	\$6,206.27
Placed In Service	02/2021		
Useful Life	5		
		Assigned Reserves at FYB	\$3,200.94
Remaining Life	2	Monthly Member Contribution	\$97.36
Replacement Year	2025-26	Monthly Interest Contribution	\$2.20
		Total Monthly Contribution	\$99.56

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
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	04/2016	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

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.
		Unit Cost	\$0.85
		% of Replacement	100.00%
		Current Cost	\$182,023.25
Placed In Service	02/2021	Future Cost	\$223,865.64
Useful Life	10		
		Assigned Reserves at FYB	\$112.17
Remaining Life	7	Monthly Member Contribution	\$1,917.13
Replacement Year	2030-31	Monthly Interest Contribution	\$7.49
		Total Monthly Contribution	\$1,924.62

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.
		Unit Cost	\$1.65
		% of Replacement	100.00%
		Current Cost	\$6,593.40
		Future Cost	\$6,994.94
Placed In Service	02/2021		
Useful Life	5		
		Assigned Reserves at FYB	\$3,607.71
Remaining Life	2	Monthly Member Contribution	\$109.73
Replacement Year	2025-26	Monthly Interest Contribution	\$2.48
		Total Monthly Contribution	\$112.21

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.
		Unit Cost	\$2.85
		% of Replacement	100.00%
		Current Cost	\$152,574.75
		Future Cost	\$161,866.55
Placed In Service	02/2021		
Useful Life	5		
		Assigned Reserves at FYB	\$83,484.30
Remaining Life	2	Monthly Member Contribution	\$2,539.31
Replacement Year	2025-26	Monthly Interest Contribution	\$57.32
		Total Monthly Contribution	\$2,596.63

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

Evergreen Community Association
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Wood Repair			
Category	030 Painting	Quantity	1 provision
		Unit Cost	\$12,200.00
		% of Replacement	100.00%
		Current Cost	\$12,200.00
Placed In Service	02/2021	Future Cost	\$12,942.98
Useful Life	5		
		Assigned Reserves at FYB	\$6,675.47
Remaining Life	2	Monthly Member Contribution	\$203.05
Replacement Year	2025-26	Monthly Interest Contribution	\$4.58
		Total Monthly Contribution	\$207.63

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.
		Unit Cost	\$103.50
		% of Replacement	100.00%
		Current Cost	\$91,908.00
Placed In Service	07/2010	Future Cost	\$113,035.25
Useful Life	20		
		Assigned Reserves at FYB	\$59,740.20
Remaining Life	7	Monthly Member Contribution	\$430.95
Replacement Year	2030-31	Monthly Interest Contribution	\$35.65
		Total Monthly Contribution	\$466.60

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
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	07/2000	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

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.
		Unit Cost	\$77.50
		% of Replacement	100.00%
		Current Cost	\$42,625.00
		Future Cost	\$70,452.63
Placed In Service	07/2000		
Useful Life	40		
		Assigned Reserves at FYB	\$0.00
Remaining Life	17	Monthly Member Contribution	\$205.99
Replacement Year	2040-41	Monthly Interest Contribution	\$0.80
		Total Monthly Contribution	\$206.79

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.
		Unit Cost	\$12.50
		% of Replacement	15.00%
		Current Cost	\$20,184.38
Placed In Service	07/2010	Future Cost	\$24,824.24
Useful Life	20		
		Assigned Reserves at FYB	\$13,119.84
Remaining Life	7	Monthly Member Contribution	\$94.64
Replacement Year	2030-31	Monthly Interest Contribution	\$7.83
		Total Monthly Contribution	\$102.47

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
		Unit Cost	\$78,840.00
		% of Replacement	100.00%
		Current Cost	\$78,840.00
		Future Cost	\$96,963.26
Placed In Service	07/2000		
Useful Life	20		
Adjustment	+10	Assigned Reserves at FYB	\$60,444.00
Remaining Life	7	Monthly Member Contribution	\$286.91
Replacement Year	2030-31	Monthly Interest Contribution	\$35.49
		Total Monthly Contribution	\$322.40

Front of Buildings:

108 recessed spot fixtures*	@	\$200.00	=	\$21,600.00
108 illuminated address signs	@	\$160.00	=	\$17,280.00

Back of Buildings:

108 medium size lantern fixtures	@	\$210.00	=	\$22,680.00
108 illuminated address signs	@	\$160.00	=	\$17,280.00
		TOTAL	=	\$78,840.00

* 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
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	07/2000	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

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
		Unit Cost	\$3,500.00
		% of Replacement	100.00%
		Current Cost	\$112,000.00
Placed In Service	07/2000	Future Cost	\$137,745.87
Useful Life	30		
		Assigned Reserves at FYB	\$85,866.67
Remaining Life	7	Monthly Member Contribution	\$407.58
Replacement Year	2030-31	Monthly Interest Contribution	\$50.42
		Total Monthly Contribution	\$457.99

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
		Unit Cost	\$225.00
		% of Replacement	100.00%
		Current Cost	\$5,175.00
		Future Cost	\$5,490.16
Placed In Service	02/2021		
Useful Life	5		
		Assigned Reserves at FYB	\$2,831.60
Remaining Life	2	Monthly Member Contribution	\$86.13
Replacement Year	2025-26	Monthly Interest Contribution	\$1.94
		Total Monthly Contribution	\$88.07

