

2022 - 2051 FULL RESERVE STUDY

(Required 5 Year Study per NRS 116.31152)

COMMUNITY ASSOCIATION COMMON ELEMENT MAJOR COMPONENT FUNDING PLAN

Site Visit Completed: January 17, 2022

Report Completed: February 1, 2022

Hearthstone Condominiums Homeowners Association



Prepared by:

Nevada Reserve Studies, Inc.
3870 E. Flamingo Road, Ste. A2, Las Vegas, Nevada 89121
NRED Permit #RSS.17
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February 1, 2022

To: Hearthstone Condominiums Homeowners Association

Board of Directors:

We are proud to present to you your 2022 Full Reserve Study. We have prepared for the members of the Association, a current representation of the Association's common element's major components, their useful life, replacement cost and a recommendation of a long-term funding strategy to repair or replace them as may be required stretching over a 30-year period. The State of Nevada requires that the association has a reserve study prepared every five years. In addition, the association is required to submit a summary of this study to the Nevada State Ombudsman (NRED) within 45 days after a board resolution to accept/adopt it at a properly noticed meeting.

By using the following reserve study, the association's reserve account and funding plan will be in full compliance with Nevada State Statute 116.31152. Inasmuch as none of us can predict the future, this report is to be viewed as a "work-in-progress" and may be adjusted by the board to accommodate unforeseen events which affect its projections in order to meet the ultimate goal of continuing to sufficiently fund the reserve account.

If you have any questions regarding this report, please feel free to call. It was a pleasure working with you and we look forward to another opportunity to do so again.

Sincerely,

Douglas Taylor, RS, RSS, PRA
Reserve Specialist
Nevada Reserve Studies, Inc.

NOTE: Due to the supply and demand problem resulting from the COVID pandemic, some replacement costs have increased beyond projections in previous studies. However, these costs are likely to decrease to a more reasonable level by the time your next study will be due in 5 years.



2022 - 2051 FULL RESERVE STUDY

OMBUDSMAN SUMMARY REPORT

Hearthstone Condominiums Homeowners Association

Date Prepared: February 1, 2022

Managing Service:

Assured Real Estate, Inc.
160 E. Horizon Drive, Suite #B
Henderson, NV 89011
(702) 868-0900
Attn: Gabriel Soto

Reserve Study Preparer:

Nevada Reserve Studies, Inc.
Douglas Taylor, RS, RSS, PRA
3870 E. Flamingo Road, Ste A2, #281
Las Vegas, NV 89121
(702) 432-5587

Development Description (Site Inspection Date: January 17, 2022)

Hearthstone Condominiums Homeowners Association is a common interest community per NRS116, incorporated December 20, 1983. The fully built-out development, located in Henderson, Clark County, Nevada consists of 42 condominiums. Some of the association's common elements include private streets, exterior building maintenance and landscaped common areas.

Prior Reserve Study's Projected Threshold Recommendations for Year 2021

Reserve Prepared by: Nevada Reserve Studies, Inc. 12/26/2016	
Projected 12/31/2021 Reserve Bank Balance:	\$48,791.81
Projected 2021 Reserve Budgeted Contribution:	\$22,964.39

Reported Actual Reserve Study Data as of: December 31, 2021

Fiscal Reporting Year:	January/December
Reserve Bank Balance:	80,251.40
Budgeted Reserve Assessment:	118,121.00
Net Interest Rate (APR):	.105%
Income Tax Liability:	30%
Projected Inflation Rate:	3%

Recommended Threshold Funding

6-Year Reserve Contribution:

Year	Annual	Monthly	PMPU
2022	46,190.00	3,849.17	91.65
2023	60,000.00	5,000.00	119.05
2024	25,000.00	2,083.33	49.60
2025	28,768.69	2,397.39	57.08
2026	30,275.71	2,522.98	60.07
2027	31,607.61	2,633.97	62.71

Recommended Threshold Funding

6-Year Cashflow Projection:

Reserve Budget Year	Beginning Balance	Annual Reserve Contribution	Interest Contribution	Projected Expenditures	Projected Ending Balance	100% Funded	Percent Funded
1/1/2022	80,251.40	118,121.00	84.26	76,018.00	122,438.66	198,906.11	61.6%
2023	122,438.66	60,000.00	128.56	13,101.60	169,465.62	212,785.94	79.6%
2024	169,465.62	25,000.00	177.94	18,838.48	175,805.08	221,975.71	79.2%
2025	175,805.08	28,768.69	184.60	0.00	204,758.37	250,928.99	81.6%
2026	204,758.37	30,275.71	215.00	8,279.44	226,969.63	273,140.25	83.1%
2027	226,969.63	31,607.61	238.32	22,606.17	236,209.38	282,380.01	83.6%



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February 1, 2022

RE: Hearthstone Condominiums Homeowners Association 2022 Full Reserve Study

Association Members:

At the request of your Board of Directors, Nevada Reserve Studies, Inc., has recently completed a Reserve Study, with a site visit conducted January 17, 2022, for your Association.

A reserve study is a compilation and evaluation of an association's financial condition and major reserve components, some of which include private streets maintenance, exterior building maintenance and landscape common area maintenances. Other association reserve components are outlined more specifically in the association's CC&R's (Covenant, Conditions and Restrictions).

Once the association's components are determined, we estimate the age of each component, its projected remaining useful life, and its replacement cost. We then project these figures in a 30-year cash flow chart. From that, we can determine how much the association should assess each unit owner each month to fund the reserve, and in some cases, the amount will require a special reserve assessment so ample funds will be available to replace the needed component(s), as it is needed, usually due to an unforeseen expense.

Remember, the reserve fund is separate from the association's operating fund. The operating fund is used to pay for the association's maintenance services and all recurring common expenses such as water service, power service, insurance policies protection, and periodic vendor maintenance services. We recently visited your development to inventory, observe and evaluate the association's major components.

To review this Reserve Study, contact your association's managing agent.

Respectfully,

Douglas Taylor, RS, RSS, PRA
Reserve Study Specialist
Nevada Reserve Studies, Inc.



2022 - 2051
FULL (Level 1) RESERVE STUDY REPORT

HEARTHSTONE CONDOMINIUMS HOMEOWNERS ASSOCIATION

Report Date: February 1, 2022

DEVELOPMENT DESCRIPTION

Hearthstone Condominiums Homeowners Association is a common interest community per NRS116, incorporated December 20, 1983. The fully built-out development, located in Henderson, Clark County, Nevada consists of 42 condominiums. Some of the association's common elements include private streets, exterior building maintenance and landscaped common areas.

As of the date of this report, the association is governed by a board of directors in accordance with its By-Laws and listed with the Corporate Division of the Nevada Secretary of State's Office. At the time of this report, the Secretary of State of Nevada Office indicated that the Association's Non-Profit Corporation status was "**Active**". The association is not subject to the jurisdictions and restrictions of a Master Association.

Our projections will incorporate the financial figures provided by management. Nevada Reserve Studies, Inc. does not endorse the validity of these figures other than that provided in good faith by the association's managing agent.

GOVERNING DOCUMENT REVIEW

A review of the Association's current Declaration (CC&R's) provided to us revealed the official date stamp of the Clark County of Nevada Recorder November 17, 1983.

ASSOCIATION'S RESPONSIBILITIES

The Association's **Covenant Conditions and Restrictions** is provided to determine the association's maintenance responsibilities. Although we request the most current version of the association's recorded governing documents, we do not take responsibility for the most current recorded amended version(s) of the governing documents.

ELEMENTS OF THIS "FULL" (Level 1) RESERVE STUDY

1. Preparation of a "major" common element component inventory.
2. Observe the component's condition at the time of our site visit.
3. Project the useful life, remaining useful life and valuation estimates for repair or replacement.
4. Scenario testing of the association's current reserve fund plan, versus other funding plans.
5. Prepare and recommend a funding plan that will provide adequate annual funding levels and yet provide the least impact to the community.

Note: This Study addresses the normal deterioration of properly built and installed components with a reasonably predicted useful life expectancy. Catastrophic or events beyond reasonable predictability shall not be a depreciable factor in this report. The registered reserve specialist is not a licensed engineer or expert in any specific craft or trade. The reserve study is not a certification of all quantities and condition of reserve components as interpreted in the association's governing documents. The reserve study is a subjective report and is a professional Generalist's opinion of adequate reserves levels based on information provided, in part, by the association.

MAJOR COMPONENT OF THE COMMON ELEMENT

NRS 116.0605 “Major component of the common elements” defined. “Major component of the common elements” means any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, **require repair, replacement** or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.
(Added to NRS by 2005, 2581)

Our criteria to determine major components, is:

1. The component must be an association’s common element
2. The component or sub-component must have a useful life of in excess of one (1) year.
3. The reserve projections scope shall not exceed a 30-year useful life.

The following component types are not a part of this report, as their useful life cannot be determined due to lack of accessibility without “destructive” investigation methods implemented:

1. In wall and underground plumbing, fittings and valves
2. In wall and underground electrical wiring
3. Electrical meter/breaker panels (unless they are reasonably accessible)
4. Telephone lines and junction boxes
5. Environmental hazards, (radon, asbestos, etc.)
6. Most mechanical systems and equipment that are inaccessible or have an undeterminable useful life

Note: Should destructive testing be required for reserve funding projection purposes to supplement this report; the cost will be at an additional cost.

The Replacement Cost Projections are current “estimates”, not based upon specific bids.

Unless specifically indicated, there is no cost adjustment for future years “assumed values” of interest and inflation. The study provides three (3) Funding Strategy evaluations.

1. Current 2022 Budgeted Reserve Funding Plan

This is for comparison purposes, and possible consideration of continued funding recommendation going forward. This funding plan will include an inflation rate of 3% compounded annually starting in 2023.

2. Threshold Funding Plan: Establishing a reserve-funding goal of keeping the reserve balance above a specified dollar or percent funded amount. *(This Study utilizes the Component Method Annual Reserve Contribution as the dollar amount the reserve balance will not fall below a predetermined “baseline figure” in any one year. This funding plan will include an inflation rate of 3% compounded annually starting in 2023.*

3. Full (Ideal) Funding: Setting a reserve-funding goal to attain and maintain cumulative reserves at or near 100% funded. *Each reserve component’s funding structure is independent of each other as they have different costs and useful lives. Each components replacement cost is then reserved for at its own prorated rate each year of it useful life until it is projected to be at “Full or Ideal or at 100%” funded level. Full, Ideal and 100% are all terms that have the same meaning. This funding plan will include an inflation rate of 3% compounded annually starting in 2023.*

ON-SITE WALK-THROUGH, INVENTORY AND SAMPLE PHOTO DOCUMENTATION

An on-site visit of the association’s common elements components conducted January 17, 2022.

