Reserve Study 2017

Staebler
Appraisal and Consulting

Waterfront Venice
Master Association
Venice, Florida

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Important Information

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This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Staebler Appraisal and Consulting would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study. Updates and revisions will be provided on an hourly consulting basis at $125/hour.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

Part I
Introduction

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

Please keep in mind, a reserve study aides and guides the association in making decisions for the future upkeep of the property. However, major components like roof and waterproofing/painting are less likely to be changed than other components like fences or landscape for example. The replacement of a fence can be a cosmetic decision and the board might decide together with the analyst to postpone a replacement. The reserve study you ordered includes one set of changes after meeting with the board.

Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by assessing an adequate level of reserves as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to acquire a loan from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a $150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to defer the required repair or replacement. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "special assessment" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association's overall budget.

Types of Reserve Studies

Most reserve studies fit into one of three categories:

- Full Reserve Study
- Update with site inspection
- Update without site inspection

In a Full Reserve Study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan".

In an Update with site inspection, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the "fund status and "funding plan."
In an Update without site inspection, the reserve provider conducts life and valuation estimates to determine the "fund status" and "funding plan."

The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of *operational expenses* include:
Utilities, Bank Service Charges, Accounting, Electricity, Dues & Publications, Reserve Study, Gas Licenses, Permits & Fees, Repair Expenses, Water, Insurance(s), Tile Roof Repairs, Telephone Services, Equipment Repairs, Cable, TV, Landscaping, Minor Concrete Repairs, Administrative, Pool, Maintenance Operating Contingency, Supplies and Street Sweeping.

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

- Roof Replacements
- Park/Play Equipment
- Painting Pool
- Spa Re-plastering
- Deck Resurfacing
- Pool Equipment Replacement
- Fencing Replacement
- Pool Furniture Replacement
- Asphalt Seal Coating
- Tennis Court Resurfacing
- Asphalt Repairs
- Lighting Replacement
- Asphalt Overlays
- Insurance(s)
- Equipment Replacement
- Reserve Study
- Interior Furnishings

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Financial Analysis

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

Update Frequency

Does the association's reserve study need updating? If the answer to one or more of the following questions is yes, the association should strongly consider conducting a new study of updating the existing study:

- Has the association added or replaced any significant common element in the last year?
- Has unseasonable weather, lack of maintenance or other circumstances damaged or caused extreme wear and tear on any common elements?
- Has the association deviated from the scheduled replacements?
- Has the association contributed to or drawn on reserve funds other than as scheduled?
- Is the association's objective baseline funding?
- Have there been any technological advances or improved product development that might result in a component change? (also: law changes, for example sprinkler retrofitting)
- Does the current reserve fund balance does not match what was projected?
- Have any components reached the end of their useful lives earlier than projected?

Funding Methods

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Threshold and the Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the

association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Component Funding model is based upon the component methodology.

Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = Age divided by Useful Life the results multiplied by Current Replacement Cost

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The Component Funding Model (or Straight-Line Method)

This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model.

The Threshold Funding Model (Minimum Funding or Cash, or Pooling Method)

The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance. This method is based upon the cash flow funding concept.

The Current Assessment Funding Model (displays the current financial situation)

This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

Component Funding Model Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" is a "Component Funding Model" calculation. This distribution does not apply to the cash flow funding models.
When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can "fix" the accumulated reserve balance within the program on the individual asset's detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The Reserve Analyst© software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded.

If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of $50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to "replenish" the account. If the $50,000 under-funding were to be assigned to short remaining life items, the impact would be felt immediately. If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

Funding Reserves

Three assessment and contribution figures are provided in the report, the "Monthly Reserve Assessment Required", the "Average Net Monthly Interest Earned" contribution and the "Total Monthly Allocation to Reserves." The association should allocate the "Monthly Reserve Assessment Required" amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Total Monthly Allocation" to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

Part II
Users' Guide to your Reserve Analysis Study

Part II of your report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The Distribution of Accumulated Reserves report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the "Component Funding Model" calculation.

The Component Listing/Summary lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Reserve Analyst© Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

Definitions

Report I.D.
Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending
The budgetary year for which the report is prepared. For associations with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases
If applicable, the number of units and/or phases included in this version of the report.

Inflation
This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase
This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate $10,000 in 10 years, you could set aside $1,000 per year. As an alternative, you could set aside $795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

Investment Yield Before Taxes
The average interest rate anticipated by the association based upon its current investment practices.

Taxes on Interest Yield
The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance
The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded
The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age
Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

Monthly Assessment
The assessment to reserves required by the association each month.

Interest Contribution (After Taxes)
The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly Allocation
The sum of the monthly assessment and interest contribution figures.

Group and Category
The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs
In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date
The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement. If the placed-in service date is not known, the date can also be used by the analyst to estimate the effective age. For example if a component is estimated to be 15 years and we write the year 2013, the components placed-in-service date would be 1998.

Estimated Useful Life
The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life

to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life

This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

Replacement Year

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value

The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement

Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

A Multi-Purpose Tool

Your Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your reserve study serves a variety of useful purposes:
Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding. A reserve analysis study is required by your accountant during the preparation of the association's annual audit.

The reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
Loans secured by the Federal Housing Administration (FHA) will not underwrite loans for associations if not at least 10% of the assessments are assigned to the reserve fund. Whether a community has sufficient reserves in place or not can make or break a sale of a residential unit.

Your Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements. Your Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.

Since the reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.

The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

Your Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

Waterfront Venice Master
Venice, Florida
Current Assessment Funding Model Summary

Report Date	October 20, 2016
Budget Year Beginning	January 01, 2017
Budget Year Ending	December 31, 2017
Total Units	98

Report Parameters

Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.25%
Contingency	3.00%
2017 Beginning Balance	$67,091.00

