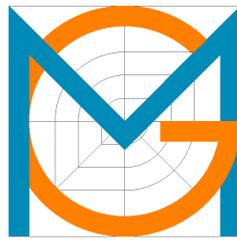


Capital Reserve Analysis Inman Park Pool Association, Inc.



G & M Engineering, Inc.

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May 2025



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Property Description

The Inman Park Pool Association consists of a swimming pool and pool house/clubhouse building that contains bathrooms, pool equipment room, meeting room, and kitchen. The property is located off Spruce Street in Atlanta, Georgia. The pool was constructed in approximately 1999.

Level of Service

This study has been performed as a Level II, Capital Reserve Analysis Update as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. A complete component inventory was established based on information regarding common area components provided by the Association's representative and upon quantities derived from field measurement and/or quantity takeoffs from to-scale engineering drawings. The condition and remaining life of the common area components was based on the visual inspection of each component by the reserve specialist.

Current Funding Analysis and Recommended Future Funding

This reserve analysis has been prepared for Fiscal Year 2025 covering the period from January 1, 2025, to December 31, 2054. The Replacement Reserves on deposit as of January 1, 2025, are reported to be \$17,815. The contribution for fiscal year (2024) is \$35,170.00. The balance and contribution figures have been supplied by the Community Manager and confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited by the end of the year and expenditures will be paid from the reserve account by the end of the fiscal year.

We are recommending that the annual reserve fund contribution for 2025 be maintained at \$35,000 as indicated that the contributions were in 2024. This contribution level will provide more than adequate funding for the reserves at this Association for many years into the future. We have not recommended any further increases in the funding level. The average yearly expenditure from reserves is calculated to be \$32,701.50 based upon our analysis and, therefore, the contributions to the reserves, being set at \$35,000, allow the funding to match closely with the yearly average expenditure from the reserves with some growth over the years.

In summary, Current Funding, as reported by the Association and shown above, does provide adequate funding for the \$32,701.50 yearly average of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period. The total estimated expenditure for the reserve is \$981,045 for the 30-year term of the analysis period.



INFLATION ADJUSTMENT Prior to approving a budget based upon the inflation adjusted funding calculations, the 3.0 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percent), contact reserve specialist prior to using the Inflation Adjusted Funding.

INTEREST ON RESERVES The recommended funding calculations do account for interest earned on Replacement Reserves, based on the current interest rate provided by the Association's representative. The interest rate is applied to the reserve funds available at the beginning of the current fiscal year. We utilized an interest rate of 1.50% on the reserve funds accumulated by the Association. We understand this can fluctuate with the Association utilizing certificates of deposit or other means to increase the rate of return on their investments.

Funding Methods

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit that is less than that arrived at by the Component Method.

Minimum Balance. The calculations assume a Minimum Balance of \$35,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$32,701.50, 30-year average annual expenditure.

The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method.



Common Area Component Inventory and Funding Schedules

Inman Park Pool Association						2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL										
SITWORK															
Concrete Sidewalk - Repair/Partial Replacement	\$5,000	1	\$5,000	10	5						\$5,797				
Pool Plaster -Replace	\$40,000	1	\$40,000	10	7								\$49,195		
Pool Water Line Tiles -Replace	\$10,000	1	\$10,000	20	7								\$12,299		
Pool Furnitruer -Repalce	\$10,000	1	\$10,000	8	3			\$10,928							
Pool Concrete Deck -Partial Replace	\$20,000	1	\$20,000	15	4					\$22,511					
Pool Fence- Repair/Paint	\$3,000	1	\$3,000	10	8									\$3,801	
Pool Equipment -Replace	\$8,000	1	\$8,000	5	2			\$8,488						\$9,839	
Wading Pool Plaster -Replace	\$5,000	1	\$5,000	10	7									\$6,150	
Wading Pool Water Line Tile -Replace	\$1,500	1	\$1,500	20	7									\$1,845	
Swim Team Equipment	\$3,000	1	\$3,000	10	9										\$3,915
Common Area Landscape	\$4,000	1	\$4,000	5	3			\$4,371						\$5,068	
Retaining Walls -Repair/Maintain	\$7,000	1	\$7,000	10	7									\$8,610	
Metal Rails -Repair/Paint	\$1,000	1	\$1,000	7	5						\$1,160				
Wall/Fence -Repair/Paint	\$3,000	1	\$3,000	7	5						\$3,478				
Awnings -Replace	\$5,500	1	\$5,500	15	10										
Pool House Roof -Replace	\$375	29	\$10,875	25	1		\$11,202								
Pool House Exterior -Repair/Paint	\$6,000	1	\$6,000	7	1		\$6,180								\$7,601
Pool House Bathrooms -Repair/Paint	\$1,000	2	\$2,000	6	2			\$2,122							\$2,534
Pool House Bathrooms -Remodel	\$5,000	2	\$10,000	30	3				\$10,928						
Pool House Interior -Repair/Paint	\$2,000	1	\$2,000	8	4					\$2,252					
Pool House Flooring -Refinish	\$5,000	1	\$5,000	25	3				\$5,464						
Pool House Furnishings -Replace	\$6,000	1	\$6,000	15	6							\$7,165			
Pool House Exterior Doors -Replace	\$2,500	6	\$15,000	30	3				\$16,391						
Pool House Appliances -Replace	\$3,000	1	\$3,000	12	5						\$3,478				
Pool House HVAC -Replace	\$8,000	1	\$8,000	15	10										
Pool House Water Heater -Replace	\$1,500	1	\$1,500	12	11										
Access Control System -Upgrade	\$5,000	1	\$5,000	10	9										\$6,524
Camera System -Upgrade	\$3,000	1	\$3,000	10	6							\$3,583			
Interior/Exterior Lighting -Partial Replace/Upgrade	\$2,500	1	\$2,500	10	8										\$3,167
Reserve Study	\$2,200	1	\$2,200	4	4					\$2,477					\$2,787
Pool Cover -Replace	\$5,000	1	\$5,000	8	5						\$5,797				
Annual Capital Expenditures						\$	\$17,382	\$10,610	\$48,082	\$27,240	\$19,710	\$10,748	\$87,938	\$24,958	\$10,439
Grand Total Expenditures	\$981,045														