An inventory was prepared of all applicable major common element components and its condition documented by way of a sampling photograph. This report will take into consideration our visual assessment of the condition of each component as well as its actual last date of installation.

GENERAL ASSUMPTIONS

The information contained in this study was prepared using a number of sources familiar with the history and operating practices of the Association. These may include, but not limited to, one or more of the following:

- On-site construction personnel or maintenance vendors
- Out-sourced consulting contractors
- Product manufacturer's sales catalogs/web sites information
- The association community management and their staff
- Board members and/or the association's professional representatives' Documents provided to determine association responsibilities and reserve funding condition at the time of this report, such as site plans, financial information and recorded CC&R's.
- Nevada Reserve Studies product database.
- Reserve Study Guidelines; State of Nevada Department of Business and Industry Real Estate Division Office of the Ombudsman

Funding recommendations provided in this report are the result of a sufficient and adequate funding plan using the cash flow method. We recommend the funding plan with the least adverse impact with regard to variances between current funding levels and the recommended funding level unless otherwise directed to recommend a greater funding plan, not to exceed a 100% funding level. In some cases, we will recommend additional reserve contributions in order to provide the minimum funding level for one or more years. In cases in which the association's funding levels exceed 100% funded, (surplus) we will either prorate the overage to be expended in future years, or in a case where the surplus is excessive, and proration is not feasible, we will indicate the surplus amount and request that the association board seek legal advice as to disposition of the surplus funds.

STATE OF NEVADA REQUIRED DISCLOSURE STATEMENT (NAC116.425)

"The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs for the reserves of the association".

Also, as per NAC116.425, the phrase "adequately funded reserve", is defined as the level of reserve funds are sufficient to maintain the common elements: (a) at the level described in the governing documents and in a reserve study; and/or (b) without using operating funds or special assessment, except for occurrences that are a result of unforeseen catastrophic events.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

Nevada State Law (NRS116.31152) requires the board of directors to have all reserve components reviewed and reevaluated each year after a reserve study is prepared. The State of Nevada requires that a complete, (also referred to as a Level 1 or Full) reserve study, be prepared at least every five (5) years. Your Board of Directors should not disregard any of the "reserve components" noted in this Study. However, the board may "defer" maintenance or replacement of reserve components, for a reasonable period subject to due cause. It is important that before deciding to "defer" the maintenance or replacement of one or more reserve components, the board should seek competent and appropriate advisement.

Should the board of directors resolve to assess/budget the reserve contribution in an amount at a rate that is found to be less than what this study recommends, the board members, individually, or as a group;

(1) May be found to be not be in compliance with Nevada State Law and may be subject to penalties imposed by the Nevada Real Estate Division by way of the State appointed ombudsman,

(2) May, in future years, need to assess a special reserve assessment and/or delay necessary repair/replacements until funds are available, or

(3) May void the reserve preparer's contracted guarantees which would be held harmless should the board breaches of NRS116 and NAC116 with regarding reserve funding.

RESERVE ANALYST DISCLAIMER

The conclusions rendered from this study are solely by the preparer without regard for any intended or pending construction defect litigation, investigation, negotiations, settlements, or any other potential litigation. The long-term nature of this study requires that certain assumptions and predictions regarding future events. Since there can be no guarantee that such future events will actually occur, it is important that the recommendations always be viewed in light of the circumstances at the time the recommendations were made. Every reasonable and prudent effort has been made to ensure that the recommendations in this study be reliable information.

The recommendations in this study are for the “base-years” period (first five years) only. Even though reserve contributions and expenditures projects span over a 30-year period, many factors can change over the course of even just one year, which may affect the adequacy of the recommended reserve contribution projected in this Study.

CONFLICT OF INTEREST

As I am a qualified preparer of this reserve study (NAC116.420), it is my duty to disclose that **there is no** actual or perceived conflict of interest with the members of the board of directors, their managing agent, or any other principle person or entity directly employed or retained by this Association.

BONDING AND PROFESSIONAL LIABILITY INSURANCE

Nevada Reserve Studies, Inc. maintains Business Liability Insurance and Workman’s Compensation through the Hartford Insurance Co. Nevada Reserve Studies, Inc. maintains Errors and Omissions Insurance through Lloyds of London. Certified copy Proof of Insurance are available upon request.

METHOD OF DETERMINING THE COMMON AREA COMPONENTS

1. We provide actual field observation and evaluation of common reserve elements and we offer a representative sampling of each component by way of photographic documentation.
2. An inventory of material information provided by the client is available to review upon request.
3. If a previous reserve study is available, a summary of its recommendation will be reviewed.

The information contained in this Study was prepared using a number of sources familiar with the history and operating practices of the Association. These may include one or more of the following:

1. On-site construction personnel
2. Out sourced consulting contractors
3. Product manufacturer sales catalogs/web-sites
4. Board members and/or professional representative’s / community association managers
5. Documents used to determine association responsibilities and reserve funding condition at the time of this report were site plans and CC&R’s that were provided.
6. Reserve Study Guidelines; State of Nevada Department of Business and Industry Real Estate Division Office of the Ombudsman

GUARANTEES, EXPRESS OR IMPLIED

There are no guarantees, express or implied of the projected useful life, remaining useful life and replacement costs for the common element reserve components listed. The actual useful life of a component is subject to its frequency of use, if proper and regular maintenance is performed, weather condition exposure, abuse and actual normal wear and tear.

Nevada Reserve Studies does guarantee that this study is prepared using up-to-date data; follows all current State Statutes; and offers a clear and concise representation of the association’s reserve funding requirements. Any field observations or useful life projections should be considered for audit purposes or as a product or material quality evaluation.

Should the board of directors not follow the minimum funding recommendations projected in this study, Nevada Reserve Studies, Inc., et al, shall-be-released of any liability regarding reserve-funding issues.

COMMON RESERVE STUDY - RELATED TERMS

Source: Best Practices - Reserve Studies / Management
Community Association Institute (CAI) Research Foundation (May 2001)

For those not trained to perform reserve studies, some of the terminology may seem daunting. Here are some commonly used terms:

ACCRUED FUNDING METHOD: It is an indicator against which the actual or projected reserve balance can be compared to identify the direct proportion of the "used up" life (useful life depreciation) of the current repair or replacement cost. This number is calculated for each component, and then summed together for an association total. (See: Component Detail List)

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 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 representative(s).

COMPONENT METHOD: A method of developing a reserve-funding plan where the total contribution is based solely on the sum total of all of the individual components, (also referred to as Straight-Line Funding). This method treats every reserve item in the association like its own reserve account. Collected funds for other components may not be used to fund any other component in part or in whole.

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

DEFICIT: An actual or projected reserve balance less than the fully funded balance. The opposite would be a surplus.

EFFECTIVE AGE: The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly used primarily in computations.

EIR: Earned Interest Rate. Taxable funds the association may receive other than approved operating and reserve maintenance assessments.

FINANCIAL ANALYSIS: The portion of a reserve study where the status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expense over time as presented. The financial analysis is one of the two parts of a reserve study.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of funding plan goals:

Full (Ideal) Funding: Setting a reserve-funding goal to attain and maintain cumulative reserves at or near 100% funded. *Each component is funded independent of each other as they have different costs and useful lives. Each component's replacement cost is then reserved at a prorated rate each year of it useful life until it is projected to be at "Full, Ideal or at 100%" funded level. Full, Ideal and 100% are all terms that have the same meaning.*

Threshold Funding: Establishing a reserve-funding goal that keeps the reserve balance above a specified dollar or percent funded amount.

Zero Baseline Funding: Establishing a reserve-funding goal of keeping the reserve cash balance above zero. *We do not recommend this Funding Plan, (although CAI considers it) as we feel it does not allow for any unexpected or unplanned expenses over the 30-year projected funding period.*

Statutory Funding: Establishing a reserve-funding goal of setting aside the specific minimum amount of reserve of component required by state or local statutes. *(In Nevada, the Statutory Funding Requirement is that the reserve fund be sufficient and adequate.)*

FUNDING PLAN: A Funding Plan is the association's strategy to provide income to a reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient funds When Required
- Stable Contribution Rate over Years
- Evenly Distributed Contributions over Years
- Fiscally Responsible

USEFUL LIFE AND VALUATION ESTIMATES: The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

PERCENT FUNDED: the ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the accrued fund balance, expressed as a percentage. The projected reserve balance divided by the projected 100% Funding balance = percent funded

PHYSICAL ANALYSIS: The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

PMPU: Per Month, Per Unit. The assessment charged to the unit's owner each month.

POOLING METHOD (TECHNIQUE): The pooling method, (as opposed to the individual component method of reserve funds designation), combines the total of reserve funds as one general use account to use for various expenses when they may occur.

REMAINING USEFUL LIFE: (RUL): The RUL is an estimate of the number of years that a reserve component may be expected to remain serviceable minus the number of years since it was originally put into service.

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 (RB): The RB is the projected funding level, estimated at a particular point in time 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. The Reserve Balance can also be referred to as reserves, reserve accounts, cash reserves.

RESERVE COMPONENT: This is the individual line item for each common element component listed in the reserve study. These components are the association's responsibility, as indicated by the association's CC&R's which have a (1) predictable limited useful life period, (2) a predictable remaining useful life expectancy, (3) has a replacement cost that is above a minimum threshold cost of approximately \$1K - \$2K, (4) has an expected useful life beyond one year. Some components may be listed that are less than the forgoing minimum dollar value, however they are necessary sub-component maintenance expenses of the major components., and (5) that they are required by city, county or state statutes or codes.

RESERVE PROVIDER: This person prepares reserve studies and, in Nevada, maintains a current registration with the Nevada Real Estate Division (NRED).

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. However, in Nevada, as may be necessary, reserve assessments may exceed limits set by the association's governing documents.