Current Assessment Funding Model Summary of Calculations

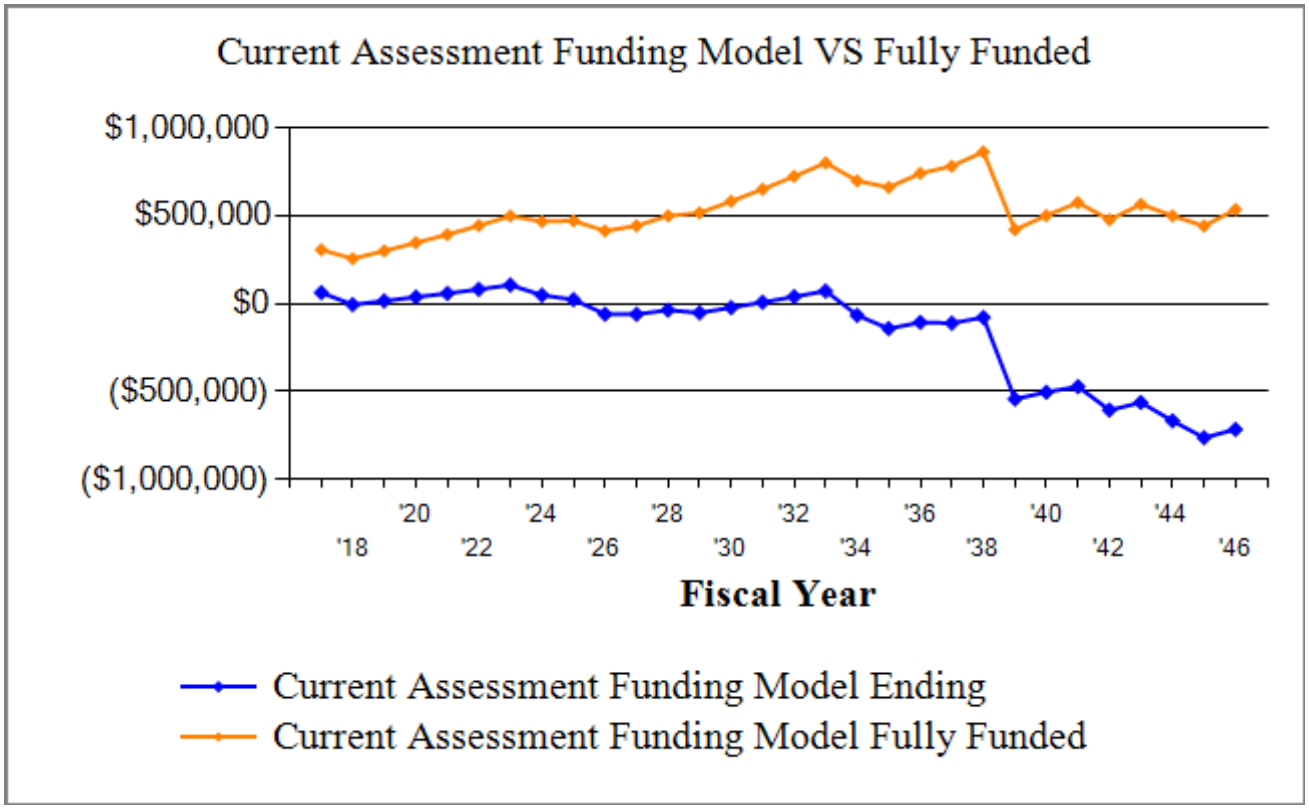
Required Quarter Contribution	$5,047.00
$51.50 per unit quarterly	
Average Net Quarter Interest Earned	$33.96
Total Quarter Allocation to Reserves	$5,080.96
$51.85 per unit quarterly	

Waterfront Venice Master
Current Assessment Funding Model Projection

Beginning Balance: $67,091

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2017	589,558	20,188	136	25,420	61,995	306,341	20%
2018	607,245	20,794		89,606	-6,818	255,681	-3%
2019	625,462	21,417	16		14,616	299,708	5%
2020	644,226	22,060	71		36,747	346,147	11%
2021	663,553	22,722	122	2,195	57,396	392,772	15%
2022	683,459	23,403	180		80,980	444,283	18%
2023	703,963	24,106	240		105,326	498,531	21%
2024	725,082	24,829	95	82,848	47,401	467,662	10%
2025	746,834	25,574	32	50,639	22,368	471,333	5%
2026	769,240	26,341		109,666	-60,958	413,737	-15%
2027	792,317	27,131		27,550	-61,377	442,951	-14%
2028	816,086	27,945		4,078	-37,510	499,346	-8%
2029	840,569	28,783		44,138	-52,865	516,319	-10%
2030	865,786	29,647			-23,218	582,135	-4%
2031	891,759	30,536			7,318	651,436	1%
2032	918,512	31,452	67		38,838	724,370	5%
2033	946,068	32,396	148		71,381	801,094	9%
2034	974,450	33,368		171,958	-67,209	699,175	-10%
2035	1,003,683	34,369		109,935	-142,775	661,758	-22%
2036	1,033,794	35,400			-107,375	741,703	-14%
2037	1,064,807	36,462		40,547	-111,461	782,794	-14%
2038	1,096,752	37,556		5,481	-79,386	864,210	-9%
2039	1,129,654	38,682		503,866	-544,570	420,768	-129%
2040	1,163,544	39,843			-504,727	501,026	-101%
2041	1,198,450	41,038		10,001	-473,690	575,100	-82%
2042	1,234,404	42,269		175,982	-607,403	477,239	-127%
2043	1,271,436	43,537			-563,866	565,462	-100%
2044	1,309,579	44,843		149,633	-668,655	499,661	-134%
2045	1,348,866	46,189		142,355	-764,821	441,897	-173%
2046	1,389,332	47,574			-717,247	535,913	-134%

Waterfront Venice Master
Current Assessment Funding Model VS Fully Funded Chart



The Current Assessment Funding Model is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

Waterfront Venice Master
Venice, Florida
Threshold Funding Model Summary

Report Date	October 20, 2016
Budget Year Beginning	January 01, 2017
Budget Year Ending	December 31, 2017
Total Units	98

Report Parameters

Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.25%
Contingency	3.00%
2017 Beginning Balance	$67,091.00

Threshold Funding Model Summary of Calculations

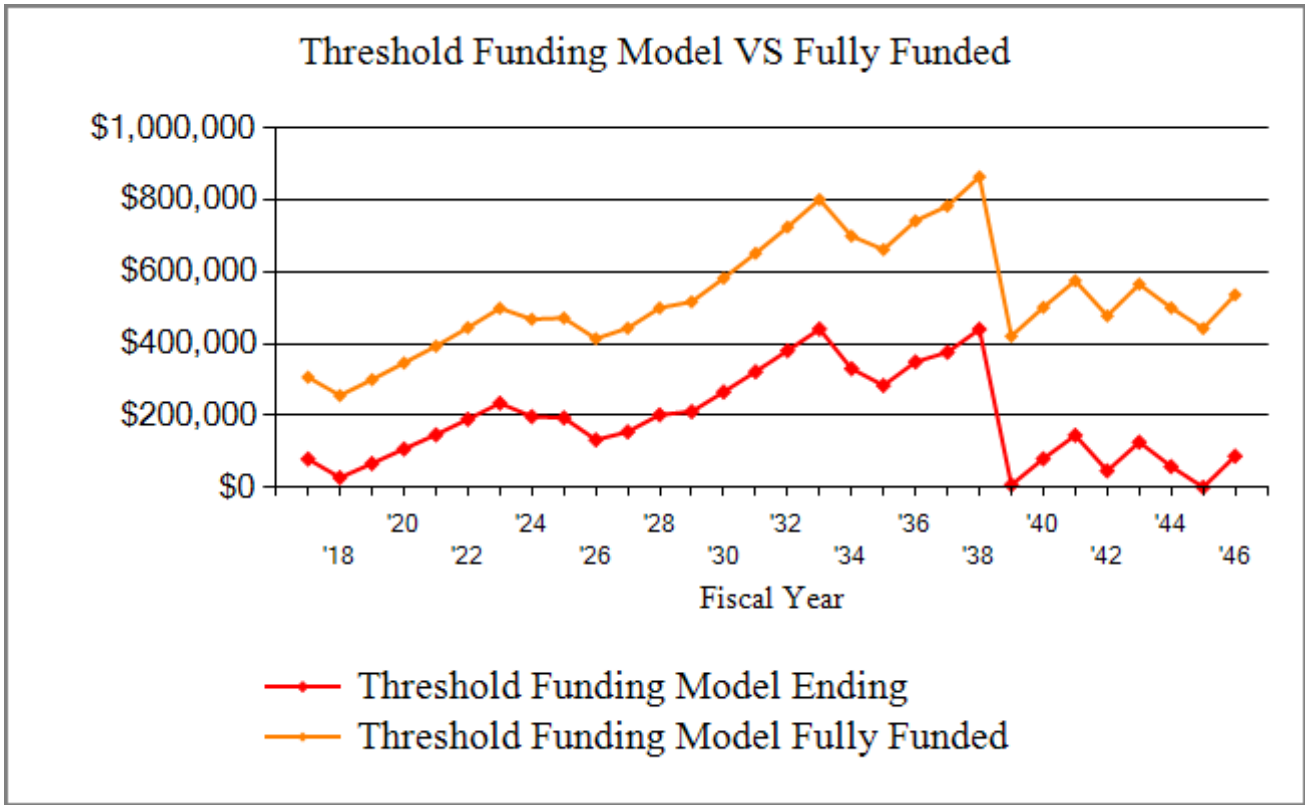
Required Quarter Contribution	$9,212.39
$94.00 per unit quarterly	
Average Net Quarter Interest Earned	$40.47
Total Quarter Allocation to Reserves	$9,252.86
$94.42 per unit quarterly	