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
		Unit Cost	\$2,500.00
		% of Replacement	100.00%
		Current Cost	\$57,500.00
Placed In Service	07/2000	Future Cost	\$61,001.75
Useful Life	20		
Adjustment	+5	Assigned Reserves at FYB	\$52,900.00
Remaining Life	2	Monthly Member Contribution	\$241.95
Replacement Year	2025-26	Monthly Interest Contribution	\$31.02
		Total Monthly Contribution	\$272.97

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
		Unit Cost	\$1,050.00
		% of Replacement	100.00%
		Current Cost	\$113,400.00
Placed In Service	07/2000	Future Cost	\$139,467.70
Useful Life	20		
Adjustment	+10	Assigned Reserves at FYB	\$86,940.00
Remaining Life	7	Monthly Member Contribution	\$412.67
Replacement Year	2030-31	Monthly Interest Contribution	\$51.05
		Total Monthly Contribution	\$463.72

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
		Unit Cost	\$1,225.00
		% of Replacement	100.00%
		Current Cost	\$132,300.00
		Future Cost	\$218,671.74
Placed In Service	07/2000		
Useful Life	20		
Adjustment	+20	Assigned Reserves at FYB	\$0.00
Remaining Life	17	Monthly Member Contribution	\$639.36
Replacement Year	2040-41	Monthly Interest Contribution	\$2.48
		Total Monthly Contribution	\$641.84

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.
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	07/2000	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

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
		Unit Cost	\$17,850.00
		% of Replacement	100.00%
		Current Cost	\$17,850.00
Placed In Service	12/2014	Future Cost	\$19,505.18
Useful Life	12		
		Assigned Reserves at FYB	\$13,226.98
Remaining Life	3	Monthly Member Contribution	\$129.11
Replacement Year	2026-27	Monthly Interest Contribution	\$8.02
		Total Monthly Contribution	\$137.14

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
		Unit Cost	\$57,000.00
		% of Replacement	100.00%
		Current Cost	\$57,000.00
Placed In Service	07/2017	Future Cost	\$66,078.62
Useful Life	5		
		Assigned Reserves at FYB	\$57,000.00
Remaining Life	0	Monthly Member Contribution	\$822.58
Replacement Year	2023-24	Monthly Interest Contribution	\$3.19
		Total Monthly Contribution	\$825.77

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			
Category	070 Landscape	Quantity	1 provision
		Unit Cost	\$4,000.00
		% of Replacement	100.00%
		Current Cost	\$4,000.00
Placed In Service	07/2022	Future Cost	\$4,120.00
Useful Life	1		
		Assigned Reserves at FYB	\$4,000.00
Remaining Life	0	Monthly Member Contribution	\$276.03
Replacement Year	2023-24	Monthly Interest Contribution	\$1.07
		Total Monthly Contribution	\$277.10

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

2012-13: \$2,115 (removals)
2013-14: \$7,576 (trimming)
2014-15: \$12,990 (removals) + \$4,993 (trimming)
2015-16: \$5,530 (trimming)

The association relied on their operating budget for tree trimming and removals between 2016 and 2023.

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

Mailboxes & Posts

Category	080 Miscellaneous	Quantity	1 total
		Unit Cost	\$37,950.00
		% of Replacement	100.00%
		Current Cost	\$37,950.00
		Future Cost	\$46,673.71
Placed In Service	07/2000		
Useful Life	30		
		Assigned Reserves at FYB	\$29,095.00
Remaining Life	7	Monthly Member Contribution	\$138.10
Replacement Year	2030-31	Monthly Interest Contribution	\$17.08
		Total Monthly Contribution	\$155.19

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

3 posts for 2 boxes	@	\$1,050.00	=	\$3,150.00
2 posts for 3 boxes	@	\$1,200.00	=	\$2,400.00
24 posts for 4 boxes	@	\$1,350.00	=	\$32,400.00
		TOTAL	=	\$37,950.00

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
		Unit Cost	\$800.00
		% of Replacement	100.00%
		Current Cost	\$12,800.00
Placed In Service	07/2000	Future Cost	\$14,838.71
Useful Life	20		
Adjustment	+8	Assigned Reserves at FYB	\$10,514.29
Remaining Life	5	Monthly Member Contribution	\$49.17
Replacement Year	2028-29	Monthly Interest Contribution	\$6.17
		Total Monthly Contribution	\$55.34

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

Component Detail Index

	Page
Decks - Clean & Seal	38
Decks - Resurface	39
Doors - Garage	40
Doors - Unit Entrance	41
Fencing / Walls - Perimeter	31
Gates - Wood, Unfunded	32
Landscape - Irrigation Controllers	43
Landscape - Renovation	44
Landscape - Tree Trim	45
Lighting - Buildings	35
Lighting - Streets, Unfunded	36
Lighting - Walkways	37
Mailboxes & Posts	46
Painting - Miscellaneous Metals	25
Painting - Red Curbs, Unfunded	26
Painting - Stucco	27
Painting - Tubular Steel (Perimeter)	28
Painting - Woodwork & Trim	29
Railing - Tubular Steel	33
Rain Gutters - Unfunded	42
Roofs - Tile, Inspect & Repair	23
Roofs - Tile, Replace (Unfunded)	24
Street Signs	47
Streets - Asphalt, Overlay / Major Rehab	18
Streets - Asphalt, Repair (2022-23)	19
Streets - Asphalt, Repair (Ongoing)	20
Streets - Asphalt, Seal Coat	21
Streets - Concrete	22
Walls - Masonry, Unit Boundary (Repair)	34
Wood Repair	30

30 Components