SURPLUS: An actual or projected reserve balance greater than the fully funded balance. Disposition of surplus funds shall be conducted as per NRS 116.3114.

USEFUL LIFE (UL): Total useful life or depreciable life is the estimated number of years that a reserve component may be expected to serve its intended function if it is properly constructed and maintained in its present application and/or installation.

(Definition Source: A complete Guide to Reserve Funding and Reserve Investment Strategies, 4th Edition, CAI Publication, 2000)

REPORT PREPARER'S QUALIFICATIONS
Douglas D. Taylor, CAI-RS, PRA, RSS-#017

President, Nevada Reserve Studies, Inc.
3870 East Flamingo Road, Ste A-2, Las Vegas,, Nevada 89121
702 432-5587 dtaylor@nevadastudies.com

BACKGROUND

Mr. Taylor has been offering professional HOA management services since 1986. He founded, owned and operated Taylor Association Management Inc. in Las Vegas, Nevada. By year 1999, his portfolio HOA management company grew to have an inventory of more than fifty community associations. In 1999, he founded Nevada Reserve Studies, Inc. to specialize in reserves study services.

His experience as the primary portfolio managing agent for these community associations, for well over a decade, has given him a background of extensive hands-on practical experience and knowledge in this field from problem resolution to financial analysis to technical on-site observations and maintenance requirements. Further, he held a Nevada Real Division Sales Persons' licensed and was a member of The Realtor of Nevada, serving the Las Vegas area performing residential home sales and leasing. This extensive background and years of experience as well as having prepared more than 2,400 reserve studies to date and his registration with NRED, well qualifies him to be a preparer of reserve studies in accordance with all statutory requirements as detailed in NRS 116.31152, and NAC 116.450, which lists the reserve study preparers required qualifications.

MEDIA & SEMINAR PRESENTATIONS

He has appeared twice as a guest expert on reserve studies for the locally produced television program "Homeowner Talk", hosted by John Leach, attorney, which broadcast weekly throughout Nevada. He has also prepared and presented a number of reserve study course segments for various seminars entitled "Understanding Your Reserve Study", sponsored by Leach, Johnson, Song & Gruchow and "Developer Transitions, Sponsored by Burdman Law Group, LLP and Reserve Studies", and most recently, "Demystifying Reserve Studies", Sponsored by Taylor Association Management, Inc..

CURRENTLY

Mr. Taylor is currently the President of Nevada Reserve Studies, Inc. performing reserve study consulting and preparation, servicing clients throughout Southern and Northern Nevada. His client base consists of homeowner associations, management firms, commercial development firms, smaller development firms and individual developers. He currently specializes in master plan communities, individual communities, low-rise condominium developments as well as commercial condominium configurations. He offers several types of studies, full reserve studies, on-site review and updates & financial only review & updates. Mr. Taylor also provides expert witness services from time to time when requested.

PROFESSIONAL DESIGNATIONS/AFFILIATIONS

Mr. Taylor strives to improve and refine the studies he prepares for his clients. He continually works to stay abreast of all new State requirements, articles, reporting techniques, formats and component replacement costs. He is a member of the *Community Association Institute (CAI)*, and endorses their established compilation of what they call "Best Practices" for reserve studies preparers nationwide. He is also Certified and a Professional Reserve Analyst (PRA) with the Association of Professional Reserve Analysts (APRA).

Mr. Taylor has earned the following National Professional Designations of Reserve Specialist:

(RS) National Certificate #95 from CAI, *Community Association Institute (Certification since 2003)*
(PRA) from APRA, *Association of Professional Reserve Analysts (Certification since 2005)*
(NRED) Nevada Real Estate Division Reserve Study Preparer Registration #RSS.017 (2008)

Nevada Reserve Studies, Inc. is a member of the following Organizations:

(CAI) *Community Association Institute*
(BBB) *Better Business Bureau A+ Accredited Business*
(APRA) *Association of Professional Reserve Analysts*

Reserve Component Detail List (CDL)

USING COMPONENT METHOD (STRAIGHT-LINE) CALCULATION

The Reserve Component Detail List offers the following information:

1. Major Reserve Component Identification
2. Estimated Useful Life Projection
3. Estimated Remaining Useful Life Projection
4. Projected Annual Reserve Requirement
5. Projected 2022 Year Ending Full Funding Reserve

The above information is used to prepare the association's reserve 30 Year Cash Flow Projection. We have prepared three funding plan scenarios, which are

1. Full Funding Plan
2. Threshold Funding Plan
3. Current Budgeted Funding Plan.

The Component Detail List (CDL) besides listing detail of each component, it also provides totals of the following.

1. Total Replacement Cost column
2. Annual Reserve Assessment Requirement column
3. 2022 Full Funding Goal column. (Using the Component Method calculation)

Current Funding is simply using the existing Annual Reserve Assessment from the association's 2021 annual budget. We also add an inflation factor of 3% compounded annually starting in year 2023.

Threshold Funding has a predetermined minimum baseline amount. To calculate the Threshold Funding Plan, we adjust the Annual Reserve Contribution to provide a year ending reserve balance that is not less than a certain percent funded amount over the projected 30-year scope. We also add an inflation factor of 3% compounded annually starting in year 2023.

The Full (Ideal) Year End Funding Goal represents 100% of the amount of funds that is projected to be in the association's reserve account(s) at the end of the current year. Both, the Full Year End Funding Goal and the Annual Reserve Requirement is derived from the Component List. We also add an inflation factor of 3% compounded annually starting in year 2023.

Note: The following Component Detail List is the Component Summary for the required annual Ombudsman Report. The Ombudsman Report (Form 609) must be filed with NRED within 45 days from the date of its adoption by the board.

NOTE: Due to the supply and demand problem resulting from the COVID pandemic, some replacement costs have increased beyond projections in previous studies. However, these costs are likely to decrease to a more reasonable level by the time your next study will be due in 5 years.

(39 Years Original Depreciation)		ESTIMATED USEFUL LIFE (YEARS)	ESTIMATED REMAINING (YEARS)	CURRENT REPLACEMENT COST	PRORATED % REPLACEMENT COST	ANNUAL RESERVE REQUIREMENT	2022 IDEAL YEAR END FUNDING GOAL	Approximate Quantity	\$ Unit Cost	COST SOURCE CODE
COMMON ELEMENT COMPONENTS										
STREET FACILITIES										
1	Asphalt Overlay, 1.5" with raised UAC (as needed)	30	7	30,656.00	100%	1,021.87	23,502.93	19.778 sq.ft.	1.55 sq.ft.	A
2	Asphalt, Seal Coat, Crack Fill, Striping	5	2	4,450.00	100%	890.00	2,670.00	19.778 sq.ft.	4,450.00 set	D
3	Asphalt, Repairs/Skin Patch	5	2	0.00	100%	0.00	0.00	19.778 sq.ft.	See #2 Above	D
4	Concrete Sidewalks, repair/replace	10	2	7,636.00	20%	763.60	6,108.80	4,492 sq.ft. (50 Yr. UL Prorate)	8.50 sq.ft.	A
5	Concrete Curbing, Street, repair/replace	10	6	2,740.00	20%	274.00	1,096.00	1,096 LF (50 Yr. UL Prorate)	12.50 LF	A
6	Concrete Curbing, Landscape, repair/replace	10	2	4,836.00	100%	483.60	3,868.80	1,209 LF	4.00 LF	A
BUILDING FACILITIES										
7	Building Exterior Surfaces, Stucco & Wood Trim, paint/repair	10	0	34,632.00	100%	3,463.20	34,632.00	1,332 LWF	26.00 LWF	A
8	Building Roofs, 3 Tab Asphalt Shingle, repair/replace	25	22	80,125.00	100%	3,205.00	9,615.00	34,270 sq.ft.	80,125.00 set	D
9	Flat Roof, A/C Well, repair/replace	16	10	10,125.00	100%	632.81	3,796.88	Single Ply Torchdown \$3,375 per Bldg	10,125.00 set	D
10	Stairways & Landings, repair/resurface	10	0	3,192.00	20%	319.20	3,192.00	168 ea. Treads, 12 ea. Landings	95.00 ea.	A
11	Metal Staircases, repair/replace	45	7	21,600.00	100%	480.00	18,240.00	12 ea. Staircases	1,800.00 ea.	A
12	Metal Staircases, paint	5	1	2,400.00	100%	480.00	1,920.00	12 ea. Staircases	200.00 ea.	A
13	Building Metal Rain Gutter, repair/replace	20	4	7,392.00	100%	369.60	5,913.60	924 LF	8.00 LF	A
14	Building Exterior Lighting Fixtures, repair/replace	15	5	2,100.00	100%	140.00	1,400.00	12 ea. Various LED & Florescent Fixtures	175.00 ea.	A
15	Building Circuit Breaker Panel, repair/replace	30	8	2,250.00	100%	75.00	1,650.00	3 ea. Wall Breaker Boxes	750.00 ea.	A
OTHER COMMON COMPONENTS										
16	Metal Carport Structures, replace/repair	50	12	32,130.00	100%	642.60	24,418.80	378 LF	85.00 LF	A
17	Metal Carport Structures, paint	10	1	3,402.00	100%	340.20	3,061.80	378 LF	9.00 LF	A
18	Carport Lighting Fixtures, repair/replace	25	10	1,275.00	100%	51.00	765.00	17 ea. Low Energy Bulb, Dual	75.00 ea.	A
19	Landscape & Irrigation, renovation	10	0	37,299.00	25%	3,729.90	37,299.00	31,410 sq.ft. (40 Yr. UL Prorate)	4.75 sq.ft.	A
20	Cluster Mail Box Units, w/Pedestals & Parcels, replace	0	0	0.00	0%	0.00	0.00	Maintained by the USPS	Not Funded	A