Waterfront Venice Master
Threshold Funding Model Projection

Beginning Balance: $67,091

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2017	589,558	36,850	162	25,420	78,682	306,341	26%
2018	607,245	37,955	32	89,606	27,063	255,681	11%
2019	625,462	39,094	129		66,286	299,708	22%
2020	644,226	40,267	229		106,781	346,147	31%
2021	663,553	41,475	327	2,195	146,388	392,772	37%
2022	683,459	42,719	433		189,539	444,283	43%
2023	703,963	44,000	543		234,083	498,531	47%
2024	725,082	45,320	449	82,848	197,004	467,662	42%
2025	746,834	46,680	439	50,639	193,484	471,333	41%
2026	769,240	48,080	285	109,666	132,184	413,737	32%
2027	792,317	49,523	339	27,550	154,495	442,951	35%
2028	816,086	51,008	456	4,078	201,881	499,346	40%
2029	840,569	52,539	477	44,138	210,759	516,319	41%
2030	865,786	54,115	612		265,486	582,135	46%
2031	891,759	55,738	751		321,976	651,436	49%
2032	918,512	57,410	895		380,281	724,370	52%
2033	946,068	59,133	1,044		440,458	801,094	55%
2034	974,450	60,907	767	171,958	330,174	699,175	47%
2035	1,003,683	62,734	649	109,935	283,622	661,758	43%
2036	1,033,794	64,616	811		349,049	741,703	47%
2037	1,064,807	66,554	876	40,547	375,932	782,794	48%
2038	1,096,752	68,551	1,034	5,481	440,037	864,210	51%
2039	1,129,654	70,608		503,866	6,779	420,768	2%
2040	1,163,544	72,726	131		79,635	501,026	16%
2041	1,198,450	74,908	291	10,001	144,833	575,100	25%
2042	1,234,404	77,155	43	175,982	46,048	477,239	10%
2043	1,271,436	79,469	239		125,757	565,462	22%
2044	1,309,579	81,854	68	149,633	58,046	499,661	12%
2045	1,348,866	84,309		142,355	0	441,897	0%
2046	1,389,332	86,838	136		86,975	535,913	16%

Waterfront Venice Master
Threshold Funding Model VS Fully Funded Chart



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below $0 or other predetermined threshold, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Threshold Funding Model** allows the client to choose the level of conservative funding they desire by choosing the threshold dollar amount.

Waterfront Venice Master
Venice, Florida
Component Funding Model Summary

Report Date	October 20, 2016
Budget Year Beginning	January 01, 2017
Budget Year Ending	December 31, 2017
Total Units	98

Report Parameters

Inflation	3.00%
Interest Rate on Reserve Deposit	0.25%
Contingency	3.00%
2017 Beginning Balance	$67,091.00

Component Funding Model Summary of Calculations

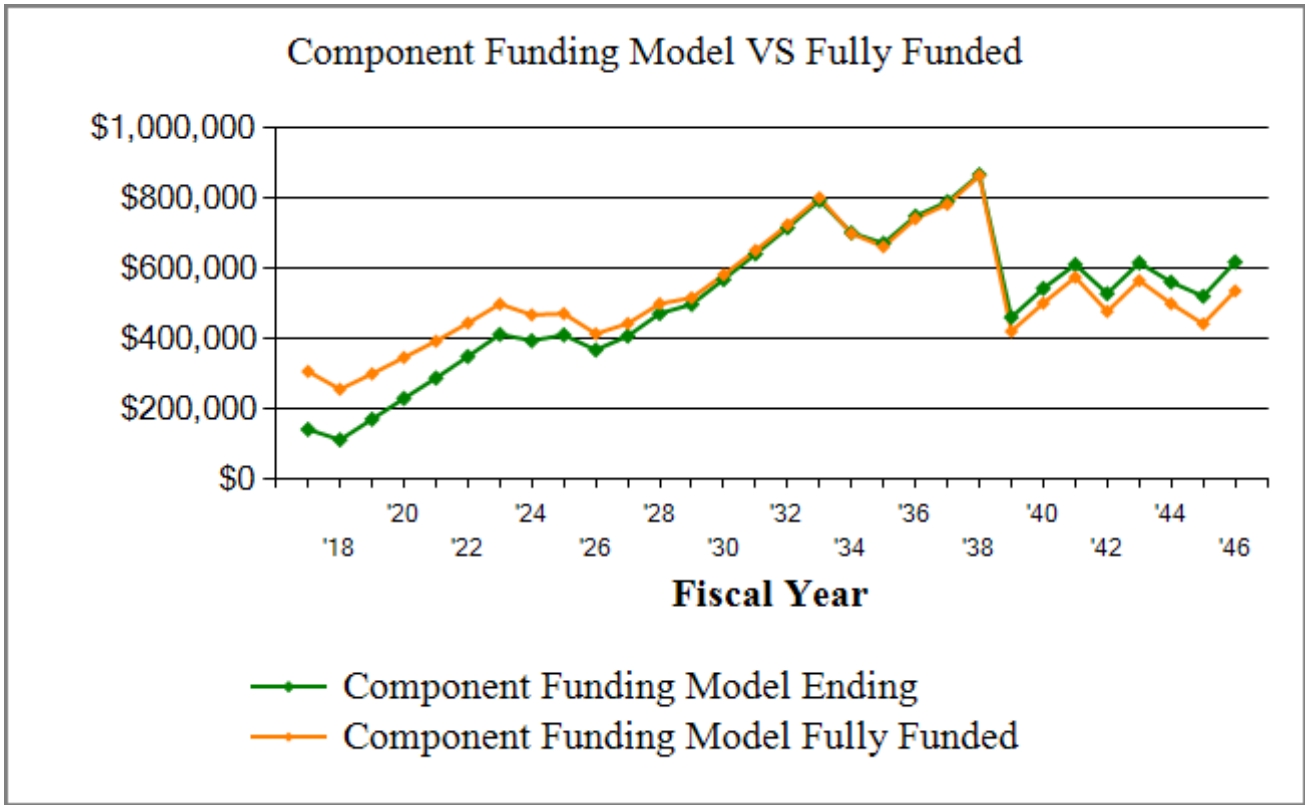
Required Quarter Contribution	$24,846.99
$253.54 per unit quarterly	
Average Net Quarter Interest Earned	$64.92
Total Quarter Allocation to Reserves	$24,911.91
$254.20 per unit quarterly	