Inman Park Pool Association						2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL										
SITWORK															
Concrete Sidewalk - Repair/Partial Replacement	\$5,000	1	\$5,000	10	5						\$7,790				
Pool Plaster -Replace	\$40,000	1	\$40,000	10	7								\$66,114		
Pool Water Line Tiles -Replace	\$10,000	1	\$10,000	20	7										
Pool Furnittrue -Repalce	\$10,000	1	\$10,000	8	3		\$13,843								\$17,536
Pool Concrete Deck -Partial Replace	\$20,000	1	\$20,000	15	4										\$35,071
Pool Fence- Repair/Paint	\$3,000	1	\$3,000	10	8									\$5,108	
Pool Equipment -Replace	\$8,000	1	\$8,000	5	2			\$11,407					\$13,223		
Wading Pool Plaster -Replace	\$5,000	1	\$5,000	10	7								\$8,265		
Wading Pool Water Line Tile -Replace	\$1,500	1	\$1,500	20	7										
Swim Team Equipment	\$3,000	1	\$3,000	10	9										\$5,261
Common Area Landscape	\$4,000	1	\$4,000	5	3				\$5,875					\$6,810	
Retaining Walls -Repair/Maintain	\$7,000	1	\$7,000	10	7								\$11,570		
Metal Rails -Repair/Paint	\$1,000	1	\$1,000	7	5			\$1,426							\$1,754
Wall/Fence -Repair/Paint	\$3,000	1	\$3,000	7	5			\$4,278							\$5,261
Awnings -Replace	\$5,500	1	\$5,500	15	10	\$7,392									
Pool House Roof -Replace	\$375	29	\$10,875	25	1										
Pool House Exterior -Repair/Paint	\$6,000	1	\$6,000	7	1						\$9,348				
Pool House Bathrooms -Repair/Paint	\$1,000	2	\$2,000	6	2				\$3,026						
Pool House Bathrooms -Remodel	\$5,000	2	\$10,000	30	3										
Pool House Interior -Repair/Paint	\$2,000	1	\$2,000	8	4			\$2,852							
Pool House Flooring -Refinish	\$5,000	1	\$5,000	25	3										
Pool House Furnishings -Replace	\$6,000	1	\$6,000	15	6										
Pool House Exterior Doors -Replace	\$2,500	6	\$15,000	30	3										
Pool House Appliances -Replace	\$3,000	1	\$3,000	12	5								\$4,959		
Pool House HVAC -Replace	\$8,000	1	\$8,000	15	10	\$10,752									
Pool House Water Heater -Replace	\$1,500	1	\$1,500	12	11	\$2,077									
Access Control System -Upgrade	\$5,000	1	\$5,000	10	9										\$8,768
Camera System -Upgrade	\$3,000	1	\$3,000	10	6							\$4,815			
Interior/Exterior Lighting -Partial Replace/Upgrade	\$2,500	1	\$2,500	10	8									\$4,257	
Reserve Study	\$2,200	1	\$2,200	4	4			\$3,137				\$3,531			
Pool Cover -Replace	\$5,000	1	\$5,000	8	5				\$7,343						
Annual Capital Expenditures						\$18,144	\$15,920	\$23,100	\$13,218	\$3,026	\$17,138	\$8,346	\$104,131	\$16,175	\$73,651
Grand Total Expenditures	\$981,045														

Inman Park Pool Association						2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL										
SITWORK															
Concrete Sidewalk - Repair/Partial Replacement	\$5,000	1	\$5,000	10	5						\$10,469				
Pool Plaster -Replace	\$40,000	1	\$40,000	10	7								\$88,852		
Pool Water Line Tiles -Replace	\$10,000	1	\$10,000	20	7								\$22,213		
Pool Furnitruer -Repalce	\$10,000	1	\$10,000	8	3								\$22,213		
Pool Concrete Deck -Partial Replace	\$20,000	1	\$20,000	15	4										
Pool Fence- Repair/Paint	\$3,000	1	\$3,000	10	8									\$6,864	
Pool Equipment -Replace	\$8,000	1	\$8,000	5	2			\$15,329					\$17,771		
Wading Pool Plaster -Replace	\$5,000	1	\$5,000	10	7								\$11,107		
Wading Pool Water Line Tile -Replace	\$1,500	1	\$1,500	20	7								\$3,332		
Swim Team Equipment	\$3,000	1	\$3,000	10	9										\$7,070
Common Area Landscape	\$4,000	1	\$4,000	5	3			\$7,895						\$9,152	
Retaining Walls -Repair/Maintain	\$7,000	1	\$7,000	10	7								\$15,550		
Metal Rails -Repair/Paint	\$1,000	1	\$1,000	7	5							\$2,157			
Wall/Fence -Repair/Paint	\$3,000	1	\$3,000	7	5							\$6,470			
Awnings -Replace	\$5,500	1	\$5,500	15	10						\$11,516				
Pool House Roof -Replace	\$375	29	\$10,875	25	1							\$23,453			
Pool House Exterior -Repair/Paint	\$6,000	1	\$6,000	7	1			\$11,497							\$14,140
Pool House Bathrooms -Repair/Paint	\$1,000	2	\$2,000	6	2	\$3,613						\$4,314			
Pool House Bathrooms -Remodel	\$5,000	2	\$10,000	30	3										
Pool House Interior -Repair/Paint	\$2,000	1	\$2,000	8	4	\$3,613								\$4,576	
Pool House Flooring -Refinish	\$5,000	1	\$5,000	25	3									\$11,440	
Pool House Furnishings -Replace	\$6,000	1	\$6,000	15	6		\$11,162								
Pool House Exterior Doors -Replace	\$2,500	6	\$15,000	30	3										
Pool House Appliances -Replace	\$3,000	1	\$3,000	12	5										\$7,070
Pool House HVAC -Replace	\$8,000	1	\$8,000	15	10						\$16,751				
Pool House Water Heater -Replace	\$1,500	1	\$1,500	12	11			\$2,961							
Access Control System -Upgrade	\$5,000	1	\$5,000	10	9										\$11,783
Camera System -Upgrade	\$3,000	1	\$3,000	10	6							\$6,470			
Interior/Exterior Lighting -Partial Replace/Upgrade	\$2,500	1	\$2,500	10	8									\$5,720	
Reserve Study	\$2,200	1	\$2,200	4	4	\$3,974				\$4,473				\$5,034	
Pool Cover -Replace	\$5,000	1	\$5,000	8	5		\$9,302								\$11,783
Annual Capital Expenditures						\$11,200	\$20,464	\$26,826	\$10,856	\$4,473	\$38,736	\$42,864	\$181,038	\$42,786	\$51,846
Grand Total Expenditures	\$981,045														