(39 Years Original Depreciation)		ESTIMATED	ESTIMATED	CURRENT	PRORATED %	ANNUAL	2022 IDEAL			COST
#	COMMON ELEMENT COMPONENTS	USEFUL LIFE (YEARS)	REMAINING (YEARS)	REPLACEMENT COST	REPLACEMENT COST	RESERVE REQUIREMENT	YEAR END FUNDING GOAL	Approximate Quantity	\$ Unit Cost	SOURCE CODE
21	Perimeter Fencing, Block w/Iron View, repair/replace	10	5	16,661.00	17%	1,666.10	8,330.50	1,153 LF View Fencing (60 Yr. UL Prorate)	85.00 LF	A
22	Perimeter Fencing, Block w/Iron Picket, paint	6	1	6,918.00	100%	1,153.00	5,765.00	1,153 LF View Fencing	6.00 LF	A
23	Back Flow Preventer, repair/replace	20	2	850.00	100%	42.50	765.00	1 ea. Back Flow Preventer	850.00 ea.	A
24	Full 5 Year Reserve Study, field survey & report	5	0	895.00	100%	179.00	895.00	1 ea. Reserve Study & Field Survey w/ Book	850.00 ea.	A
				313,564.00		20,402.18	198,906.11			

COMPONENT INVENTORY LIST

REFERENCE KEY

COST SOURCE CODES:

A = Nevada Reserve Studies
Data Base

B = Internet Catalog Info

C = In House Catalog Library

D = Documents provided by
Management

E = Information provided by Contracting Vendor(s)

F = Forwarded from Previous RS

UNITS OF MEASUREMENT USED:

sq.ft. = Square Feet

LF = Linear Feet

LWF = Linear Wall Feet

Ea. = Each

Set = Total of all sub-components

R & R = Remove and Replace

1 Mile = 5,280 Linear Feet

1 Acre = 43,560 square feet

VGBP&SSA = Virginia Graham Baker Pool & Spa
Safety Act

PRORATION % REPLACEMENT COST EXPLAINED: **UL = USEFUL LIFE RUL = REMAINING USEFUL LIFE**

USEFUL LIFE (UL) If the useful life exceeds the scope of the study, but will require partial periodic repairs or replacements we have provided a percentage of the total replacement cost disbursed throughout the 30 year funding scope. For example, if a component has a 100% useful life of 60 years but is not anticipated to fail 100% in 60 years, but rather, portions, parts of or sections of the whole component will require repair or replacement from time to time throughout the 60 year UL projection, by providing a percentage of the total replacement cost every few years in the cash-flow projection, it allows for a more realistic funding plan over time. To do this we determine the 100% UL of the component, determine a reasonable periodic funding plan for that component, then calculate a percentage of the 100% replacement cost and insert it at a determined time schedule.

So it looks like this:

UL 50 years, 100% replacement cost \$100,000, Set up to prorated UL every 10 years)

Math: 50 years divided by 10 years = 5 years 100% divided by 5 = 20%

So, every 10 years 20% of \$100,000 (= \$20,000) will be funded in the cash-flow projection. This will be indicated as PERCENT FUNDED 20%

The association will have reserved funding 20% over 50 years, 100% of the replacement cost. If some of funds are used, that amount may be adjusted for with their new study that must be provided every 5 years.

Sometimes the PERCENT FUNDED IS: COMPONENT USEFUL LIFE 100% OVER 30 YEAR STUDY SCOPE

10 YR UL @ 20% = 50 YEAR UL (HARDSCAPE)

10 YR UL @ 25% = 40 YEAR UL (LANDSCAPE)

10 YR UL @ 17% = 60 YEAR UL (BLOCK WALLS)

10 YR UL @ 10% = 100 YEAR UL (PALM TREES)

Why do this???

The State has required that this study provide reserve funding projections for major components with a useful life of more than one and less than 30 years.

This provides a head start on funding for the extra high dollar expense replacement costs, which are not qualified to be listed within the scope of this study.

It is intended to relieve the contribution increase when starting to fund a 60-year replacement component cost after 30 years of Depreciation.

NOTE: Due to the supply and demand problem resulting from the COVID pandemic, some replacement costs have increased beyond projections in previous studies. However, these costs are likely to decrease to a more reasonable level by the time your next study will be due in 5 years.

Reserve Funding Plan Analysis

SCENARIO TESTING PARAMETERS WITH ANNUAL INFLATION FACTOR

To determine the feasibility of the Reserve Fund Projections, three funding scenarios using a 30-year projection of anticipated income, expenses were prepared. The following pages are a summary of those three funding strategies.

In each of the three funding scenarios, we applied a specific dollar amount representing the annual reserve assessment and applied it to a 30-year cash flow projection. In order to arrive at a more accurate reserve funding projection, the association's actual reserve account balance, projected inflation rate, earned and interest rate. A spreadsheet was prepared for each funding scenario, which calculated, for each of the 30-years.

Note: Even though your association is a Not-For Profit Corporation, the association is still liable for a federal income tax for income other than annual or special assessments. The association is liable for taxable income from interest earned from bank savings accounts, certificates of deposits (CD), or for other interest earning investments. Funds collected for and deposited in the association's reserve account earned from bake sales, garage sales, raffles, excreta, are taxable.

We applied a 30% income tax liability to the amount of earned interest for each year to arrive at an annual NET (after taxes) earned interest income. This may be more or less in future years, but it is what we have to work with now. At least every 5 years the inflation rate is current with the mandatory study revisions.

Starting with the association's most current reported reserve balance, we applied the projected income and expenses, the NET EIR (*Earned Interest Rate*) and the inflation rate for each year, to arrive at an adjusted reserve balance resulting with a projected annual contribution for each year. On the next page, the calculations result for each of the three scenarios reflecting the variance of each reserve contribution scenario as illustrated in graph form.

Scenario Test #1 illustrates the Association's Current 2022 Reserve Budget.

(Note: In some cases, the Current Funding Plan is not less than the projected Threshold Funding Plan, and does not exceed the projected Full Funding Plan. If it appears that the Current Funding Plan will adequately fund the reserve, the Current Funding Plan (in most cases) will be recommended.)

Scenario Test #2 illustrates the Threshold Funding Plan.

(Note: The Board may resolve to fund the reserve in excess of our recommended Threshold Funding Plan, but not to exceed the amounts determined in the Full Funding Plan.)

Scenario Test #3 illustrates the Full Funding Plan.

(Note: When Full Funding Plan is recommended, it is not advised to fund less than indicated.)

All scenarios incorporate the 30-year Cash Flow Method. The costs of all the individual components are then evaluated using the Pooling Technique in order to determine a satisfactory cumulative fund balance for each year.

RECOMMENDED RESERVE FUNDING PLAN

Short Term Funding Projection 2022 - 2027

THRESHOLD FUNDING PLAN

Establishing a reserve-funding goal that is less than 100%, but, at or above a reserve balance specified by either a dollar or percent funded amount. This specific dollar or percent funded amount is known as a “modified baseline”. This means that each year-ending reserve balance will not fall below the “modified baseline” amount in any one year. Depending on the size, age and configuration of an association, is typically between a 70% to 90% modified baseline. This is not to be confused as with “Zero Dollar Baseline Funding”.

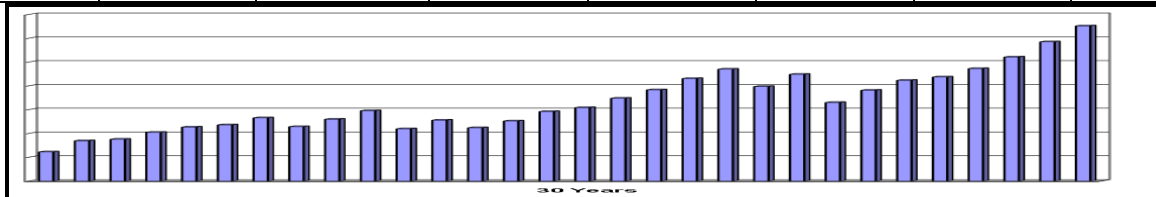
As of 1/1/2022: Beginning Reserve Account Balance: \$ 80,251.40
Number of Contributing Units: 42 Units
Annual Net Earned Interest Rate: .105%
Inflation Rate: (Compounded Annually) 3%

Recommended Threshold Funding 6-Year Reserve Contribution:

Year	Annual	Monthly	PMPU
2022	46,190.00	3,849.17	91.65
2023	60,000.00	5,000.00	119.05
2024	25,000.00	2,083.33	49.60
2025	28,768.69	2,397.39	57.08
2026	30,275.71	2,522.98	60.07
2027	31,607.61	2,633.97	62.71

Recommended Threshold Funding 6-Year Cashflow Projection

Reserve Budget Year	Beginning Balance	Annual Reserve Contribution	Interest Contribution	Projected Expenditures	Projected Ending Balance	100% Funded	Percent Funded
1/1/2022	80,251.40	118,121.00	84.26	76,018.00	122,438.66	198,906.11	61.6%
2023	122,438.66	60,000.00	128.56	13,101.60	169,465.62	212,785.94	79.6%
2024	169,465.62	25,000.00	177.94	18,838.48	175,805.08	221,975.71	79.2%
2025	175,805.08	28,768.69	184.60	0.00	204,758.37	250,928.99	81.6%
2026	204,758.37	30,275.71	215.00	8,279.44	226,969.63	273,140.25	83.1%
2027	226,969.63	31,607.61	238.32	22,606.17	236,209.38	282,380.01	83.6%



Note: Our projections have indicated that the association’s reserve fund will be adequate. The board may consider increasing the annual reserve contribution to provide more of a funding buffer in the event the association experiences unanticipated expenses. Should that happen, if the unanticipated expense off-sets the reserve account balance in that year by +/-5% after the funds are expended from the original projected reserve account, an update financial review would be recommended.