Waterfront Venice Master
Component Funding Model Projection

Beginning Balance: $67,091

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2017	589,558	99,388	260	25,420	141,319	306,341	46%
2018	607,245	59,664	223	89,606	111,599	255,681	44%
2019	625,462	58,149	370		170,118	299,708	57%
2020	644,226	58,818	518		229,454	346,147	66%
2021	663,553	59,673	662	2,195	287,594	392,772	73%
2022	683,459	60,607	814		349,015	444,283	79%
2023	703,963	62,121	970		412,107	498,531	83%
2024	725,082	64,037	924	82,848	394,219	467,662	84%
2025	746,834	65,835	963	50,639	410,378	471,333	87%
2026	769,240	65,977	856	109,666	367,544	413,737	89%
2027	792,317	66,311	954	27,550	407,259	442,951	92%
2028	816,086	67,365	1,114	4,078	471,660	499,346	94%
2029	840,569	68,728	1,177	44,138	497,427	516,319	96%
2030	865,786	69,812	1,354		568,592	582,135	98%
2031	891,759	71,148	1,534		641,274	651,436	98%
2032	918,512	72,646	1,718		715,638	724,370	99%
2033	946,068	76,078	1,910		793,626	801,094	99%
2034	974,450	78,018	1,678	171,958	701,364	699,175	100%
2035	1,003,683	78,364	1,602	109,935	671,396	661,758	101%
2036	1,033,794	75,801	1,799		748,996	741,703	101%
2037	1,064,807	79,853	1,898	40,547	790,199	782,794	101%
2038	1,096,752	80,356	2,089	5,481	867,164	864,210	100%
2039	1,129,654	96,131	1,059	503,866	460,488	420,768	109%
2040	1,163,544	81,334	1,279		543,101	501,026	108%
2041	1,198,450	76,479	1,454	10,001	611,033	575,100	106%
2042	1,234,404	91,943	1,232	175,982	528,226	477,239	111%
2043	1,271,436	86,372	1,457		616,055	565,462	109%
2044	1,309,579	93,110	1,313	149,633	560,845	499,661	112%
2045	1,348,866	100,974	1,205	142,355	520,670	441,897	118%
2046	1,389,332	96,161	1,453		618,284	535,913	115%

Waterfront Venice Master
Component Funding Model VS Fully Funded Chart



The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

Waterfront Venice Master
Component Funding Model Assessment & Category Summary

Description	Replacement Year		Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Streets/Asphalt								
Asphalt, mill and repave	2024		20	0	7	56,088	0	36,457
Streets/Asphalt - Total						$56,088		$36,457
Roofing								
Maintenance and Equipment Building	2049		45	0	32	11,900	0	3,438
Tile Roof Tower	2049		45	0	32	4,020	0	1,161
Roofing - Total						$15,920		$4,599
Painting								
Maintenance and Equipment Building	2021		8	0	4	1,950	0	975
Tower Painting and Foam Remediation	2018	D	8	0	1	84,050	39,658	74,711
Wall, pressure wash and paint	2018	D	10	0	1	2,946	0	2,678
Painting - Total						$88,946	$39,658	$78,365
Fencing/Security								
Access System	2017		10	0	0	7,687	7,687	7,687
Gate Motors	2017		10	0	0	7,687	7,687	7,687
Gates	2034		30	0	17	19,987	0	8,661
PVC Fence	2039		35	0	22	1,794	0	666
Powder coated Fence	2039		35	0	22	4,920	0	1,827
Fencing/Security - Total						$42,076	$15,375	$26,530
Lighting								
Exterior Lighting	2029		25	0	12	7,687	0	3,997
Lighting - Total						$7,687		$3,997
Recreation/Pool								
Pool Deck Pavers	2045		30	0	28	15,375	0	1,025
Pool Equipment	2017		10	0	0	5,125	5,125	5,125
Pool Fence	2045		30	0	28	4,920	0	328
Pool Furniture	2025		10	0	8	24,600	0	4,920
Pool Heater	2017		12	0	0	4,920	4,920	4,920
Pool Restrooms	2029		25	0	12	16,400	0	8,528
Pool, resurface	2035		20	0	18	24,600	0	2,460
Recreation/Pool - Total						$95,940	$10,045	$27,306
Equipment								
Fire Pump	2039		35	0	22	51,250	0	19,036
Fire Sprinkler Backflow Preventer	2024		20	0	7	11,275	0	7,329
Generator 160 KW	2039		35	0	22	66,625	0	24,746
Generator 402 KW	2039		35	0	22	138,375	0	51,396
Equipment - Total						$267,525		$102,507

Waterfront Venice Master
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Grounds Components							
Retention Pond	2025	10	0	8	15,375	0	3,075
Grounds Components - Total					$15,375		$3,075
Total Asset Summary					$589,558	$65,078	$282,837
Contingency at 3.00%						$2,013	$8,748
Summary Total						$67,091	$291,584

Percent Fully Funded	23%
Current Average Liability per Unit (Total Units: 98)	-$2,291

'D' Component Deferred, Life Extended One Year

Waterfront Venice Master
Distribution of Accumulated Reserves

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Access System	0	2017	7,687	7,687
Gate Motors	0	2017	7,687	7,687
Pool Equipment	0	2017	5,125	5,125
Pool Heater	0	2017	4,920	4,920
Tower Painting and Foam Remediation	1	2018	* D 39,658	74,711
Wall, pressure wash and paint	1	2018	D	2,678
Maintenance and Equipment Building	4	2021		975
Asphalt, mill and repave	7	2024		36,457
Fire Sprinkler Backflow Preventer	7	2024		7,329
Pool Furniture	8	2025		4,920
Retention Pond	8	2025		3,075
Exterior Lighting	12	2029		3,997
Pool Restrooms	12	2029		8,528
Gates	17	2034		8,661
Pool, resurface	18	2035		2,460
Fire Pump	22	2039		19,036
Generator 160 KW	22	2039		24,746
Generator 402 KW	22	2039		51,396
PVC Fence	22	2039		666
Powder coated Fence	22	2039		1,827
Pool Deck Pavers	28	2045		1,025
Pool Fence	28	2045		328
Maintenance and Equipment Building	32	2049		3,438
Tile Roof Tower	32	2049		1,161
Total Asset Summary			$65,078	$282,837
Contingency at 3.00%			$2,013	$8,748
Summary Total			$67,091	$291,584

Percent Fully Funded	23%
Current Average Liability per Unit (Total Units: 98)	-$2,291

'' Indicates Partially Funded*
'D' Indicates Deferred Funding

Waterfront Venice Master
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2017	
Access System	7,687
Gate Motors	7,687
Pool Equipment	5,125
Pool Heater	4,920
Total for 2017	**$25,420**
Replacement Year 2018	
Tower Painting and Foam Remediation	86,571
Wall, pressure wash and paint	3,035
Total for 2018	**$89,606**
No Replacement in 2019	
No Replacement in 2020	
Replacement Year 2021	
Maintenance and Equipment Building	2,195
Total for 2021	**$2,195**
No Replacement in 2022	
No Replacement in 2023	
Replacement Year 2024	
Asphalt, mill and repave	68,981
Fire Sprinkler Backflow Preventer	13,867
Total for 2024	**$82,848**
Replacement Year 2025	
Pool Furniture	31,163
Retention Pond	19,477
Total for 2025	**$50,639**
Replacement Year 2026	
Tower Painting and Foam Remediation	109,666
Total for 2026	**$109,666**
Replacement Year 2027	
Access System	10,331