Inman Park Pool Association - Recommended Funding Plan

Year	Beginning Reserve Fund Balance	Recommended Annual Funding	Capital Expenditures	Ending Reserve Balance	Current Annual Funding	Ending Reserve Balance
2025	\$17,815	\$35,000	\$0	\$53,082	\$35,170	\$53,252
2026	\$53,082	\$35,000	\$17,382	\$71,496	\$35,170	\$71,839
2027	\$71,496	\$35,000	\$10,610	\$96,959	\$35,170	\$97,477
2028	\$96,959	\$35,000	\$48,082	\$85,331	\$35,170	\$86,027
2029	\$85,331	\$35,000	\$27,240	\$94,371	\$35,170	\$95,247
2030	\$94,371	\$35,000	\$19,710	\$111,077	\$35,170	\$112,136
2031	\$111,077	\$35,000	\$10,748	\$136,995	\$35,170	\$138,240
2032	\$136,995	\$35,000	\$87,938	\$86,112	\$35,170	\$87,545
2033	\$86,112	\$35,000	\$24,958	\$97,446	\$35,170	\$99,071
2034	\$97,446	\$35,000	\$10,439	\$123,468	\$35,170	\$125,288
2035	\$123,468	\$35,000	\$18,144	\$142,176	\$35,170	\$144,193
2036	\$142,176	\$35,000	\$15,920	\$163,389	\$35,170	\$165,606
2037	\$163,389	\$35,000	\$23,100	\$177,740	\$35,170	\$180,160
2038	\$177,740	\$35,000	\$13,218	\$202,188	\$35,170	\$204,814
2039	\$202,188	\$35,000	\$3,026	\$237,195	\$35,170	\$240,031
2040	\$237,195	\$35,000	\$17,138	\$258,615	\$35,170	\$261,663
2041	\$258,615	\$35,000	\$8,346	\$289,148	\$35,170	\$292,412
2042	\$289,148	\$35,000	\$104,131	\$224,354	\$35,170	\$227,837
2043	\$224,354	\$35,000	\$16,175	\$246,544	\$35,170	\$250,250
2044	\$246,544	\$35,000	\$73,651	\$211,592	\$35,170	\$215,523
2045	\$211,592	\$35,000	\$11,200	\$238,565	\$35,170	\$242,725
2046	\$238,565	\$35,000	\$20,464	\$256,680	\$35,170	\$261,072
2047	\$256,680	\$35,000	\$26,826	\$268,704	\$35,170	\$273,332
2048	\$268,704	\$35,000	\$10,856	\$296,879	\$35,170	\$301,746
2049	\$296,879	\$35,000	\$4,473	\$331,859	\$35,170	\$336,970
2050	\$331,859	\$35,000	\$38,736	\$333,101	\$35,170	\$338,458
2051	\$333,101	\$35,000	\$42,864	\$330,233	\$35,170	\$335,841
2052	\$330,233	\$35,000	\$181,038	\$189,149	\$35,170	\$195,011
2053	\$189,149	\$35,000	\$42,786	\$184,200	\$35,170	\$190,320
2054	\$184,200	\$35,000	\$51,846	\$170,117	\$35,170	\$176,499

Inman Park Pool Association
Annual Replacement Reserve Schedule

Total 2025 Expenditures	\$
Pool House Roof -Replace	\$11,202
Pool House Exterior -Repair/Paint	\$6,180
Total 2026 Expenditures	\$17,382
Pool Equipment -Replace	\$8,488
Pool House Bathrooms -Repair/Paint	\$2,122
Total 2027 Expenditures	\$10,610
Pool Furnitruer -Repalce	\$10,928
Common Area Landscape	\$4,371
Pool House Bathrooms -Remodel	\$10,928
Pool House Flooring -Refinish	\$5,464
Pool House Exterior Doors -Replace	\$16,391
Total 2028 Expenditures	\$48,082
Pool Concrete Deck -Partial Replace	\$22,511
Pool House Interior -Repair/Paint	\$2,252
Reserve Study	\$2,477
Total 2029 Expenditures	\$27,240
Concrete Sidewalk - Repair/Partial Replacement	\$5,797
Metal Rails -Repair/Paint	\$1,160
Wall/Fence -Repair/Paint	\$3,478
Pool House Appliances -Replace	\$3,478
Pool Cover -Replace	\$5,797
Total 2030 Expenditures	\$19,710
Pool House Furnishings -Replace	\$7,165
Camera System -Upgrade	\$3,583
Total 2031 Expenditures	\$10,748
Pool Plaster -Replace	\$49,195
Pool Water Line Tiles -Replace	\$12,299
Pool Equipment -Replace	\$9,839
Wading Pool Plaster -Replace	\$6,150
Wading Pool Water Line Tile -Replace	\$1,845
Retaining Walls -Repair/Maintain	\$8,610
Total 2032 Expenditures	\$87,938
Pool Fence- Repair/Paint	\$3,801

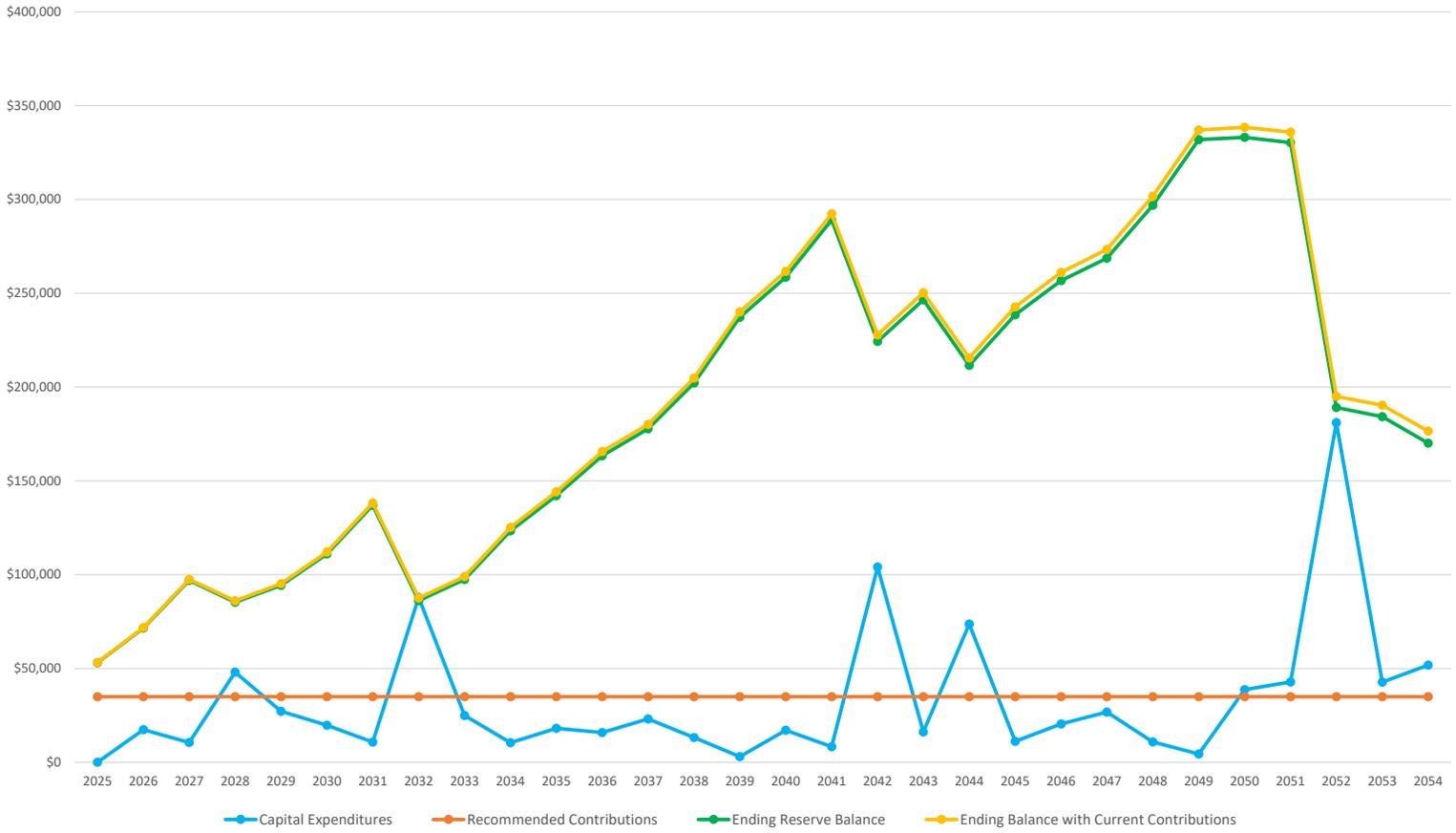
Common Area Landscape	\$5,068
Pool House Exterior -Repair/Paint	\$7,601
Pool House Bathrooms -Repair/Paint	\$2,534
Interior/Exterior Lighting -Partial Replace/Upgrade	\$3,167
Reserve Study	\$2,787
Total 2033 Expenditures	\$24,958
Swim Team Equipment	\$3,915
Access Control System -Upgrade	\$6,524
Total 2034 Expenditures	\$10,439
Awnings -Replace	\$7,392
Pool House HVAC -Replace	\$10,752
Total 2035 Expenditures	\$18,144
Pool Furnitruue -Repalce	\$13,843
Pool House Water Heater -Replace	\$2,077
Total 2036 Expenditures	\$15,920
Pool Equipment -Replace	\$11,407
Metal Rails -Repair/Paint	\$1,426
Wall/Fence -Repair/Paint	\$4,278
Pool House Interior -Repair/Paint	\$2,852
Reserve Study	\$3,137
Total 2037 Expenditures	\$23,100
Common Area Landscape	\$5,875
Pool Cover -Replace	\$7,343
Total 2038 Expenditures	\$13,218
Pool House Bathrooms -Repair/Paint	\$3,026
Total 2039 Expenditures	\$3,026
Concrete Sidewalk - Repair/Partial Replacement	\$7,790
Pool House Exterior -Repair/Paint	\$9,348
Total 2040 Expenditures	\$17,138
Camera System -Upgrade	\$4,815
Reserve Study	\$3,531
Total 2041 Expenditures	\$8,346
Pool Plaster -Replace	\$66,114
Pool Equipment -Replace	\$13,223
Wading Pool Plaster -Replace	\$8,265
Retaining Walls -Repair/Maintain	\$11,570
Pool House Appliances -Replace	\$4,959
Total 2042 Expenditures	\$104,131