Hearthstone Condominiums Homeowners Association

30 Year Projected Income and Expense Summary Report

79.2% Baseline Threshold Year 2024 (86.1% 30-Year Average Funding)

Threshold Funding Plan

Reserve Budget Year	Beginning Balance	Annual Reserve Contribution	Interest Contribution	Projected Expenditures	Projected Ending Balance	100% Funding	Percent Funded
1/1/2022	80,251.40	118,121.00	84.26	76,018.00	122,438.66	198,906.11	61.6%
2023	122,438.66	60,000.00	128.56	13,101.60	169,465.62	212,785.94	79.6%
2024	169,465.62	25,000.00	177.94	18,838.48	175,805.08	221,975.71	79.2%
2025	175,805.08	28,768.69	184.60	0.00	204,758.37	250,928.99	81.6%
2026	204,758.37	30,275.71	215.00	8,279.44	226,969.63	273,140.25	83.1%
2027	226,969.63	31,607.61	238.32	22,606.17	236,209.38	282,380.01	83.6%
2028	236,209.38	32,584.65	248.02	3,233.57	265,808.48	311,979.11	85.2%
2029	265,808.48	34,172.38	279.10	71,611.73	228,648.23	274,818.86	83.2%
2030	228,648.23	33,849.36	240.08	2,790.57	259,947.10	306,117.73	84.9%
2031	259,947.10	35,530.80	272.94	0.00	295,750.85	341,921.47	86.5%
2032	295,750.85	37,365.93	310.54	113,678.83	219,748.49	265,919.11	82.6%
2033	219,748.49	35,988.22	230.74	0.00	255,967.45	302,138.07	84.7%
2034	255,967.45	37,884.01	268.77	70,005.31	224,114.90	270,285.53	82.9%
2035	224,114.90	37,834.53	235.32	9,620.88	252,563.88	298,734.50	84.5%
2036	252,563.88	39,556.97	265.19	0.00	292,386.04	338,556.66	86.4%
2037	292,386.04	41,635.62	307.01	25,472.81	308,855.86	355,026.48	87.0%
2038	308,855.86	43,066.00	324.30	4,058.16	348,188.00	394,358.62	88.3%
2039	348,188.00	45,186.85	365.60	10,351.90	383,388.55	429,559.17	89.3%
2040	383,388.55	47,217.56	402.56	0.00	431,008.67	477,179.29	90.3%
2041	431,008.67	49,638.16	452.56	10,871.92	470,227.47	516,398.09	91.1%
2042	470,227.47	51,846.81	493.74	125,122.62	397,445.39	443,616.02	89.6%
2043	397,445.39	50,845.23	417.32	0.00	448,707.94	494,878.56	90.7%
2044	448,707.94	53,467.90	471.14	172,356.36	330,290.62	376,461.24	87.7%
2045	330,290.62	51,212.50	346.81	0.00	381,849.92	428,020.54	89.2%
2046	381,849.92	53,913.10	400.94	12,732.64	423,431.32	469,601.95	90.2%
2047	423,431.32	56,361.09	444.60	42,895.73	437,341.28	483,511.90	90.5%
2048	437,341.28	58,045.31	459.21	22,937.42	472,908.38	519,079.00	91.1%
2049	472,908.38	60,394.95	496.55	12,420.19	521,379.69	567,550.32	91.9%
2050	521,379.69	63,157.77	547.45	0.00	585,084.91	631,255.54	92.7%
2051	585,084.91	66,402.40	614.34	0.00	652,101.65	698,272.27	93.4%

AVG

86.1%

2022 – 2027

Projected Maintenance Schedule

We are recommending the following Component Replacement and/or repair in the next six (6) years. It is ultimately the association's board decision to accelerate or defer the following projected maintenance schedule:

Projected Expense		Component Cost	Yearly
YEAR 2022			
#7	Building Exterior Surfaces, Stucco & Wood Trim, paint/repair	34,632.00	
#10	Stairways & Landings, repair/resurface	3,192.00	
#19	Landscape & Irrigation, renovation	37,299.00	
#24	Full 5 Year Reserve Study, field survey & report	895.00	
	0% Inflation Expense	0.00	
			76,018.00
YEAR 2023			
#12	Metal Staircases, paint	2,400.00	
#17	Metal Carport Structures, paint	3,402.00	
#22	Perimeter Fencing, Block w/Iron Picket, paint	6,918.00	
	3% Inflation Expense	381.60	
			13,101.60
YEAR 2024			
#2	Asphalt, Seal Coat, Crack Fill, Striping	4,450.00	
#4	Concrete Sidewalks, repair/replace	7,636.00	
#6	Concrete Curbing, Landscape, repair/replace	4,836.00	
#23	Back Flow Preventer, repair/replace	850.00	
	Accrued Inflation Expense	1,066.48	
			18,838.48
YEAR 2025			
	None	0.00	
	0% Inflation Expense	0.00	
			0.00
YEAR 2026			
#13	Building Metal Rain Gutter, repair/replace	7,392.00	
	Accrued Inflation Expense	887.44	
			8,279.44
YEAR 2027			
#14	Building Exterior Lighting Fixtures, repair/replace	2,100.00	
#21	Perimeter Fencing, Block w/Iron View, repair/replace	16,661.00	
#24	Full 5 Year Reserve Study, field survey & report	895.00	
	Accrued Inflation Expense	2,950.17	
			22,606.17

This maintenance / replacement schedule is subject to change due to actual wear and tear and deterioration of each Component.

THIS STUDY MUST BE REVIEW BY THE BOARD EACH YEAR. (Per NRS116.31152)

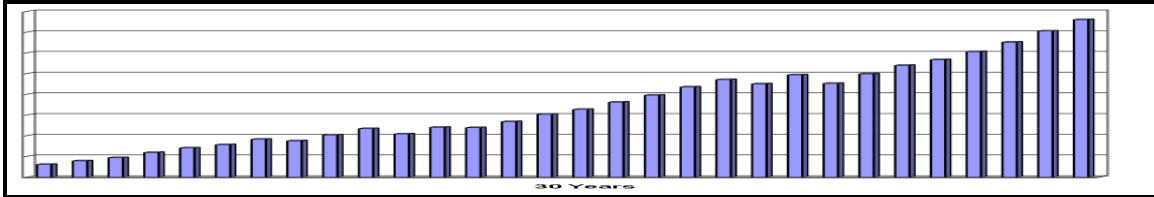
Any and all changes to this Study MUST be performed only by a NRED Registered Reserve Specialist.

Reserve Funding Plan Comparison Scenarios (For Analysis Only: Not Recommended)

As of 1/1/2022: Beginning Reserve Account Balance: \$ 80,251.40
 Number of Contributing Units: 42 Units
 Annual Net Earned Interest Rate: .105%
 Inflation Rate: (Compounded Annually) 3%

CURRENT FUNDING

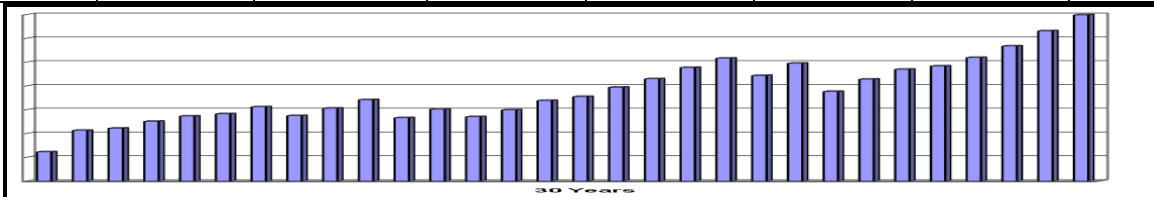
Reserve Budget Year	Beginning Balance	Annual Reserve Contribution	Interest Contribution	Projected Expenditures	Projected Ending Balance	100% Funded	Percent Funded
1/1/2022	80,251.40	118,121.00	84.26	76,018.00	122,438.66	198,906.11	61.6%
2023	122,438.66	47,575.70	128.56	13,101.60	157,041.32	212,785.94	73.8%
2024	157,041.32	49,002.97	164.89	18,838.48	187,370.71	221,975.71	84.4%
2025	187,370.71	50,473.06	196.74	0.00	238,040.51	250,928.99	94.9%
2026	238,040.51	51,987.25	249.94	8,279.44	281,998.26	273,140.25	103.2%
2027	281,998.26	53,546.87	296.10	22,606.17	313,235.06	282,380.01	110.9%



Note: This Funding Plan FAILS as it over funds the reserve. This over-funding degree of over-funding is not allowed by the NRS 116 as well as not necessary to do.

FULL FUNDING

Reserve Budget Year	Beginning Balance	Annual Reserve Contribution	Interest Contribution	Projected Expenditures	Projected Ending Balance	100% Funded	Percent Funded
1/1/2022	80,251.40	118,121.00	84.26	76,018.00	122,438.66	198,906.11	61.6%
2023	122,438.66	103,320.32	128.56	13,101.60	212,785.94	212,785.94	100.0%
2024	212,785.94	27,804.82	223.43	18,838.48	221,975.71	221,975.71	100.0%
2025	221,975.71	28,720.21	233.07	0.00	250,929.00	250,928.99	100.0%
2026	250,929.00	30,227.23	263.48	8,279.44	273,140.26	273,140.25	100.0%
2027	273,140.26	31,559.13	286.80	22,606.17	282,380.02	282,380.01	100.0%



Note: The board may fully fund the reserve as indicated above, but it may not be necessary to maintain 100% adequate funding of the reserve. This may also present a financial hardship for some of the unit owners to sustain the higher dollar value requirement of the reserve contribution. This funding plan requires a reserve contribution of \$103,320.32 in year 2023. This is in addition to the association's normal annual operating expenses.