Waterfront Venice Master
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2027 continued...	
Gate Motors	10,331
Pool Equipment	6,888
Total for 2027	**$27,550**
Replacement Year 2028	
Wall, pressure wash and paint	4,078
Total for 2028	**$4,078**
Replacement Year 2029	
Exterior Lighting	10,961
Maintenance and Equipment Building	2,780
Pool Heater	7,015
Pool Restrooms	23,382
Total for 2029	**$44,138**
No Replacement in 2030	
No Replacement in 2031	
No Replacement in 2032	
No Replacement in 2033	
Replacement Year 2034	
Gates	33,036
Tower Painting and Foam Remediation	138,922
Total for 2034	**$171,958**
Replacement Year 2035	
Pool Furniture	41,880
Pool, resurface	41,880
Retention Pond	26,175
Total for 2035	**$109,935**
No Replacement in 2036	
Replacement Year 2037	
Access System	13,884
Gate Motors	13,884
Maintenance and Equipment Building	3,522

Waterfront Venice Master
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2037 continued...	
Pool Equipment	9,256
Total for 2037	**$40,547**
Replacement Year 2038	
Wall, pressure wash and paint	5,481
Total for 2038	**$5,481**
Replacement Year 2039	
Fire Pump	98,200
Generator 160 KW	127,660
Generator 402 KW	265,141
Powder coated Fence	9,427
PVC Fence	3,437
Total for 2039	**$503,866**
No Replacement in 2040	
Replacement Year 2041	
Pool Heater	10,001
Total for 2041	**$10,001**
Replacement Year 2042	
Tower Painting and Foam Remediation	175,982
Total for 2042	**$175,982**
No Replacement in 2043	
Replacement Year 2044	
Asphalt, mill and repave	124,588
Fire Sprinkler Backflow Preventer	25,045
Total for 2044	**$149,633**
Replacement Year 2045	
Maintenance and Equipment Building	4,461
Pool Deck Pavers	35,177
Pool Fence	11,257
Pool Furniture	56,283

Waterfront Venice Master
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2045 continued...	
Retention Pond	35,177
Total for 2045	**$142,355**

Asphalt, mill and repave - 2024

		4,560 SY	@ $12.30
Asset ID	1016	Asset Cost	$56,088.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	$68,981.17
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	20		
Replacement Year	2024	Quarterly Assessment	$2,246.05
Remaining Life	7	Interest Contribution	$3.51
		Reserve Allocation	$2,249.57

Asphalt has a useful life of 20 years; depending on the quality it can be more or less.

When the association decides to mill and repave, a seal coating project should be evaluated.

Streets/Asphalt - Total Current Cost	**$56,088**
Assigned Reserves	**$0**
Fully Funded Reserves	**$36,457**

Maintenance and Equipment Building - 2049

		14 SQ	@ $850.00
Asset ID	1028	Asset Cost	$11,900.00
		Percent Replacement	100%
	Roofing	Future Cost	$30,643.48
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	45		
Replacement Year	2049	Quarterly Assessment	$211.49
Remaining Life	32	Interest Contribution	$0.33
		Reserve Allocation	$211.82

The cost for the roof tiles for the tower was adjusted to reflect the height.

Tile Roof Tower - 2049

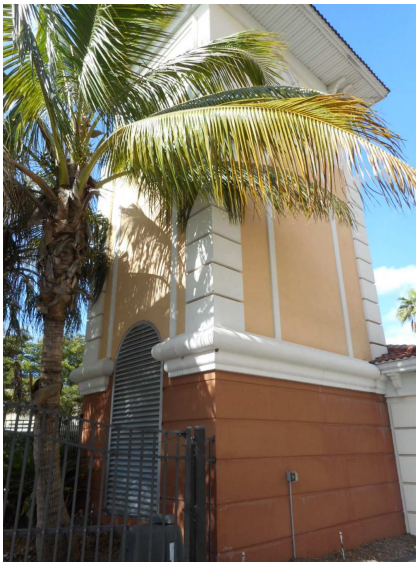
		4 SQ	@ $1,005.00
Asset ID	1002	Asset Cost	$4,020.00
		Percent Replacement	100%
	Roofing	Future Cost	$10,351.83
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	45		
Replacement Year	2049	Quarterly Assessment	$71.45
Remaining Life	32	Interest Contribution	$0.11
		Reserve Allocation	$71.56

The cost for the roof tiles for the tower was adjusted to reflect the height.

Roofing - Total Current Cost	**$15,920**
Assigned Reserves	**$0**
Fully Funded Reserves	**$4,599**

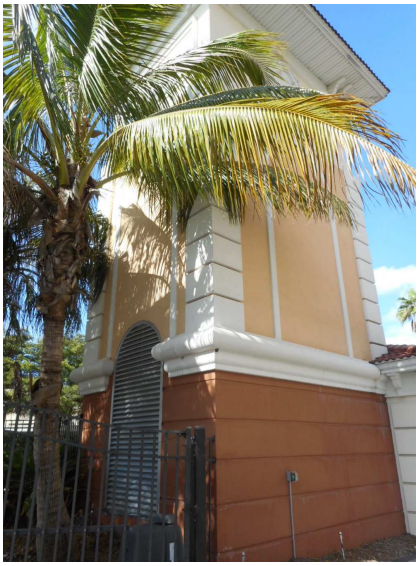
Maintenance and Equipment Building - 2021

		1,300 SF	@ $1.50
Asset ID	1029	Asset Cost	$1,950.00
		Percent Replacement	100%
	Painting	Future Cost	$2,194.74
Placed in Service	January 2013	Assigned Reserves	*none*
Useful Life	8		
Replacement Year	2021	Quarterly Assessment	$125.53
Remaining Life	4	Interest Contribution	$0.20
		Reserve Allocation	$125.72



Tower Painting and Foam Remediation - 2018

		1 lumpsum	@ $84,050.00
Asset ID	1004	Asset Cost	$84,050.00
		Percent Replacement	100%
	Painting	Future Cost	$86,571.50
Placed in Service	January 2004	Assigned Reserves	$39,658.27
Useful Life	8		
Replacement Year	Deferred 2018	Quarterly Assessment	$11,685.23
Remaining Life	1	Interest Contribution	$43.08
		Reserve Allocation	$11,728.31



Wall, pressure wash and paint - 2018

		2,300 SF	@ $1.28
Asset ID	1017	Asset Cost	$2,946.30
		Percent Replacement	100%
	Painting	Future Cost	$3,034.69
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	10		
Replacement Year	Deferred 2018	Quarterly Assessment	$757.49
Remaining Life	1	Interest Contribution	$1.18
		Reserve Allocation	$758.67

2,300 SF includes 375 LF of wall (paint one side only) around the retention ponds and the border to the neighboring property.

Painting - Total Current Cost	**$88,946**
Assigned Reserves	**$39,658**
Fully Funded Reserves	**$78,365**

Access System - 2017

		1 each	@ $7,687.50
Asset ID	1023	Asset Cost	$7,687.50
		Percent Replacement	100%
	Fencing/Security	Future Cost	$7,687.50
Placed in Service	January 2004	Assigned Reserves	$7,687.50
Useful Life	10		
Replacement Year	2017	Quarterly Assessment	$234.59
Remaining Life	0	Interest Contribution	$0.37
		Reserve Allocation	$234.96

Gate Motors - 2017

		3 each	@ $2,562.50
Asset ID	1021	Asset Cost	$7,687.50
		Percent Replacement	100%
	Fencing/Security	Future Cost	$7,687.50
Placed in Service	January 2004	Assigned Reserves	$7,687.50
Useful Life	10		
Replacement Year	2017	Quarterly Assessment	$234.59
Remaining Life	0	Interest Contribution	$0.37
		Reserve Allocation	$234.96

Gates - 2034

		3 each	@ $6,662.50
Asset ID	1022	Asset Cost	$19,987.50
		Percent Replacement	100%
	Fencing/Security	Future Cost	$33,036.29
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	30		
Replacement Year	2034	Quarterly Assessment	$437.40
Remaining Life	17	Interest Contribution	$0.68
		Reserve Allocation	$438.08

Aluminum gates have a long useful life. Replacing them sooner or later will be more a cosmetic than a structural decision.