Pool Fence- Repair/Paint	\$5,108
Common Area Landscape	\$6,810
Interior/Exterior Lighting -Partial Replace/Upgrade	\$4,257
Total 2043 Expenditures	\$16,175
Pool Furnitruue -Repalce	\$17,536
Pool Concrete Deck -Partial Replace	\$35,071
Swim Team Equipment	\$5,261
Metal Rails -Repair/Paint	\$1,754
Wall/Fence -Repair/Paint	\$5,261
Access Control System -Upgrade	\$8,768
Total 2044 Expenditures	\$73,651
Pool House Bathrooms -Repair/Paint	\$3,613
Pool House Interior -Repair/Paint	\$3,613
Reserve Study	\$3,974
Total 2045 Expenditures	\$11,200
Pool House Furnishings -Replace	\$11,162
Pool Cover -Replace	\$9,302
Total 2046 Expenditures	\$20,464
Pool Equipment -Replace	\$15,329
Pool House Exterior -Repair/Paint	\$11,497
Total 2047 Expenditures	\$26,826
Common Area Landscape	\$7,895
Pool House Water Heater -Replace	\$2,961
Total 2048 Expenditures	\$10,856
Reserve Study	\$4,473
Total 2049 Expenditures	\$4,473
Concrete Sidewalk - Repair/Partial Replacement	\$10,469
Awnings -Replace	\$11,516
Pool House HVAC -Replace	\$16,751
Total 2050 Expenditures	\$38,736
Metal Rails -Repair/Paint	\$2,157
Wall/Fence -Repair/Paint	\$6,470
Pool House Roof -Replace	\$23,453
Pool House Bathrooms -Repair/Paint	\$4,314
Camera System -Upgrade	\$6,470
Total 2051 Expenditures	\$42,864
Pool Plaster -Replace	\$88,852

Pool Water Line Tiles -Replace	\$22,213
Pool Furnitruue -Repalce	\$22,213
Pool Equipment -Replace	\$17,771
Wading Pool Plaster -Replace	\$11,107
Wading Pool Water Line Tile -Replace	\$3,332
Retaining Walls -Repair/Maintain	\$15,550
Total 2052 Expenditures	\$181,038
Pool Fence- Repair/Paint	\$6,864
Common Area Landscape	\$9,152
Pool House Interior -Repair/Paint	\$4,576
Pool House Flooring -Refinish	\$11,440
Interior/Exterior Lighting -Partial Replace/Upgrade	\$5,720
Reserve Study	\$5,034
Total 2053 Expenditures	\$42,786
Swim Team Equipment	\$7,070
Pool House Exterior -Repair/Paint	\$14,140
Pool House Appliances -Replace	\$7,070
Access Control System -Upgrade	\$11,783
Pool Cover -Replace	\$11,783
Total 2054 Expenditures	\$51,846
Grand Total Expenditures	\$981,045