Hearthstone Condominiums Homeowners Association

30 Year Projected Income and Expense Summary Report

73.8% Baseline Current Year 2023 (168.6% 30-Year Average Funding)

Current Funding Plan

Reserve Budget Year	Beginning Balance	Annual Reserve Contribution	Interest Contribution	Projected Expenditures	Projected Ending Balance	100% Funding	Percent Funded
1/1/2022	80,251.40	118,121.00	84.26	76,018.00	122,438.66	198,906.11	61.6%
2023	122,438.66	47,575.70	128.56	13,101.60	157,041.32	212,785.94	73.8%
2024	157,041.32	49,002.97	164.89	18,838.48	187,370.71	221,975.71	84.4%
2025	187,370.71	50,473.06	196.74	0.00	238,040.51	250,928.99	94.9%
2026	238,040.51	51,987.25	249.94	8,279.44	281,998.26	273,140.25	103.2%
2027	281,998.26	53,546.87	296.10	22,606.17	313,235.06	282,380.01	110.9%
2028	313,235.06	55,153.28	328.90	3,233.57	365,483.66	311,979.11	117.2%
2029	365,483.66	56,807.87	383.76	71,611.73	351,063.57	274,818.86	127.7%
2030	351,063.57	58,512.11	368.62	2,790.57	407,153.73	306,117.73	133.0%
2031	407,153.73	60,267.47	427.51	0.00	467,848.71	341,921.47	136.8%
2032	467,848.71	62,075.50	491.24	113,678.83	416,736.62	265,919.11	156.7%
2033	416,736.62	63,937.76	437.57	0.00	481,111.95	302,138.07	159.2%
2034	481,111.95	65,855.90	505.17	70,005.31	477,467.70	270,285.53	176.7%
2035	477,467.70	67,831.57	501.34	9,620.88	536,179.73	298,734.50	179.5%
2036	536,179.73	69,866.52	562.99	0.00	606,609.24	338,556.66	179.2%
2037	606,609.24	71,962.51	636.94	25,472.81	653,735.88	355,026.48	184.1%
2038	653,735.88	74,121.39	686.42	4,058.16	724,485.53	394,358.62	183.7%
2039	724,485.53	76,345.03	760.71	10,351.90	791,239.38	429,559.17	184.2%
2040	791,239.38	78,635.38	830.80	0.00	870,705.56	477,179.29	182.5%
2041	870,705.56	80,994.44	914.24	10,871.92	941,742.32	516,398.09	182.4%
2042	941,742.32	83,424.28	988.83	125,122.62	901,032.81	443,616.02	203.1%
2043	901,032.81	85,927.01	946.08	0.00	987,905.90	494,878.56	199.6%
2044	987,905.90	88,504.82	1,037.30	172,356.36	905,091.66	376,461.24	240.4%
2045	905,091.66	91,159.96	950.35	0.00	997,201.96	428,020.54	233.0%
2046	997,201.96	93,894.76	1,047.06	12,732.64	1,079,411.14	469,601.95	229.9%
2047	1,079,411.14	96,711.60	1,133.38	42,895.73	1,134,360.39	483,511.90	234.6%
2048	1,134,360.39	99,612.95	1,191.08	22,937.42	1,212,227.00	519,079.00	233.5%
2049	1,212,227.00	102,601.34	1,272.84	12,420.19	1,303,680.99	567,550.32	229.7%
2050	1,303,680.99	105,679.38	1,368.87	0.00	1,410,729.23	631,255.54	223.5%
2051	1,410,729.23	108,849.76	1,481.27	0.00	1,521,060.26	698,272.27	217.8%

AVG

168.6%

30 Year Projected Income and Expense Summary Report

Full Funding Plan

Reserve Budget Year	Beginning Balance	Annual Reserve Contribution	Interest Contribution	Projected Expenditures	Projected Ending Balance	100% Funding	Percent Funded
1/1/2022	80,251.40	118,121.00	84.26	76,018.00	122,438.66	198,906.11	61.6%
2023	122,438.66	103,320.32	128.56	13,101.60	212,785.94	212,785.94	100.0%
2024	212,785.94	27,804.82	223.43	18,838.48	221,975.71	221,975.71	100.0%
2025	221,975.71	28,720.21	233.07	0.00	250,929.00	250,928.99	100.0%
2026	250,929.00	30,227.23	263.48	8,279.44	273,140.26	273,140.25	100.0%
2027	273,140.26	31,559.13	286.80	22,606.17	282,380.02	282,380.01	100.0%
2028	282,380.02	32,536.17	296.50	3,233.57	311,979.12	311,979.11	100.0%
2029	311,979.12	34,123.90	327.58	71,611.73	274,818.87	274,818.86	100.0%
2030	274,818.87	33,800.88	288.56	2,790.57	306,117.73	306,117.73	100.0%
2031	306,117.73	35,482.32	321.42	0.00	341,921.48	341,921.47	100.0%
2032	341,921.48	37,317.45	359.02	113,678.83	265,919.12	265,919.11	100.0%
2033	265,919.12	35,939.75	279.22	0.00	302,138.08	302,138.07	100.0%
2034	302,138.08	37,835.53	317.24	70,005.31	270,285.54	270,285.53	100.0%
2035	270,285.54	37,786.05	283.80	9,620.88	298,734.51	298,734.50	100.0%
2036	298,734.51	39,508.49	313.67	0.00	338,556.67	338,556.66	100.0%
2037	338,556.67	41,587.15	355.48	25,472.81	355,026.49	355,026.48	100.0%
2038	355,026.49	43,017.52	372.78	4,058.16	394,358.63	394,358.62	100.0%
2039	394,358.63	45,138.38	414.08	10,351.90	429,559.18	429,559.17	100.0%
2040	429,559.18	47,169.08	451.04	0.00	477,179.30	477,179.29	100.0%
2041	477,179.30	49,589.69	501.04	10,871.92	516,398.10	516,398.09	100.0%
2042	516,398.10	51,798.33	542.22	125,122.62	443,616.02	443,616.02	100.0%
2043	443,616.02	50,796.75	465.80	0.00	494,878.57	494,878.56	100.0%
2044	494,878.57	53,419.42	519.62	172,356.36	376,461.25	376,461.24	100.0%
2045	376,461.25	51,164.02	395.28	0.00	428,020.55	428,020.54	100.0%
2046	428,020.55	53,864.62	449.42	12,732.64	469,601.95	469,601.95	100.0%
2047	469,601.95	56,312.61	493.08	42,895.73	483,511.91	483,511.90	100.0%
2048	483,511.91	57,996.83	507.69	22,937.42	519,079.01	519,079.00	100.0%
2049	519,079.01	60,346.47	545.03	12,420.19	567,550.32	567,550.32	100.0%
2050	567,550.32	63,109.29	595.93	0.00	631,255.54	631,255.54	100.0%
2051	631,255.54	66,353.92	662.82	0.00	698,272.28	698,272.27	100.0%
AVG							98.7%

CALENDAR YEAR YEAR #	2022 1	2023 2	2024 3	2025 4	2026 5	2027 6
PROJECTED RESERVE INCOME: As of 12-31-2021						
Starting Reserve Balance	80,251.40	122,438.66	169,465.62	175,805.08	204,758.37	226,969.63
Annual Reserve Contribution with 3% Inflation Rate	46,190.00	60,000.00	25,000.00	28,768.69	30,275.71	31,607.61
APR (After 30% Income Tax) 0.105%	84.26	128.56	177.94	184.60	215.00	238.32
Special Reserve Assessment	71,931.00	0.00	0.00	0.00	0.00	0.00
RESERVE FUNDS AVAILABLE	198,456.66	182,567.22	194,643.56	204,758.37	235,249.07	258,815.55
PROJECTED COMPONENT EXPENSES:						
COMMON ELEMENT COMPONENTS						
STREET FACILITIES						
1 Asphalt Overlay, 1.5" with raised UAC (as needed)	0.00	0.00	0.00	0.00	0.00	0.00
2 Asphalt, Seal Coat, Crack Fill, Striping	0.00	0.00	4,450.00	0.00	0.00	0.00
3 Asphalt, Repairs/Skin Patch	0.00	0.00	0.00	0.00	0.00	0.00
4 Concrete Sidewalks, repair/replace	0.00	0.00	7,636.00	0.00	0.00	0.00
5 Concrete Curbing, Street, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
6 Concrete Curbing, Landscape, repair/replace	0.00	0.00	4,836.00	0.00	0.00	0.00
BUILDING FACILITIES						
7 Building Exterior Surfaces, Stucco & Wood Trim, paint/rep	34,632.00	0.00	0.00	0.00	0.00	0.00
8 Building Roofs, 3 Tab Asphalt Shingle, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
9 Flat Roof, A/C Well, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
10 Stairways & Landings, repair/resurface	3,192.00	0.00	0.00	0.00	0.00	0.00
11 Metal Staircases, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
12 Metal Staircases, paint	0.00	2,400.00	0.00	0.00	0.00	0.00
13 Building Metal Rain Gutter, repair/replace	0.00	0.00	0.00	0.00	7,392.00	0.00
14 Building Exterior Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	2,100.00
15 Building Circuit Breaker Panel, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00

CALENDAR YEAR	2022	2023	2024	2025	2026	2027
OTHER COMMON COMPONENTS						
16 Metal Carport Structures, replace/repair	0.00	0.00	0.00	0.00	0.00	0.00
17 Metal Carport Structures, paint	0.00	3,402.00	0.00	0.00	0.00	0.00
18 Carport Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
19 Landscape & Irrigation, renovation	37,299.00	0.00	0.00	0.00	0.00	0.00
20 Cluster Mail Box Units, w/Pedestals & Parcels, replace	0.00	0.00	0.00	0.00	0.00	0.00
21 Perimeter Fencing, Block w/Iron View, repair/replace	0.00	0.00	0.00	0.00	0.00	16,661.00
22 Perimeter Fencing, Block w/Iron Picket, paint	0.00	6,918.00	0.00	0.00	0.00	0.00
23 Back Flow Preventer, repair/replace	0.00	0.00	850.00	0.00	0.00	0.00
24 Full 5 Year Reserve Study, field survey & report	895.00	0.00	0.00	0.00	0.00	895.00
TOTAL EXPENDITURES	76,018.00	12,720.00	17,772.00	0.00	7,392.00	19,656.00
3.0% Inflation Expense	0.00	381.60	1,066.48	0.00	887.44	2,950.17
Adjusted Total Expense with 3.0% Inflation	76,018.00	13,101.60	18,838.48	0.00	8,279.44	22,606.17
ENDING RESERVE BALANCE	122,438.66	169,465.62	175,805.08	204,758.37	226,969.63	236,209.38
Year Ending Full Fund Balance Percentage:	61.6%	79.6%	79.2%	81.6%	83.1%	83.6%
Year Ending Full Funding Goal: Cashflow	198,906.11	212,785.94	221,975.71	250,928.99	273,140.25	282,380.01
Inflation Factor Rate: 3% APR	0.00%	3.0000%	6.0009%	9.0027%	12.0054%	15.0090%
Annual Minimum Threshold Level:	20,402.18	21,014.24	21,644.67	22,294.01	22,962.83	23,651.72
Total Projected Replacement Cost	313,564.00	319,835.28	326,231.99	332,756.63	339,411.76	346,199.99

