

RESERVE ANALYSIS REPORT

Forest Highlands Association

Flagstaff, Arizona

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Preface

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

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

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

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

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

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

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

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

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

Budget

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

Percent Funded

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

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

Projections

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

Inventory

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

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

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

Full Funding

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

Baseline Funding

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

Threshold Funding

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

Statutory Funding

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

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

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

Component Calculation Method

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

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

Step 1: Calculation of fully funded balance for each component

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

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

Step 2: Distribution of current reserve funds

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

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

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

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

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

Step 3: Developing a funding plan

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

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

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

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

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

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

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

Cash Flow Calculation Method

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

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding). Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The **Directed Cash Flow Calculation Method** is our primary calculation method. It allows for several funding strategies to be manually tested until the optimal funding strategy accomplishing three goals is created:

Goal #1: Ensures that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period (typically 30 years)

Goal #2: Uniformly distributes the costs of replacements over time to benefit both current & future members of the association by using consistent, incremental contribution increases

Goal #3: Provides for the lowest reserve funding recommendation as possible over time with the goal of approaching, reaching and/or maintaining a 100% fully funded reserve balance

These very important aspects of the **Directed Cash Flow Calculation Method** will greatly aid the board of directors during the annual budgeting process.

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

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

Executive Summary

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

Client Information

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

Global Parameters

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

Community Profile

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

Budget

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

Sample Homeowners Association Executive Summary Component Calculation Method			
Client Information:		Global Parameters:	
Account Number	00000	Inflation Rate	2.00%
Version Number	1	Annual Contribution Increase	2.00%
Analysis Date	3/18/2014	Investment Rate	1.00%
Fiscal Year	6/1/2014 to 5/31/2015	Taxes on Investment	30.00%
Number of Units	167	Contingency	3.00%
Phasing	8 of 8		
Community Profile:			
This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.			
For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.			
ARS site visits: March 1, 2014; January 2011; February 2009; April 2006; March 2005; March 2003; March 2002; April 2001 and March 2000			
Adequacy of Reserves as of June 1, 2014:			
Anticipated Reserve Balance		\$865,450.00	
Fully Funded Reserve Balance		\$1,011,228.83	
Percent Funded		85.58%	
Recommended Funding for the 2014-2015 Fiscal Year:			
	Annual	Monthly	Per Unit Per Month
Member Contribution	\$110,659	\$9,221.58	\$55.22
Interest Contribution	\$5,977	\$498.09	\$2.98
Total Contribution	\$116,636	\$9,719.66	\$58.20
3.18.2014(1)		1	ADVANCED RESERVE SOLUTIONS, INC.

Adequacy of Reserves

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

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Calculation of Percent Funded

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

Reserve Components

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

Lifespans

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

**Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	\$101,867.50	\$71,564.91
Streets - Asphalt, Repair	0	4	\$3,621.75	\$3,621.75
Streets - Asphalt, Seal Coat	0	4	\$5,926.50	\$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Sub Total	0-8	4-27	\$111,245.75	\$81,113.16
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				
Sub Total				
3.18.2014(1)				

**Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool Area - Ceramic Tile	2	21	\$8,501.63	\$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Pool Area - Furniture (Refurbish)	0	12	\$9,255.00	\$9,255.00
Pool Area - Furniture (Replace)	6	25	\$17,315.00	\$13,159.40
Pool Area - Mastic	0	4	\$5,131.50	\$5,131.50
Spa - Filter	0	13	\$1,350.00	\$1,350.00
Spa - Heater	0	10	\$3,050.00	\$3,050.00
Spa - Replaster & Tile Replace	3	8	\$5,250.00	\$3,126.40
Sub Total	0-6	4-25	\$91,747.38	\$71,964.53
070 Decks				
Decks - Clean & Top Coat	2	5	\$30,480.00	\$18,288.00
Decks - Resurface	2	13	\$65,227.20	\$54,720.81
Sub Total	2	5-13	\$95,707.20	\$73,008.81
080 Misc (Buildings)				
Fire Extinguisher Cabinets	2	21	\$27,625.00	\$24,994.05
Utility Closet Doors	2	21	\$73,900.00	\$69,801.90
Sub Total	2	21	\$101,525.00	\$94,855.95
090 Misc (Grounds)				
Landscape - Irrigation Controllers	0	12	\$20,000.00	\$20,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Mailboxes	2	21	\$37,200.00	\$33,657.14
Sub Total	0-2	12-21	\$66,200.00	\$62,657.14
100 Termite Control				
Termite Control	n.a.	n.a.	\$0.00	\$100,000.00
Sub Total	n.a.	n.a.	\$0.00	\$100,000.00
Contingency	n.a.	n.a.	n.a.	\$20,453.27
Total	0-11	2-30	\$1,091,533.70	\$1,011,228.83
Anticipated Reserve Balance				\$865,456.00
Percent Funded				85.58%
3.18.2014(1)				