INMAN PARK POOL ASSOCIATION - FUNDING CHART

automatic name



Inman Park Pool Association - Full Funding Method															
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
SITEWORK															
Concrete Sidewalk - Repair/Partial Replacement	\$5,000	1	\$5,000	10	5	\$967	\$967	\$967	\$967	\$967	\$967	\$779	\$779	\$779	\$779
Pool Plaster - Replace	\$40,000	1	\$40,000	10	7	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,612	\$6,612
Pool Water Line Tiles - Replace	\$10,000	1	\$10,000	20	7	\$1,538	\$1,538	\$1,538	\$1,538	\$1,538	\$1,538	\$1,538	\$1,538	\$1,111	\$1,111
Pool Furniture - Replace	\$10,000	1	\$10,000	8	3	\$2,732	\$2,732	\$2,732	\$2,732	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731
Pool Concrete Deck - Partial Replace	\$20,000	1	\$20,000	15	4	\$4,503	\$4,503	\$4,503	\$4,503	\$4,503	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339
Pool Fence - Repair/Paint	\$3,000	1	\$3,000	10	8	\$423	\$423	\$423	\$423	\$423	\$423	\$423	\$423	\$423	\$511
Pool Equipment - Replace	\$8,000	1	\$8,000	5	2	\$2,830	\$2,830	\$2,830	\$1,968	\$1,968	\$1,968	\$1,968	\$1,968	\$2,282	\$2,282
Wading Pool Plaster - Replace	\$5,000	1	\$5,000	10	7	\$769	\$769	\$769	\$769	\$769	\$769	\$769	\$769	\$827	\$827
Wading Pool Water Line Tile - Replace	\$1,500	1	\$1,500	20	7	\$231	\$231	\$231	\$231	\$231	\$231	\$231	\$231	\$167	\$167
Swim Team Equipment	\$3,000	1	\$3,000	10	9	\$392	\$392	\$392	\$392	\$392	\$392	\$392	\$392	\$392	\$392
Common Area Landscape	\$4,000	1	\$4,000	5	3	\$1,093	\$1,093	\$1,093	\$1,093	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,175
Retaining Walls - Repair/Maintain	\$7,000	1	\$7,000	10	7	\$1,077	\$1,077	\$1,077	\$1,077	\$1,077	\$1,077	\$1,077	\$1,077	\$1,157	\$1,157
Metal Rails - Repair/Paint	\$1,000	1	\$1,000	7	5	\$194	\$194	\$194	\$194	\$194	\$194	\$204	\$204	\$204	\$204
Wall/Fence - Repair/Paint	\$3,000	1	\$3,000	7	5	\$580	\$580	\$580	\$580	\$580	\$580	\$612	\$612	\$612	\$612
Awnings - Replace	\$5,500	1	\$5,500	15	10	\$672	\$672	\$672	\$672	\$672	\$672	\$672	\$672	\$672	\$672
Pool House Roof - Replace	\$375	29	\$10,875	25	1	\$5,601	\$5,601	\$939	\$939	\$939	\$939	\$939	\$939	\$939	\$939
Pool House Exterior - Repair/Paint	\$6,000	1	\$6,000	7	1	\$3,090	\$3,090	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086	\$1,336
Pool House Bathrooms - Repair/Paint	\$1,000	2	\$2,000	6	2	\$708	\$708	\$708	\$423	\$423	\$423	\$423	\$423	\$423	\$505
Pool House Bathrooms - Remodel	\$5,000	2	\$10,000	30	3	\$2,732	\$2,732	\$2,732	\$2,732	\$885	\$885	\$885	\$885	\$885	\$885
Pool House Interior - Repair/Paint	\$2,000	1	\$2,000	8	4	\$451	\$451	\$451	\$451	\$451	\$357	\$357	\$357	\$357	\$357
Pool House Flooring - Refinish	\$5,000	1	\$5,000	25	3	\$1,366	\$1,366	\$1,366	\$1,366	\$458	\$458	\$458	\$458	\$458	\$458
Pool House Furnishings - Replace	\$6,000	1	\$6,000	15	6	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$745	\$745
Pool House Exterior Doors - Replace	\$2,500	6	\$15,000	30	3	\$4,098	\$4,098	\$4,098	\$4,098	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327
Pool House Appliances - Replace	\$3,000	1	\$3,000	12	5	\$580	\$580	\$580	\$580	\$580	\$580	\$414	\$414	\$414	\$414
Pool House HVAC - Replace	\$8,000	1	\$8,000	15	10	\$978	\$978	\$978	\$978	\$978	\$978	\$978	\$978	\$978	\$978
Pool House Water Heater - Replace	\$1,500	1	\$1,500	12	11	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174
Access Control System - Upgrade	\$5,000	1	\$5,000	10	9	\$653	\$653	\$653	\$653	\$653	\$653	\$653	\$653	\$653	\$653
Camera System - Upgrade	\$3,000	1	\$3,000	10	6	\$512	\$512	\$512	\$512	\$512	\$512	\$512	\$482	\$482	\$482
Interior/Exterior Lighting - Partial Replace/Upgrade	\$2,500	1	\$2,500	10	8	\$352	\$352	\$352	\$352	\$352	\$352	\$352	\$352	\$352	\$426
Reserve Study	\$2,200	1	\$2,200	4	4	\$496	\$496	\$496	\$496	\$496	\$697	\$697	\$697	\$697	\$785
Pool Cover - Replace	\$5,000	1	\$5,000	8	5	\$967	\$967	\$967	\$967	\$967	\$918	\$918	\$918	\$918	\$918
Annual Capital Expenditures						\$47,933	\$47,933	\$41,267	\$40,120	\$33,514	\$31,457	\$31,096	\$30,787	\$31,210	\$31,953