CALENDAR YEAR YEAR #	2028 7	2029 8	2030 9	2031 10	2032 11	2033 12
PROJECTED RESERVE INCOME:						
Starting Reserve Balance	236,209.38	265,808.48	228,648.23	259,947.10	295,750.85	219,748.49
Annual Reserve Contribution with 3% Inflation Rate	32,584.65	34,172.38	33,849.36	35,530.80	37,365.93	35,988.22
APR (After 30% Income Tax) 0.105%	248.02	279.10	240.08	272.94	310.54	230.74
Special Reserve Assessment	0.00	0.00	0.00	0.00	0.00	0.00
RESERVE FUNDS AVAILABLE	269,042.05	300,259.96	262,737.67	295,750.85	333,427.32	255,967.45
PROJECTED COMPONENT EXPENSES:						
COMMON ELEMENT COMPONENTS						
STREET FACILITIES						
1 Asphalt Overlay, 1.5" with raised UAC (as needed)	0.00	30,656.00	0.00	0.00	0.00	0.00
2 Asphalt, Seal Coat, Crack Fill, Striping	0.00	0.00	0.00	0.00	0.00	0.00
3 Asphalt, Repairs/Skin Patch	0.00	0.00	0.00	0.00	0.00	0.00
4 Concrete Sidewalks, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
5 Concrete Curbing, Street, repair/replace	2,740.00	0.00	0.00	0.00	0.00	0.00
6 Concrete Curbing, Landscape, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING FACILITIES						
7 Building Exterior Surfaces, Stucco & Wood Trim, paint/rep	0.00	0.00	0.00	0.00	34,632.00	0.00
8 Building Roofs, 3 Tab Asphalt Shingle, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
9 Flat Roof, A/C Well, repair/replace	0.00	0.00	0.00	0.00	10,125.00	0.00
10 Stairways & Landings, repair/resurface	0.00	0.00	0.00	0.00	3,192.00	0.00
11 Metal Staircases, repair/replace	0.00	21,600.00	0.00	0.00	0.00	0.00
12 Metal Staircases, paint	0.00	0.00	0.00	0.00	0.00	0.00
13 Building Metal Rain Gutter, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
14 Building Exterior Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
15 Building Circuit Breaker Panel, repair/replace	0.00	0.00	2,250.00	0.00	0.00	0.00

CALENDAR YEAR	2028	2029	2030	2031	2032	2033
OTHER COMMON COMPONENTS						
16 Metal Carport Structures, replace/repair	0.00	0.00	0.00	0.00	0.00	0.00
17 Metal Carport Structures, paint	0.00	0.00	0.00	0.00	0.00	0.00
18 Carport Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	1,275.00	0.00
19 Landscape & Irrigation, renovation	0.00	0.00	0.00	0.00	37,299.00	0.00
20 Cluster Mail Box Units, w/Pedestals & Parcels, replace	0.00	0.00	0.00	0.00	0.00	0.00
21 Perimeter Fencing, Block w/Iron View, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
22 Perimeter Fencing, Block w/Iron Picket, paint	0.00	6,918.00	0.00	0.00	0.00	0.00
23 Back Flow Preventer, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
24 Full 5 Year Reserve Study, field survey & report	0.00	0.00	0.00	0.00	895.00	0.00
TOTAL EXPENDITURES	2,740.00	59,174.00	2,250.00	0.00	87,418.00	0.00
3.0% Inflation Expense	493.57	12,437.73	540.57	0.00	26,260.83	0.00
Adjusted Total Expense with 3.0% Inflation	3,233.57	71,611.73	2,790.57	0.00	113,678.83	0.00
ENDING RESERVE BALANCE	265,808.48	228,648.23	259,947.10	295,750.85	219,748.49	255,967.45
Year Ending Full Fund Balance Percentage:	85.2%	83.2%	84.9%	86.5%	82.6%	84.7%
Year Ending Full Funding Goal: Cashflow	311,979.11	274,818.86	306,117.73	341,921.47	265,919.11	302,138.07
Inflation Factor Rate: 3% APR	18.0135%	21.0189%	24.0252%	27.0324%	30.0405%	33.0495%
Annual Minimum Threshold Level:	24,361.27	25,092.11	25,844.87	26,620.22	27,418.82	28,241.39
Total Projected Replacement Cost	353,123.99	360,186.47	367,390.20	374,738.01	382,232.77	389,877.42

CALENDAR YEAR YEAR #	2034 13	2035 14	2036 15	2037 16	2038 17	2039 18
PROJECTED RESERVE INCOME:						
Starting Reserve Balance	255,967.45	224,114.90	252,563.88	292,386.04	308,855.86	348,188.00
Annual Reserve Contribution with 3% Inflation Rate	37,884.01	37,834.53	39,556.97	41,635.62	43,066.00	45,186.85
APR (After 30% Income Tax) 0.105%	268.77	235.32	265.19	307.01	324.30	365.60
Special Reserve Assessment	0.00	0.00	0.00	0.00	0.00	0.00
RESERVE FUNDS AVAILABLE	294,120.22	262,184.76	292,386.04	334,328.67	352,246.16	393,740.45
PROJECTED COMPONENT EXPENSES:						
COMMON ELEMENT COMPONENTS						
STREET FACILITIES						
1 Asphalt Overlay, 1.5" with raised UAC (as needed)	0.00	0.00	0.00	0.00	0.00	0.00
2 Asphalt, Seal Coat, Crack Fill, Striping	4,450.00	0.00	0.00	0.00	0.00	4,450.00
3 Asphalt, Repairs/Skin Patch	0.00	0.00	0.00	0.00	0.00	0.00
4 Concrete Sidewalks, repair/replace	7,636.00	0.00	0.00	0.00	0.00	0.00
5 Concrete Curbing, Street, repair/replace	0.00	0.00	0.00	0.00	2,740.00	0.00
6 Concrete Curbing, Landscape, repair/replace	4,836.00	0.00	0.00	0.00	0.00	0.00
BUILDING FACILITIES						
7 Building Exterior Surfaces, Stucco & Wood Trim, paint/rep	0.00	0.00	0.00	0.00	0.00	0.00
8 Building Roofs, 3 Tab Asphalt Shingle, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
9 Flat Roof, A/C Well, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
10 Stairways & Landings, repair/resurface	0.00	0.00	0.00	0.00	0.00	0.00
11 Metal Staircases, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
12 Metal Staircases, paint	2,400.00	0.00	0.00	0.00	0.00	2,400.00
13 Building Metal Rain Gutter, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
14 Building Exterior Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
15 Building Circuit Breaker Panel, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00

CALENDAR YEAR	2034	2035	2036	2037	2038	2039
OTHER COMMON COMPONENTS						
16 Metal Carport Structures, replace/repair	32,130.00	0.00	0.00	0.00	0.00	0.00
17 Metal Carport Structures, paint	0.00	0.00	0.00	0.00	0.00	0.00
18 Carport Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
19 Landscape & Irrigation, renovation	0.00	0.00	0.00	0.00	0.00	0.00
20 Cluster Mail Box Units, w/Pedestals & Parcels, replace	0.00	0.00	0.00	0.00	0.00	0.00
21 Perimeter Fencing, Block w/Iron View, repair/replace	0.00	0.00	0.00	16,661.00	0.00	0.00
22 Perimeter Fencing, Block w/Iron Picket, paint	0.00	6,918.00	0.00	0.00	0.00	0.00
23 Back Flow Preventer, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
24 Full 5 Year Reserve Study, field survey & report	0.00	0.00	0.00	895.00	0.00	0.00
TOTAL EXPENDITURES	51,452.00	6,918.00	0.00	17,556.00	2,740.00	6,850.00
3.0% Inflation Expense	18,553.31	2,702.88	0.00	7,916.81	1,318.16	3,501.90
Adjusted Total Expense with 3.0% Inflation	70,005.31	9,620.88	0.00	25,472.81	4,058.16	10,351.90
ENDING RESERVE BALANCE	224,114.90	252,563.88	292,386.04	308,855.86	348,188.00	383,388.55
Year Ending Full Fund Balance Percentage:	82.9%	84.5%	86.4%	87.0%	88.3%	89.3%
Year Ending Full Funding Goal: Cashflow	270,285.53	298,734.50	338,556.66	355,026.48	394,358.62	429,559.17
Inflation Factor Rate: 3% APR	36.0595%	39.0703%	42.0820%	45.0946%	48.1082%	51.1226%
Annual Minimum Threshold Level:	29,088.63	29,961.29	30,860.13	31,785.93	32,739.51	33,721.69
Total Projected Replacement Cost	397,674.97	405,628.47	413,741.04	422,015.86	430,456.18	439,065.30

CALENDAR YEAR YEAR #	2040 19	2041 20	2042 21	2043 22	2044 23	2045 24
PROJECTED RESERVE INCOME:						
Starting Reserve Balance	383,388.55	431,008.67	470,227.47	397,445.39	448,707.94	330,290.62
Annual Reserve Contribution with 3% Inflation Rate	47,217.56	49,638.16	51,846.81	50,845.23	53,467.90	51,212.50
APR (After 30% Income Tax) 0.105%	402.56	452.56	493.74	417.32	471.14	346.81
Special Reserve Assessment	0.00	0.00	0.00	0.00	0.00	0.00
RESERVE FUNDS AVAILABLE	431,008.67	481,099.39	522,568.02	448,707.94	502,646.98	381,849.92
PROJECTED COMPONENT EXPENSES:						
COMMON ELEMENT COMPONENTS						
STREET FACILITIES						
1 Asphalt Overlay, 1.5" with raised UAC (as needed)	0.00	0.00	0.00	0.00	0.00	0.00
2 Asphalt, Seal Coat, Crack Fill, Striping	0.00	0.00	0.00	0.00	4,450.00	0.00
3 Asphalt, Repairs/Skin Patch	0.00	0.00	0.00	0.00	0.00	0.00
4 Concrete Sidewalks, repair/replace	0.00	0.00	0.00	0.00	7,636.00	0.00
5 Concrete Curbing, Street, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
6 Concrete Curbing, Landscape, repair/replace	0.00	0.00	0.00	0.00	4,836.00	0.00
BUILDING FACILITIES						
7 Building Exterior Surfaces, Stucco & Wood Trim, paint/rep	0.00	0.00	34,632.00	0.00	0.00	0.00
8 Building Roofs, 3 Tab Asphalt Shingle, repair/replace	0.00	0.00	0.00	0.00	80,125.00	0.00
9 Flat Roof, A/C Well, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
10 Stairways & Landings, repair/resurface	0.00	0.00	3,192.00	0.00	0.00	0.00
11 Metal Staircases, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
12 Metal Staircases, paint	0.00	0.00	0.00	0.00	2,400.00	0.00
13 Building Metal Rain Gutter, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
14 Building Exterior Lighting Fixtures, repair/replace	0.00	0.00	2,100.00	0.00	0.00	0.00
15 Building Circuit Breaker Panel, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00