Current Cost

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

Fully Funded Balance

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

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

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Management / Accounting Summary and Charts

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

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

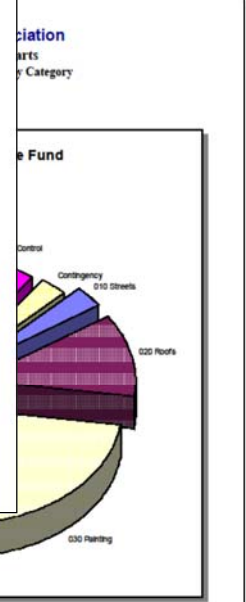
Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	\$17,837.90	\$949.09	\$13.37	\$963.07
Streets - Asphalt, Repair	\$3,821.75	\$78.20	\$0.25	\$78.45
Streets - Asphalt, Seal Coat	\$5,928.50	\$127.96	\$0.41	\$128.37
Streets - Concrete, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total	\$27,588.15	\$1,155.84	\$14.04	\$1,169.88
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Sub Total				
070 Decks				
Decks - Clean & Top Coat	\$18,288.00	\$539.52	\$12.44	\$551.96
Decks - Resurfacing	\$94,720.81	\$306.93	\$33.65	\$340.58
Sub Total	\$113,008.81	\$846.45	\$46.09	\$892.54
080 Misc (Buildings)				
Fire Extinguisher Cabinets	\$24,994.05	\$139.11	\$15.07	\$154.19
Utility Closet Doors	\$95,881.90	\$372.15	\$40.32	\$412.47
Sub Total	\$120,875.95	\$511.26	\$55.40	\$566.66
090 Misc (Grounds)				
Landscape - Irrigation Controllers	\$20,000.00	\$219.48	\$0.71	\$220.19
Landscape - Renovation, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Mailboxes	\$33,657.14	\$187.33	\$20.30	\$207.63
Sub Total	\$53,657.14	\$406.82	\$21.00	\$427.82
100 Termite Control				
Termite Control	\$100,000.00	\$0.00	\$58.52	\$58.52
Sub Total	\$100,000.00	\$0.00	\$58.52	\$58.52
Contingency	\$25,207.28	\$268.59	\$15.61	\$284.20
Total	\$865,450.00	\$9,221.58	\$498.09	\$9,719.66