Inman Park Pool Association - Full Funding Method																
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
SITEWORK																
Concrete Sidewalk - Repair/Partial Replacement	\$5,000	1	\$5,000	10	5	\$779	\$779	\$779	\$779	\$779	\$779	\$1,047	\$1,047	\$1,047	\$1,047	
Pool Plaster - Replace	\$40,000	1	\$40,000	10	7	\$6,612	\$6,612	\$6,612	\$6,612	\$6,612	\$6,612	\$6,612	\$6,612	\$8,886	\$8,886	
Pool Water Line Tiles - Replace	\$10,000	1	\$10,000	20	7	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	
Pool Furnittrue - Repalce	\$10,000	1	\$10,000	8	3	\$1,731	\$1,731	\$2,192	\$2,192	\$2,192	\$2,192	\$2,192	\$2,192	\$2,192	\$2,192	
Pool Concrete Deck -Partial Replace	\$20,000	1	\$20,000	15	4	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	
Pool Fence- Repair/Paint	\$3,000	1	\$3,000	10	8	\$511	\$511	\$511	\$511	\$511	\$511	\$511	\$511	\$511	\$687	
Pool Equipment -Replace	\$8,000	1	\$8,000	5	2	\$2,282	\$2,282	\$2,282	\$2,645	\$2,645	\$2,645	\$2,645	\$2,645	\$3,066	\$3,066	
Wading Pool Plaster -Replace	\$5,000	1	\$5,000	10	7	\$827	\$827	\$827	\$827	\$827	\$827	\$827	\$827	\$1,111	\$1,111	
Wading Pool Water Line Tile -Replace	\$1,500	1	\$1,500	20	7	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	
Swim Team Equipment	\$3,000	1	\$3,000	10	9	\$527	\$527	\$527	\$527	\$527	\$527	\$527	\$527	\$527	\$527	
Common Area Landscape	\$4,000	1	\$4,000	5	3	\$1,175	\$1,175	\$1,175	\$1,175	\$1,362	\$1,362	\$1,362	\$1,362	\$1,362	\$1,579	
Retaining Walls -Repair/Maintain	\$7,000	1	\$7,000	10	7	\$1,157	\$1,157	\$1,157	\$1,157	\$1,157	\$1,157	\$1,157	\$1,157	\$1,555	\$1,555	
Metal Rails -Repair/Paint	\$1,000	1	\$1,000	7	5	\$204	\$204	\$204	\$251	\$251	\$251	\$251	\$251	\$251	\$251	
Wall/Fence -Repair/Paint	\$3,000	1	\$3,000	7	5	\$612	\$612	\$612	\$752	\$752	\$752	\$752	\$752	\$752	\$752	
Awnings -Replace	\$5,500	1	\$5,500	15	10	\$672	\$768	\$768	\$768	\$768	\$768	\$768	\$768	\$768	\$768	
Pool House Roof -Replace	\$375	29	\$10,875	25	1	\$939	\$939	\$939	\$939	\$939	\$939	\$939	\$939	\$939	\$939	
Pool House Exterior -Repair/Paint	\$6,000	1	\$6,000	7	1	\$1,336	\$1,336	\$1,336	\$1,336	\$1,336	\$1,336	\$1,643	\$1,643	\$1,643	\$1,643	
Pool House Bathrooms -Repair/Paint	\$1,000	2	\$2,000	6	2	\$505	\$505	\$505	\$505	\$505	\$505	\$603	\$603	\$603	\$603	
Pool House Bathrooms -Remodel	\$5,000	2	\$10,000	30	3	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	
Pool House Interior -Repair/Paint	\$2,000	1	\$2,000	8	4	\$357	\$357	\$452	\$452	\$452	\$452	\$452	\$452	\$452	\$452	
Pool House Flooring -Refinish	\$5,000	1	\$5,000	25	3	\$458	\$458	\$458	\$458	\$458	\$458	\$458	\$458	\$458	\$458	
Pool House Furnishings -Replace	\$6,000	1	\$6,000	15	6	\$745	\$745	\$745	\$745	\$745	\$745	\$745	\$745	\$745	\$745	
Pool House Exterior Doors -Replace	\$2,500	6	\$15,000	30	3	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	
Pool House Appliances -Replace	\$3,000	1	\$3,000	12	5	\$414	\$414	\$414	\$414	\$414	\$414	\$414	\$414	\$590	\$590	
Pool House HVAC -Replace	\$8,000	1	\$8,000	15	10	\$978	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	
Pool House Water Heater -Replace	\$1,500	1	\$1,500	12	11	\$174	\$174	\$247	\$247	\$247	\$247	\$247	\$247	\$247	\$247	
Access Control System -Upgrade	\$5,000	1	\$5,000	10	9	\$877	\$877	\$877	\$877	\$877	\$877	\$877	\$877	\$877	\$877	
Camera System -Upgrade	\$3,000	1	\$3,000	10	6	\$482	\$482	\$482	\$482	\$482	\$482	\$482	\$647	\$647	\$647	
Interior/Exterior Lighting -Partial Replace/Upgrade	\$2,500	1	\$2,500	10	8	\$426	\$426	\$426	\$426	\$426	\$426	\$426	\$426	\$426	\$572	
Reserve Study	\$2,200	1	\$2,200	4	4	\$785	\$785	\$785	\$883	\$883	\$883	\$883	\$994	\$994	\$994	
Pool Cover -Replace	\$5,000	1	\$5,000	8	5	\$918	\$918	\$918	\$918	\$1,163	\$1,163	\$1,163	\$1,163	\$1,163	\$1,163	
Annual Capital Expenditures						\$32,312	\$32,547	\$33,081	\$33,824	\$34,256	\$34,354	\$34,929	\$35,205	\$38,758	\$39,297	

Inman Park Pool Association - Full Funding Method

Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
SITWORK															
Concrete Sidewalk - Repair/Partial Replacement	\$5,000	1	\$5,000	10	5	\$1,047	\$1,047	\$1,047	\$1,047	\$1,047	\$1,047	\$1,047	\$1,407	\$1,407	\$1,407
Pool Plaster -Replace	\$40,000	1	\$40,000	10	7	\$8,886	\$8,886	\$8,886	\$8,886	\$8,886	\$8,886	\$8,886	\$8,886	\$11,941	\$11,941
Pool Water Line Tiles -Replace	\$10,000	1	\$10,000	20	7	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$2,006	\$2,006
Pool Furnitruer -Repalce	\$10,000	1	\$10,000	8	3	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777	\$3,518	\$3,518
Pool Concrete Deck -Partial Replace	\$20,000	1	\$20,000	15	4	\$3,643	\$3,643	\$3,643	\$3,643	\$3,643	\$3,643	\$3,643	\$3,643	\$3,643	\$3,643
Pool Fence - Repair/Paint	\$3,000	1	\$3,000	10	8	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$923
Pool Equipment -Replace	\$8,000	1	\$8,000	5	2	\$3,066	\$3,066	\$3,066	\$3,555	\$3,555	\$3,555	\$3,555	\$3,555	\$4,121	\$4,121
Wading Pool Plaster -Replace	\$5,000	1	\$5,000	10	7	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	\$1,493	\$1,493
Wading Pool Water Line Tile -Replace	\$1,500	1	\$1,500	20	7	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$301	\$301
Swim Team Equipment	\$3,000	1	\$3,000	10	9	\$707	\$707	\$707	\$707	\$707	\$707	\$707	\$707	\$707	\$707
Common Area Landscape	\$4,000	1	\$4,000	5	3	\$1,579	\$1,579	\$1,579	\$1,579	\$1,831	\$1,831	\$1,831	\$1,831	\$2,122	\$2,122
Retaining Walls -Repair/Maintain	\$7,000	1	\$7,000	10	7	\$1,555	\$1,555	\$1,555	\$1,555	\$1,555	\$1,555	\$1,555	\$1,555	\$2,090	\$2,090
Metal Rails -Repair/Paint	\$1,000	1	\$1,000	7	5	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$379	\$379
Wall/Fence -Repair/Paint	\$3,000	1	\$3,000	7	5	\$925	\$925	\$925	\$925	\$925	\$925	\$925	\$925	\$1,137	\$1,137
Awnings -Replace	\$5,500	1	\$5,500	15	10	\$768	\$768	\$768	\$768	\$768	\$768	\$768	\$1,197	\$1,197	\$1,197
Pool House Roof -Replace	\$375	29	\$10,875	25	1	\$939	\$939	\$939	\$939	\$939	\$939	\$939	\$939	\$1,965	\$1,965
Pool House Exterior -Repair/Paint	\$6,000	1	\$6,000	7	1	\$1,643	\$1,643	\$1,643	\$2,020	\$2,020	\$2,020	\$2,020	\$2,020	\$2,020	\$2,020
Pool House Bathrooms -Repair/Paint	\$1,000	2	\$2,000	6	2	\$603	\$719	\$719	\$719	\$719	\$719	\$719	\$859	\$859	\$859
Pool House Bathrooms -Remodel	\$5,000	2	\$10,000	30	3	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885
Pool House Interior -Repair/Paint	\$2,000	1	\$2,000	8	4	\$452	\$572	\$572	\$572	\$572	\$572	\$572	\$572	\$725	\$725
Pool House Flooring -Refinish	\$5,000	1	\$5,000	25	3	\$458	\$458	\$458	\$458	\$458	\$458	\$458	\$458	\$458	\$959
Pool House Furnishings -Replace	\$6,000	1	\$6,000	15	6	\$745	\$745	\$1,160	\$1,160	\$1,160	\$1,160	\$1,160	\$1,160	\$1,160	\$1,160
Pool House Exterior Doors -Replace	\$2,500	6	\$15,000	30	3	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327
Pool House Appliances -Replace	\$3,000	1	\$3,000	12	5	\$590	\$590	\$590	\$590	\$590	\$590	\$590	\$590	\$590	\$590
Pool House HVAC -Replace	\$8,000	1	\$8,000	15	10	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,740	\$1,740	\$1,740
Pool House Water Heater -Replace	\$1,500	1	\$1,500	12	11	\$247	\$247	\$247	\$247	\$352	\$352	\$352	\$352	\$352	\$352
Access Control System -Upgrade	\$5,000	1	\$5,000	10	9	\$1,179	\$1,179	\$1,179	\$1,179	\$1,179	\$1,179	\$1,179	\$1,179	\$1,179	\$1,179
Camera System -Upgrade	\$3,000	1	\$3,000	10	6	\$647	\$647	\$647	\$647	\$647	\$647	\$647	\$647	\$870	\$870
Interior/Exterior Lighting -Partial Replace/Upgrade	\$2,500	1	\$2,500	10	8	\$572	\$572	\$572	\$572	\$572	\$572	\$572	\$572	\$769	\$769
Reserve Study	\$2,200	1	\$2,200	4	4	\$994	\$1,119	\$1,119	\$1,119	\$1,119	\$1,259	\$1,259	\$1,259	\$1,259	\$1,417
Pool Cover -Replace	\$5,000	1	\$5,000	8	5	\$1,163	\$1,163	\$1,473	\$1,473	\$1,473	\$1,473	\$1,473	\$1,473	\$1,473	\$1,473
Annual Capital Expenditures						\$41,899	\$42,260	\$42,985	\$43,851	\$44,208	\$44,348	\$45,760	\$47,431	\$53,739	\$55,275