CALENDAR YEAR	2040	2041	2042	2043	2044	2045
OTHER COMMON COMPONENTS						
16 Metal Carport Structures, replace/repair	0.00	0.00	0.00	0.00	0.00	0.00
17 Metal Carport Structures, paint	0.00	0.00	0.00	0.00	3,402.00	0.00
18 Carport Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
19 Landscape & Irrigation, renovation	0.00	0.00	37,299.00	0.00	0.00	0.00
20 Cluster Mail Box Units, w/Pedestals & Parcels, replace	0.00	0.00	0.00	0.00	0.00	0.00
21 Perimeter Fencing, Block w/Iron View, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
22 Perimeter Fencing, Block w/Iron Picket, paint	0.00	6,918.00	0.00	0.00	0.00	0.00
23 Back Flow Preventer, repair/replace	0.00	0.00	0.00	0.00	850.00	0.00
24 Full 5 Year Reserve Study, field survey & report	0.00	0.00	895.00	0.00	0.00	0.00
TOTAL EXPENDITURES	0.00	6,918.00	78,118.00	0.00	103,699.00	0.00
3.0% Inflation Expense	0.00	3,953.92	47,004.62	0.00	68,657.36	0.00
Adjusted Total Expense with 3.0% Inflation	0.00	10,871.92	125,122.62	0.00	172,356.36	0.00
ENDING RESERVE BALANCE	431,008.67	470,227.47	397,445.39	448,707.94	330,290.62	381,849.92
Year Ending Full Fund Balance Percentage:	90.3%	91.1%	89.6%	90.7%	87.7%	89.2%
Year Ending Full Funding Goal: Cashflow	477,179.29	516,398.09	443,616.02	494,878.56	376,461.24	428,020.54
Inflation Factor Rate: 3% APR	54.1379%	57.1542%	60.1713%	63.1894%	66.2083%	69.2282%
Annual Minimum Threshold Level:	34,733.34	35,775.34	36,848.61	37,954.06	39,092.69	40,265.47
Total Projected Replacement Cost	447,846.61	456,803.54	465,939.61	475,258.40	484,763.57	494,458.84

CALENDAR YEAR YEAR #	2046 25	2047 26	2048 27	2049 28	2050 29	2051 30
PROJECTED RESERVE INCOME:						
Starting Reserve Balance	381,849.92	423,431.32	437,341.28	472,908.38	521,379.69	585,084.91
Annual Reserve Contribution with 3% Inflation Rate	53,913.10	56,361.09	58,045.31	60,394.95	63,157.77	66,402.40
APR (After 30% Income Tax) 0.105%	400.94	444.60	459.21	496.55	547.45	614.34
Special Reserve Assessment	0.00	0.00	0.00	0.00	0.00	0.00
RESERVE FUNDS AVAILABLE	436,163.97	480,237.01	495,845.80	533,799.89	585,084.91	652,101.65
PROJECTED COMPONENT EXPENSES:						
COMMON ELEMENT COMPONENTS						
STREET FACILITIES						
1 Asphalt Overlay, 1.5" with raised UAC (as needed)	0.00	0.00	0.00	0.00	0.00	0.00
2 Asphalt, Seal Coat, Crack Fill, Striping	0.00	0.00	0.00	4,450.00	0.00	0.00
3 Asphalt, Repairs/Skin Patch	0.00	0.00	0.00	0.00	0.00	0.00
4 Concrete Sidewalks, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
5 Concrete Curbing, Street, repair/replace	0.00	0.00	2,740.00	0.00	0.00	0.00
6 Concrete Curbing, Landscape, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING FACILITIES						
7 Building Exterior Surfaces, Stucco & Wood Trim, paint/rep	0.00	0.00	0.00	0.00	0.00	0.00
8 Building Roofs, 3 Tab Asphalt Shingle, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
9 Flat Roof, A/C Well, repair/replace	0.00	0.00	10,125.00	0.00	0.00	0.00
10 Stairways & Landings, repair/resurface	0.00	0.00	0.00	0.00	0.00	0.00
11 Metal Staircases, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
12 Metal Staircases, paint	0.00	0.00	0.00	2,400.00	0.00	0.00
13 Building Metal Rain Gutter, repair/replace	7,392.00	0.00	0.00	0.00	0.00	0.00
14 Building Exterior Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
15 Building Circuit Breaker Panel, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00

CALENDAR YEAR	2046	2047	2048	2049	2050	2051
OTHER COMMON COMPONENTS						
16 Metal Carport Structures, replace/repair	0.00	0.00	0.00	0.00	0.00	0.00
17 Metal Carport Structures, paint	0.00	0.00	0.00	0.00	0.00	0.00
18 Carport Lighting Fixtures, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
19 Landscape & Irrigation, renovation	0.00	0.00	0.00	0.00	0.00	0.00
20 Cluster Mail Box Units, w/Pedestals & Parcels, replace	0.00	0.00	0.00	0.00	0.00	0.00
21 Perimeter Fencing, Block w/Iron View, repair/replace	0.00	16,661.00	0.00	0.00	0.00	0.00
22 Perimeter Fencing, Block w/Iron Picket, paint	0.00	6,918.00	0.00	0.00	0.00	0.00
23 Back Flow Preventer, repair/replace	0.00	0.00	0.00	0.00	0.00	0.00
24 Full 5 Year Reserve Study, field survey & report	0.00	895.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	7,392.00	24,474.00	12,865.00	6,850.00	0.00	0.00
3.0% Inflation Expense	5,340.64	18,421.73	10,072.42	5,570.19	0.00	0.00
Adjusted Total Expense with 3.0% Inflation	12,732.64	42,895.73	22,937.42	12,420.19	0.00	0.00
ENDING RESERVE BALANCE	423,431.32	437,341.28	472,908.38	521,379.69	585,084.91	652,101.65
Year Ending Full Fund Balance Percentage:	90.2%	90.5%	91.1%	91.9%	92.7%	93.4%
Year Ending Full Funding Goal: Cashflow	469,601.95	483,511.90	519,079.00	567,550.32	631,255.54	698,272.27
Inflation Factor Rate: 3% APR	72.2489%	75.2706%	78.2932%	81.3167%	84.3411%	87.3664%
Annual Minimum Threshold Level:	41,473.43	42,717.63	43,999.16	45,319.14	46,678.71	48,079.07
Total Projected Replacement Cost	504,348.02	514,434.98	524,723.68	535,218.15	545,922.51	556,840.96

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

Components: #1 Asphalt Overlay, 1.5" with raised UAC (as needed)

#2 Asphalt Slurry Seal Coat, Crack Fill

#3 Asphalt, patching/repairs



Remarks: We did not observe any remarkable damage or problems.

Component: #4 Concrete Sidewalks, repair/replace



Remarks: We did not observe any remarkable damage or problems. As noted in photos some raised area have been marked.

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

Components: #5 Concrete Curbing, Street, repair/replace

#6 Concrete Curbing, Landscape, repair/replace



Remarks: We did not observe any remarkable damage or problems.

Component: #7 Building Exterior Surfaces, Stucco & Wood Trim, paint/repair



Remarks: We did not observe any remarkable damage or problems.

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

Components: #8 Building Roofs, 3 Tab Asphalt Shingle, repair/replace

#9 Flat Roof, A/C Well, repair/replace



Remarks: We did not observe any remarkable damage or problems.

Component: #10 Stairways & Landings, repair/resurface



Remarks: We did not observe any remarkable damage or problems. As noted in photo the landing artificial turf is tearing and has worn spots.

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

**Components: #11 Metal Staircases, repair/replace
#12 Metal Staircases, paint**



Remarks: We did not observe any remarkable damage or problems.

Component: #13 Building Metal Rain Gutter, repair/replace



Remarks: We did not observe any remarkable damage or problems.

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

Component: #14 Building Exterior Lighting Fixtures, repair/replace



Remarks: We did not observe any remarkable damage or problems.

Component: #15 Building Circuit Breaker Boxes, repair/replace



Remarks: We did not observe any remarkable damage or problems.

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

**Components: #16 Metal Carport Structures, replace/repair
#17 Metal Carport Structures, paint**



Remarks: We did not observe any remarkable damage or problems.

Component: #18 Carport Lighting Fixtures, repair/replace



Remarks: We did not observe any remarkable damage or problems.

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

Component: #19 Landscape & Irrigation, renovation



Remarks: We did not observe any remarkable damage or problems. This component is intended to include replacement of sod, shrubs, trees, ground cover, mower curbing, sections of irrigation PVC with applicable sprinkler heads, drip systems, valve manifolds, timer clocks, solar panels & any other equipment or plant material that is related to the association's pallet.

Component: #20 Cluster Mail Box Units, w/Pedestals & Parcels, replace



Remarks: We did not observe any remarkable damage or problems.

Hearthstone Condominiums Homeowners Association

INVENTORY OF RESERVE COMPONENTS

PHOTO DATE: January 17, 2022

Components: #21 Perimeter Fencing, Block w/Iron View, repair/replace

#22 Perimeter Fencing, Block w/Iron Picket, paint



Remarks: We did not observe any remarkable damage or problems.

Component: #23 Back Flow Preventer w/Cover, repair/replace



Remarks: We did not observe any remarkable damage or problems.

ANNUAL REVIEW REQUIREMENTS

NRS116.31152c requires that *at least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.*

When does your association's reserve study need a professional up-date and review?

If the Board or Management can answer "YES" to any of the statements below, a professional Review and Update of the Reserve Study may be needed.

- ✓ If there has been any repairs or replacements or costs incurred for reserve components since the last reserve study was prepared. (Yes ?)
- ✓ If there have been any new reserve components added, installed or constructed since the last reserve study was prepared. (Yes?)
- ✓ If the Board or Management has not funded the Reserve Account in accordance with the reserve study recommendation. (Yes?)
- ✓ If the Board or Management questions the recommended reserve funding plan to not conform with State Statute requirement. (Yes?)
- ✓ If the Board has not formally Reviewed their Reserve Study at least every year in order to assure accuracy as required by State Statute. (Yes?)

Nevada Reserve Studies, Inc.

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