PVC Fence - 2039

		50 LF	@ $35.87
Asset ID	1018	Asset Cost	$1,793.75
		Percent Replacement	100%
	Fencing/Security	Future Cost	$3,437.01
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	35		
Replacement Year	2039	Quarterly Assessment	$34.94
Remaining Life	22	Interest Contribution	$0.05
		Reserve Allocation	$35.00

PVC fence has a long useful life. Periodic maintenance and replacement of hardware will extend the life.

Powder coated Fence - 2039

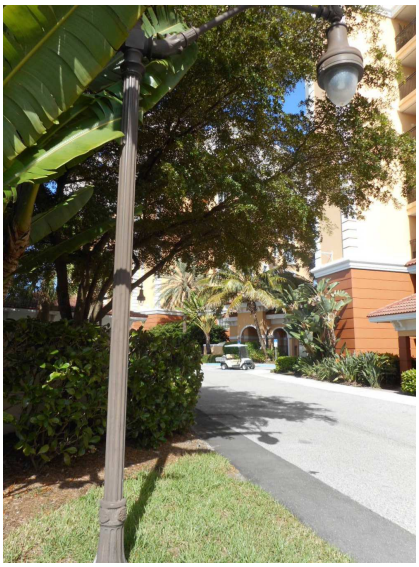
		120 LF	@ $41.00
Asset ID	1019	Asset Cost	$4,920.00
		Percent Replacement	100%
	Fencing/Security	Future Cost	$9,427.23
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	35		
Replacement Year	2039	Quarterly Assessment	$95.84
Remaining Life	22	Interest Contribution	$0.15
		Reserve Allocation	$95.99

This fence has a long useful life. Replacing the fence sooner or later will be more a cosmetic than a structural decision.

Fencing/Security - Total Current Cost	**$42,076**
Assigned Reserves	**$15,375**
Fully Funded Reserves	**$26,530**

Exterior Lighting - 2029

		1 lumpsum	@ $7,687.50
Asset ID	1020	Asset Cost	$7,687.50
		Percent Replacement	100%
	Lighting	Future Cost	$10,960.54
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	25		
Replacement Year	2029	Quarterly Assessment	$206.88
Remaining Life	12	Interest Contribution	$0.32
		Reserve Allocation	$207.20



A lumpsum of $7,500 to pay for replacement of light poles.

This asset can be adjusted at the discretion of the board.

Lighting - Total Current Cost	**$7,687**
Assigned Reserves	**$0**
Fully Funded Reserves	**$3,997**

Pool Deck Pavers - 2045

		1,000 SF	@ $15.37
Asset ID	1011	Asset Cost	$15,375.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$35,176.89
Placed in Service	January 2015	Assigned Reserves	*none*
Useful Life	30		
Replacement Year	2045	Quarterly Assessment	$278.87
Remaining Life	28	Interest Contribution	$0.44
		Reserve Allocation	$279.31

Pool Equipment - 2017

		1 lumpsum	@ $5,125.00
Asset ID	1015	Asset Cost	$5,125.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$5,125.00
Placed in Service	January 2004	Assigned Reserves	$5,125.00
Useful Life	10		
Replacement Year	2017	Quarterly Assessment	$156.39
Remaining Life	0	Interest Contribution	$0.24
		Reserve Allocation	$156.64

The annual amount spent on pool equipment is usually an item for the operating account. However, reserving $5,000 every ten years is good practice to have funds available at any time to replace parts of the pool equipment.

Pool Fence - 2045

		160 LF	@ $30.75
Asset ID	1012	Asset Cost	$4,920.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$11,256.60
Placed in Service	January 2015	Assigned Reserves	*none*
Useful Life	30		
Replacement Year	2045	Quarterly Assessment	$89.24
Remaining Life	28	Interest Contribution	$0.14
		Reserve Allocation	$89.38

Aluminum fence has a long useful life. Replacing the fence sooner or later will be more a cosmetic than a structural decision.

Pool Furniture - 2025

		1 lumpsum	@ $24,600.00
Asset ID	1027	Asset Cost	$24,600.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$31,162.54
Placed in Service	January 2015	Assigned Reserves	*none*
Useful Life	10		
Replacement Year	2025	Quarterly Assessment	$886.72
Remaining Life	8	Interest Contribution	$1.39
		Reserve Allocation	$888.11

Cost based on information provided by the board.

Pool Heater - 2017

		1 each	@ $4,920.00
Asset ID	1014	Asset Cost	$4,920.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$4,920.00
Placed in Service	January 2004	Assigned Reserves	$4,920.00
Useful Life	12		
Replacement Year	2017	Quarterly Assessment	$132.40
Remaining Life	0	Interest Contribution	$0.21
		Reserve Allocation	$132.61

Pool Restrooms - 2029

		2 each	@ $8,200.00
Asset ID	1013	Asset Cost	$16,400.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$23,382.48
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	25		
Replacement Year	2029	Quarterly Assessment	$441.34
Remaining Life	12	Interest Contribution	$0.69
		Reserve Allocation	$442.03

Pool, resurface - 2035

		1,600 SF	@ $15.37
Asset ID	1010	Asset Cost	$24,600.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$41,879.85
Placed in Service	January 2015	Assigned Reserves	*none*
Useful Life	20		
Replacement Year	2035	Quarterly Assessment	$523.02
Remaining Life	18	Interest Contribution	$0.82
		Reserve Allocation	$523.84

Recreation/Pool - Total Current Cost	**$95,940**
Assigned Reserves	**$10,045**
Fully Funded Reserves	**$27,306**

Fire Pump - 2039

		1 each	@ $51,250.00
Asset ID	1008	Asset Cost	$51,250.00
		Percent Replacement	100%
	Equipment	Future Cost	$98,200.30
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	35		
Replacement Year	2039	Quarterly Assessment	$998.36
Remaining Life	22	Interest Contribution	$1.56
		Reserve Allocation	$999.92

Cost data estimated by Fire Access.

Fire Sprinkler Backflow Preventer - 2024

		1 each	@ $11,275.00
Asset ID	1009	Asset Cost	$11,275.00
		Percent Replacement	100%
	Equipment	Future Cost	$13,866.83
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	20		
Replacement Year	2024	Quarterly Assessment	$451.51
Remaining Life	7	Interest Contribution	$0.71
		Reserve Allocation	$452.22

Extend the useful life of the backflow preventer with proper maintenance.

Generator 160 KW - 2039

		1 each	@ $66,625.00
Asset ID	1007	Asset Cost	$66,625.00
		Percent Replacement	100%
	Equipment	Future Cost	$127,660.39
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	35		
Replacement Year	2039	Quarterly Assessment	$1,297.87
Remaining Life	22	Interest Contribution	$2.03
		Reserve Allocation	$1,299.90

For a generator the worst case scenario is complete replacement. Most likely, only parts of the generator will have to be replaced over time. However, we think it is prudent to reserve the maximum amount.