Property Review Comments and Recommendations

Swimming Pool and Kiddie Pool - The swimming pool and kiddie pool were observed to be in good condition. The reserve budget to resurface the pool is \$40,000 every 10 years and \$10,000 for water line tiles every 20 years. We have included this budget in the reserve analysis for 2032. We have also included numerous other budgets in the reserve analysis for the pool area to include: repair to the concrete pool deck, replacement of the pool furniture, repair and painting of the pool fence, and the replacement of the pool equipment. There are separate budgets for the wading pool for replacement of the plaster. All the budgets are based upon the conditions observed at the pool area during our review.



The pool equipment was functioning at the time of our review. The operation of the pool was getting started for the season. The pool equipment typically will require some type of repair at the beginning of each season. We have included a budget to replace all the pool equipment during a five-year cycle. This allows funds to be provided within the reserve when each season a pump goes out or valve requires replacement. The budget for the pool equipment is \$8,000 every five years.



The pool furniture was observed to be in good condition. The budget for the pool furniture is designed to provide funding for a complete replacement of the furniture every eight years. We understand that some communities will prefer to install new strapping at the chair



frames and continue with utilization of the same furniture; however, it has been our experience that the funding levels should not be adjusted for this method of furniture usage. The budget provided is \$10,000 every eight years beginning in four more years.

Clubhouse - The poolhouse consists of a single-story wood-framed structure constructed over a cast-in-place concrete slab. The exterior veneer consists of composite siding with wood trim and brick accents. The roof consists of a steep sloped roof structure clad with roof decking and asphalt shingles. The condition of the shingles was approaching the end of their useful life. We have included in the budget \$375 per square of shingles and an estimated size of 29 squares of shingles for the roof. This provides a budget of approximately \$11,000 to replace the



roof next year. We have included multiply other budgets for the clubhouse to include interior and exterior painting, remodeling the bathrooms, replacement of the HVAC system and refinishing the flooring. The overall condition of the clubhouse was observed to be good, however; we did observe locations of deteriorated wood trim at the front of the pool house roof.

The poolhouse contains two bathrooms that were observed to be in good condition. We have included budgets for remodeling the bathrooms every 30 years. This budget is for the replacement of the plumbing fixtures and flooring within the bathrooms. It also includes painting and any upgrades necessary to prolong the useful life of the bathroom for another 30 years.

The clubhouse contains a kitchen that consists of a microwave, refrigerator, and a sink. We have included a budget every 12 years for the replacement of these appliances.



Landscaping - The landscaping at the common areas was found to be in good condition. We recommend that \$4,000 be allocated every five years for landscape replacement and removal of dead or diseased bushes or trees within the amenity area. This budget can also be utilized for any fallen trees that may occur along the amenity areas.



Purpose

The purpose of preparing the capital reserve analysis is to secure the reserve fund sufficient to repair, replace, restore, or maintain the major common area components. The capital reserve analysis process typically consists of the following steps:

1. **Inventory of Common Area Items:** The board retains a reserve specialist and provides a list of all major common area components, based on their legal documents. The reserve specialist prepares a spreadsheet containing the common area components list, including all items the Association is responsible for maintaining, repairing, and replacing.
2. **Review of Items, Evaluation and Condition:** The reserve company reviews the common area components, evaluates the condition of each component, and prepares a schedule with cost to repair/replace them, their useful service life span and remaining life span, and calculates how much money is needed and when.
3. **Funding Plan:** The reserve company evaluates the current funding based on data provided by the Association, calculates the future expenditures, and recommends the future funding utilizing the Cash Flow Method. Depending on funding recommendations, the board decides how to fund the reserves—continue current annual assessment contributions, increase annual assessment contributions, special assessments or a combination that would best suite the association's financial capabilities. The funding plan is typically annually disclosed to the membership in the year-end budgeting process.

The long-term budgeting for common area components and facility repair projects is extremely important but also stressful and at times an overwhelming responsibility to a Board or Facility Manager trying to keep everything in order. Retaining the reserve specialist to prepare a capital reserve analysis reflects in cost savings, reduced liability and the reduced stress that comes with budgeting for forthcoming expenses.

Benefits of preparing a Capital Reserve Analysis and following the recommendations provided in the report are following:

- Minimizing needs for special assessments when sufficient funding is provided for replacement and repairs of common area components. Special assessments are not favored by current owners and potential buyers and may negatively impact property values.
- Planned repairs and replacements of common area components improve the aesthetic appearance and enhance the property values.



- Distributing financial contributions over time and between present and future association members
- Adequate reserve funding provides for more effective resale and increases property value.
- Reserve funds are required by some mortgage lenders, banks, community by-laws and state regulations.

Recommendations for Updating the Capital Reserve Analysis

Guidelines issued in 1991 by the American Institute of Certified Public Accountants state that annual capital reserve analysis updates should occur. This is to allow for sufficient budget planning and financial reporting. Governing Documents specify that an appropriate amount of reserves should be collected. If regular updates are not done, it cannot be determined that reserves are adequate.

Updating the capital reserve analysis regularly allows for more gradual changes to financial requirements. Leaving it for an extended period of time can result in a lot of changes to the plan. This means there is less chance of an unexpected increase in contribution funds required from owners.

Along with funding costs of eventual replacement, Association should implement a regular maintenance schedule for a property's components to enhance the probability that components will last long enough to reach their anticipated life span. The board of directors is recommended to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain. A capital reserve analysis is not actually a "study" of the roofs, boilers, streets, etc. Instead, it is a list of the major common area components with an estimate of their remaining useful life, based on the visual observation during the capital reserve analysis preparation by someone who specializes in reserve studies.

It is important that your Association has an adequately contributed reserve fund. But, as the condition of your common interest property doesn't remain the same, neither should your capital reserve analysis. The analyses need to be updated to constantly reflect the needs of maintaining the property.

The allocation of reserve items is a guide for the Association, and it is not written in stone. Allocations are only projections and subject to revision as roofs, pavement, mechanical equipment, etc. wear out at their own rates. As a result, boards must review the capital reserve analysis, or retain a professional to review it, every three to four years and implement appropriate adjustments to the reserve account requirements. Hi-rises with



extensive list of common area components are advised to perform annual updates to appropriately adjust their funding plan.

Besides regularly scheduled updates, it is recommended that the updates be performed at the following situations: changes in interest and/or inflation rates, changes in number of association members that contribute to reserve funding, before alterations and additions to the property, before property improvements, after major restoration project, after natural disasters, and after changing in ownership or annexation.

FHA Loans. Reserves and reserve studies are also required for FHA backed mortgages.

Levels of Service

Capital Reserve Analysis evaluates all common area components of your property, including site work components, building exterior and interior components, mechanical, electrical, plumbing, and other essential systems, and forecast their repair and replacement costs over 30 years. We prepare custom capital reserve analysis reports for condominium associations, homeowners associations, town homes, co-operatives, public properties, religious institutions, educational institutions, and commercial properties.

In the capital reserve analysis industry, there are three levels of service. Typically, a new Association will start with a Level 1 (Full Capital reserve analysis) and move to a couple of Level 3 Study (Financial Update) before returning to a Level 2 Study (Update with Site Visit). These ongoing updates to the capital reserve analysis ensure adjustments are made to elements of the study; cost figures, remaining useful life of components and recommended funding. Over time the capital reserve analysis will become more accurate and in line with the association's long-term budgeting and funding goals.

LEVEL 1

Full Capital Reserve Analysis with Onsite Inspection

Our Full Level I Studies are ideal for new associations, communities and organizations that have never had a capital reserve analysis completed, have had significant changes from past studies or would like a fresh look at their common area inventory from a different capital reserve analysis company.

This is a comprehensive capital reserve analysis that from beginning to end offers the fullest in customer care, the most detailed component analysis, financial analysis, and catered study possible.

Our Full Capital reserve analysis Includes an onsite inspection where we measure and completely evaluate all your common area inventory. The report includes:



- Common Area Component Inventory
- Onsite visual inspection and condition assessment supported by notes and photographs
- Estimated Useful Life and Remaining Useful Life
- Estimated Replacement Cost
- Fund Status and Recommended Funding Plan

LEVEL 2

Capital Reserve Analysis Update with Onsite Inspection

Level II Studies are considered updates to prior studies and are ideal for associations who have a prior study they would like us to utilize for the component list and measurements / quantities but would still like a site inspection to determine remaining useful life of components.

This level of service provides savings to the association as we are not taking measurements and inventory of the components (taken from a prior study provided to us) but do perform a site inspection to determine current remaining life expectancies of components.

We can perform a Capital reserve analysis Update with an onsite inspection on any Capital reserve analysis completed in previous years by any company. The report includes:

- Review of historical data provided by the association and Adjustment of Prior Capital Reserve analysis.
- Updated Common Area Component Inventory
- Onsite visual inspection and condition assessment supported by notes and photographs
- Updated Estimated Useful Life and Remaining Useful Life
- Updated Estimated Replacement Cost
- Updated Fund Status and Recommended Funding Plan

LEVEL 3

Capital Reserve Analysis Financial Update

Level III Studies are for communities which have had a past Level I or Level II study and are only seeking a financial update and projects completed update with no site inspection.

This is considered a Financial Update and there is no site inspection completed. All component inventory and remaining useful life numbers are taken from the prior study provided to us and assumed to be accurate. This update study is for communities seeking to



remain on top of budgeting concerns related to the reserve account or after completion of some major restorations.

We can perform a Capital reserve analysis Financial Update on any Capital reserve analysis completed in previous years by any company. Your report includes:

- Review of historical data provided by the association and Adjustment of Prior Capital Reserve analysis.
- Updated Common Area Component Inventory
- Updated Estimated Useful Life and Remaining Useful Life
- Updated Estimated Replacement Cost
- Updated Fund Status and Recommended Funding Plan

A Capital reserve analysis is primarily a tool that enables the board of directors to identify and manage all common use components and establish the overall net worth and remaining life span of those components.

How the board chooses to plan for these eventual expenses can dramatically impact property values - as well as owners' pocketbooks, when a major component fails. Failure to fund could result in special assessments to owners, having to procure a loan to cover costs, or even the necessary deferment of repair or replacement.



Limitations of Responsibility

The Capital Reserve Analysis meets the Community Association Institute standards and requirements. G and M Engineering, Inc. has made every effort to responsibly evaluate available evidence relevant to the purpose of this inspection. Our observations, evaluations and recommendations are based on visible and apparent condition of the common area components on the date of inspection. We are not responsible for conditions that could not be observed or were not within our scope of work. Some of our conclusions were made based on the historical information provided by the Association, information provided by the Property Managers, Board members and contractors servicing the property. All information provided to us is deemed accurate and reliable, and no liability is assumed for incorrect information provided by the Association and its representatives. The cost estimates provided in the report are quotes based on the Building Construction Cost Data published by RS Means and our experience with similar project in this area. No estimates or opinions were solicited or obtained from other professionals. No warranty or guarantee to the future performance and useful life of common area components is provided, intended, or implied in this report.

The observations and evaluations did not include the following items that are beyond the scope of this report:

- Independent audit, verification of historical data, and forensic analysis
- Adequacy and efficiency of any system or component on site
- Underground utility items like sewer lines, septic systems, water lines and other buried or concealed items
- Testing for soils conditions and contaminations
- Air quality, presence of asbestos, radon, lead paint, and any other contaminants, carcinogen, and any other hazardous substance
- Laboratory analysis for water quality and other environmental hazards
- Pest infestation beyond problems reported by the Association and its representatives.
- Engineering analysis of structural, mechanical, electrical, and plumbing systems
- State or local zoning ordinance violation
- Building code violations and conformance with ADA requirements, although some notes may be provided in the report.



- Accessing and detailed review of sloped roofs, attics, and crawlspaces, unless specified in the scope of work.



Glossary of Commonly Used Words and Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

Cash Flow Method – A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

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

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component and then summed together for an association total.

$FFB = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:



- **Baseline Funding:** Establishing a reserve-funding goal of keeping the reserve balance above zero.
- **Component Full Funding:** Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- **Threshold Funding:** Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

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

Funding Principles

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a “0” remaining useful life.

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



Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

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

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.