Generator 402 KW - 2039

		1 each	@ $138,375.00
Asset ID	1006	Asset Cost	$138,375.00
		Percent Replacement	100%
	Equipment	Future Cost	$265,140.81
Placed in Service	January 2004	Assigned Reserves	*none*
Useful Life	35		
Replacement Year	2039	Quarterly Assessment	$2,695.58
Remaining Life	22	Interest Contribution	$4.21
		Reserve Allocation	$2,699.79

For a generator the worst case scenario is complete replacement. Most likely, only parts of the generator will have to be replaced over time. However, we think it is prudent to reserve the maximum amount.

Equipment - Total Current Cost	**$267,525**
Assigned Reserves	**$0**
Fully Funded Reserves	**$102,507**

Retention Pond - 2025

		1 lumpsum	@ $15,375.00
Asset ID	1024	Asset Cost	$15,375.00
		Percent Replacement	100%
	Grounds Components	Future Cost	$19,476.59
Placed in Service	January 2015	Assigned Reserves	*none*
Useful Life	10		
Replacement Year	2025	Quarterly Assessment	$554.20
Remaining Life	8	Interest Contribution	$0.87
		Reserve Allocation	$555.07

Funds for unforeseen repairs to the filtration system of the stormwater management system.

Grounds Components - Total Current Cost	**$15,375**
Assigned Reserves	**$0**
Fully Funded Reserves	**$3,075**

Detail Report Summary

Total of All Assets

Assigned Reserves	$65,078.27
Quarterly Contribution	$24,846.99
Quarterly Interest	$63.66
Quarterly Allocation	$24,910.65

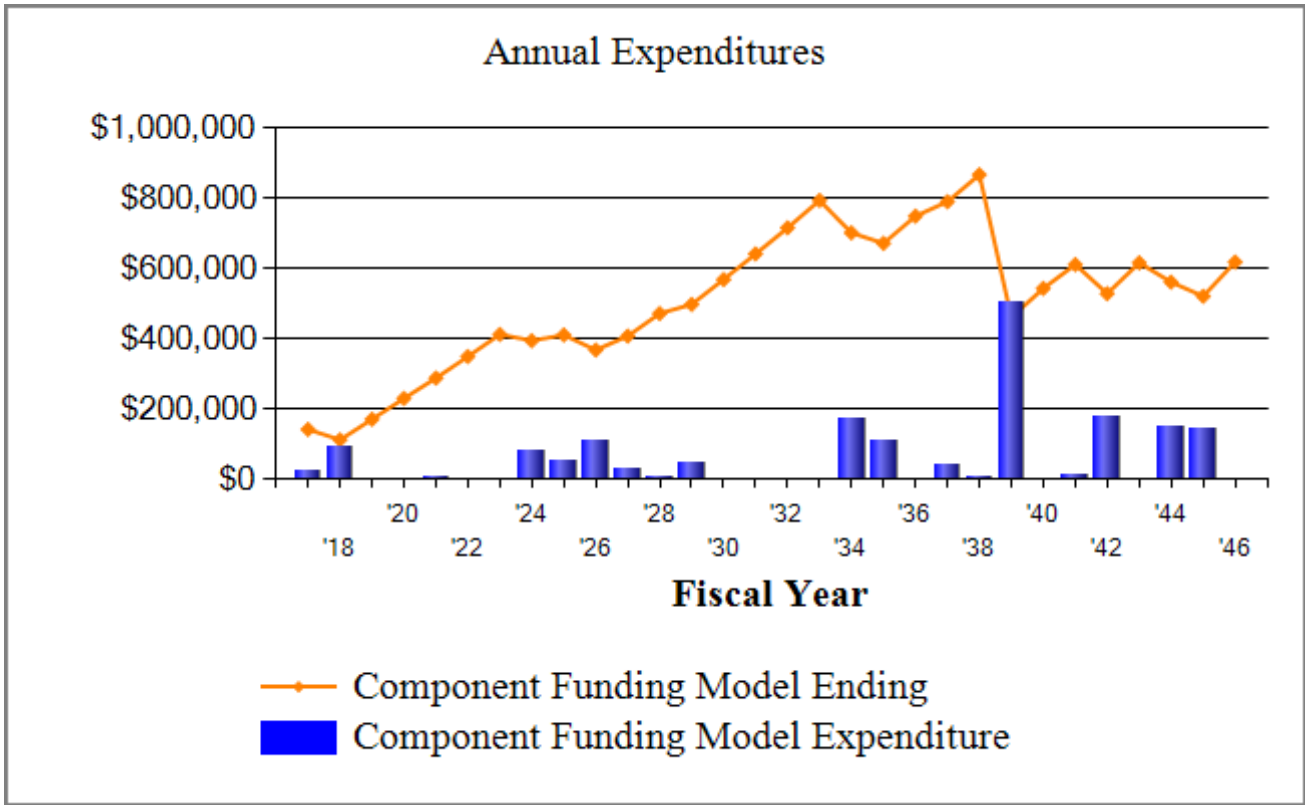
Contingency at 3.00%

Assigned Reserves	$2,012.73
Quarterly Contribution	$768.46
Quarterly Interest	$1.97
Quarterly Allocation	$770.43

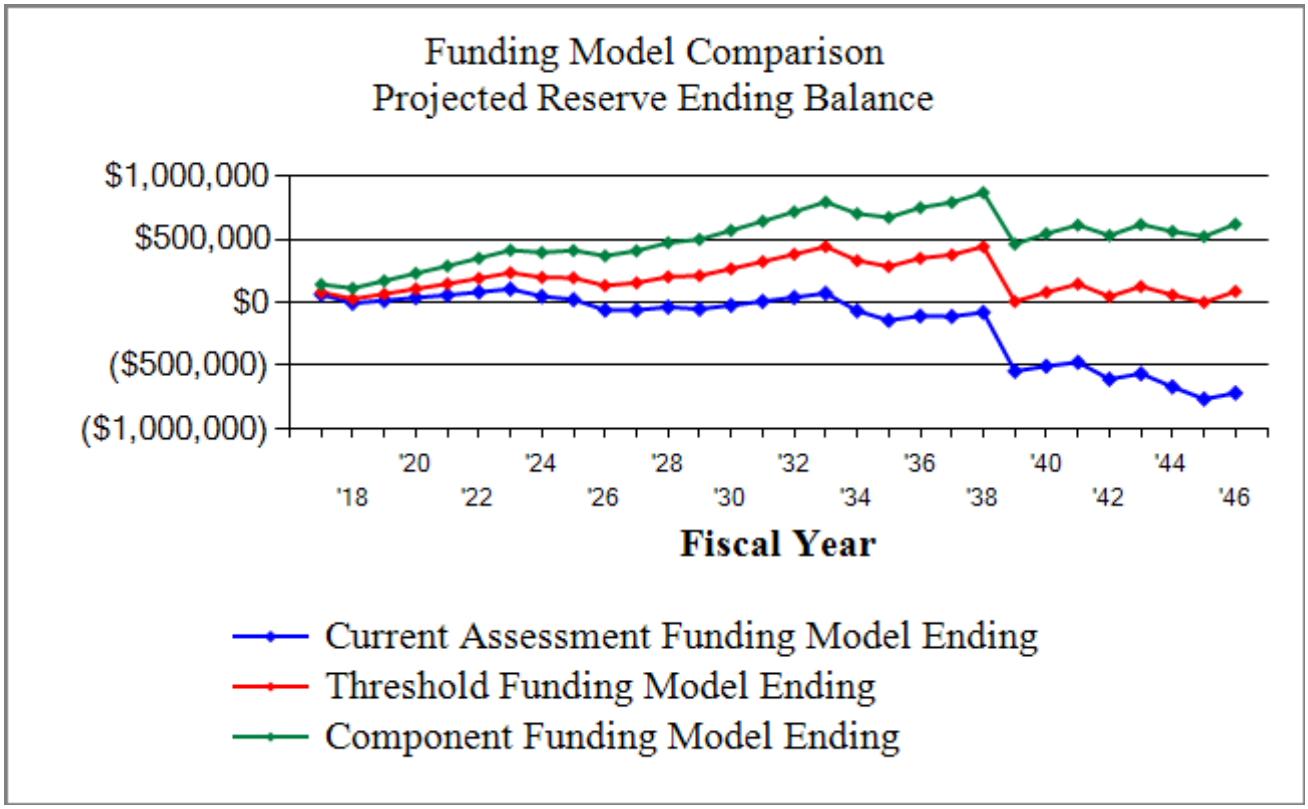
Grand Total

Assigned Reserves	$67,091.00
Quarterly Contribution	$25,615.45
Quarterly Interest	$65.63
Quarterly Allocation	$25,681.08

Waterfront Venice Master
Annual Expenditure Chart

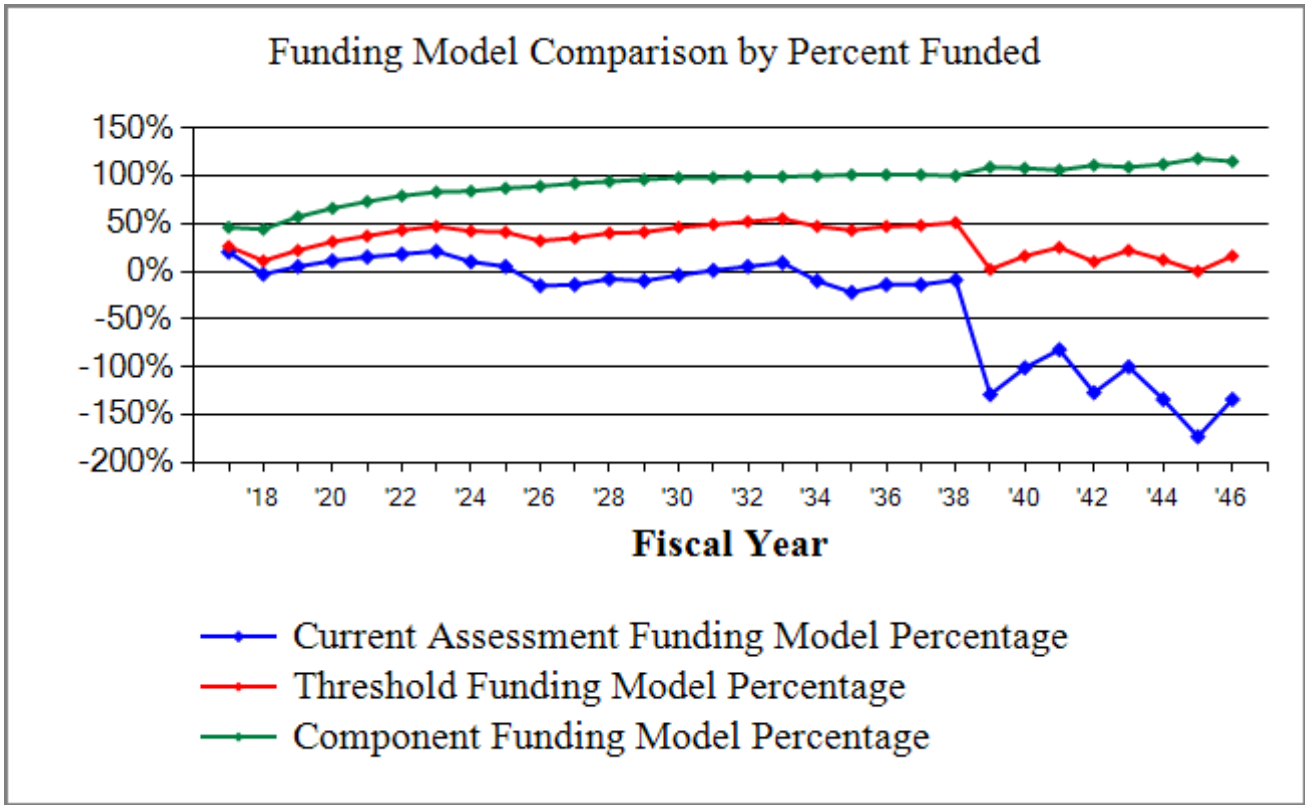


Waterfront Venice Master
Funding Model Reserve Ending Balance Comparison Chart



The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

Waterfront Venice Master
Funding Model Comparison by Percent Funded



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community's needs.

Waterfront Venice Master
Spread Sheet

Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Access System	7,687									
Asphalt, mill and repave								68,981		
Exterior Lighting										
Fire Pump										
Fire Sprinkler Backflow Preventer								13,867		
Gate Motors	7,687									
Gates										
Generator 160 KW										
Generator 402 KW										
Maintenance and Equipment Building					2,195					
Maintenance and Equipment Building										
PVC Fence										
Pool Deck Pavers										
Pool Equipment	5,125									
Pool Fence										
Pool Furniture									31,163	
Pool Heater	4,920									
Pool Restrooms										
Pool, resurface										
Powder coated Fence										
Retention Pond									19,477	
Tile Roof Tower										
Tower Painting and Foam Remediation		86,571								109,666
Wall, pressure wash and paint		3,035								
Year Total:	**25,420**	**89,606**			**2,195**			**82,848**	**50,639**	**109,666**

Waterfront Venice Master
Spread Sheet

Description	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Access System	10,331									
Asphalt, mill and repave										
Exterior Lighting			10,961							
Fire Pump										
Fire Sprinkler Backflow Preventer										
Gate Motors	10,331									
Gates								33,036		
Generator 160 KW										
Generator 402 KW										
Maintenance and Equipment Building			2,780							
Maintenance and Equipment Building										
PVC Fence										
Pool Deck Pavers										
Pool Equipment	6,888									
Pool Fence										
Pool Furniture									41,880	
Pool Heater			7,015							
Pool Restrooms			23,382							
Pool, resurface									41,880	
Powder coated Fence										
Retention Pond									26,175	
Tile Roof Tower										
Tower Painting and Foam Remediation								138,922		
Wall, pressure wash and paint		4,078								
Year Total:	**27,550**	**4,078**	**44,138**					**171,958**	**109,935**	

Waterfront Venice Master
Spread Sheet

Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Access System	13,884									
Asphalt, mill and repave								124,588		
Exterior Lighting										
Fire Pump			98,200							
Fire Sprinkler Backflow Preventer								25,045		
Gate Motors	13,884									
Gates										
Generator 160 KW			127,660							
Generator 402 KW			265,141							
Maintenance and Equipment Building	3,522								4,461	
Maintenance and Equipment Building										
PVC Fence			3,437							
Pool Deck Pavers									35,177	
Pool Equipment	9,256									
Pool Fence									11,257	
Pool Furniture									56,283	
Pool Heater					10,001					
Pool Restrooms										
Pool, resurface										
Powder coated Fence			9,427							
Retention Pond									35,177	
Tile Roof Tower										
Tower Painting and Foam Remediation						175,982				
Wall, pressure wash and paint		5,481								
Year Total:	**40,547**	**5,481**	**503,866**		**10,001**	**175,982**		**149,633**	**142,355**	