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

Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	\$3,250.00	\$24.00	\$0.08	\$24.08
Pool - Replaster & Tile Replace	\$7,070.58	\$146.76	\$4.61	\$151.37
Pool Area - Barbecues	\$1,010.00	\$26.98	\$0.69	\$30.67
Pool Area - Ceramic Tile	\$7,773.38	\$43.27	\$4.69	\$47.96
Pool Area - Concrete Deck, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Pool Area - Furniture (Refurbish)	\$9,255.00	\$70.05	\$0.23	\$70.27
Pool Area - Furniture (Replace)	\$13,159.40	\$74.78	\$7.94	\$82.70
Pool Area - Mastic	\$5,131.50	\$110.79	\$0.36	\$111.15
Spa - Filter	\$1,350.00	\$12.11	\$0.04	\$12.15
Spa - Heater	\$2,200.00	\$27.36	\$0.09	\$27.44
Spa - Replaster & Tile Replace	\$3,128.40	\$54.12	\$2.04	\$56.15
Sub Total	\$71,964.53	\$716.19	\$30.10	\$746.28
070 Decks				
Decks - Clean & Top Coat	\$18,288.00	\$539.52	\$12.44	\$551.96
Decks - Resurfacing	\$94,720.81	\$306.93	\$33.65	\$340.58
Sub Total	\$113,008.81	\$846.45	\$46.09	\$892.54
080 Misc (Buildings)				
Fire Extinguisher Cabinets	\$24,994.05	\$139.11	\$15.07	\$154.19
Utility Closet Doors	\$95,881.90	\$372.15	\$40.32	\$412.47
Sub Total	\$120,875.95	\$511.26	\$55.40	\$566.66
090 Misc (Grounds)				
Landscape - Irrigation Controllers	\$20,000.00	\$219.48	\$0.71	\$220.19
Landscape - Renovation, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Mailboxes	\$33,657.14	\$187.33	\$20.30	\$207.63
Sub Total	\$53,657.14	\$406.82	\$21.00	\$427.82
100 Termite Control				
Termite Control	\$100,000.00	\$0.00	\$58.52	\$58.52
Sub Total	\$100,000.00	\$0.00	\$58.52	\$58.52
Contingency	\$25,207.28	\$268.59	\$15.61	\$284.20
Total	\$865,450.00	\$9,221.58	\$498.09	\$9,719.66



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

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Projections and Charts

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

**Sample Homeowners Association
Projections
Component Calculation Method**

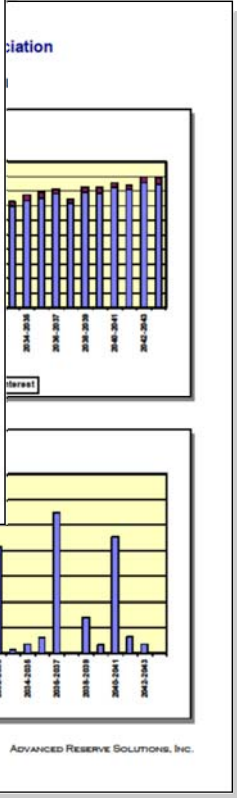
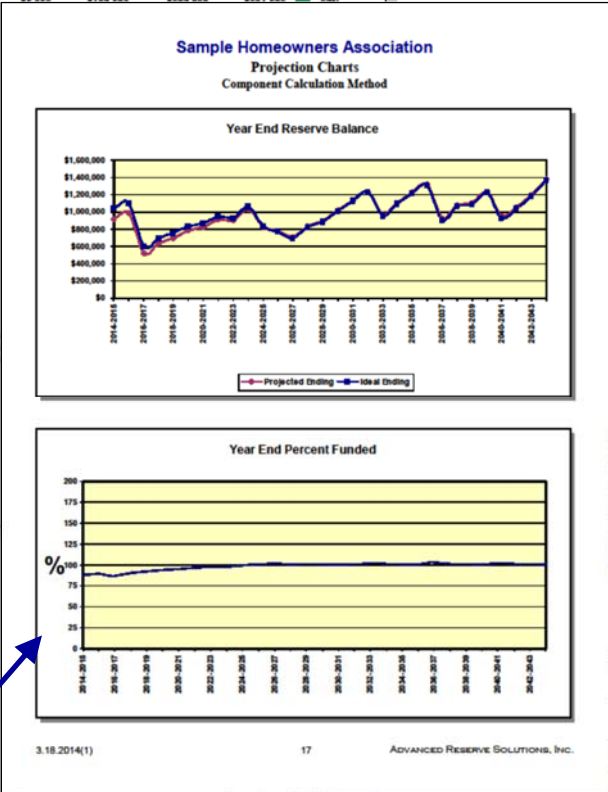
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2014-2015	\$865,450	\$110,659	\$5,977	\$54,980	\$917,106	\$1,046,139	88%
2015-2016	\$917,106	\$111,857	\$6,482	\$45,317	\$990,127	\$1,104,098	90%
2016-2017	\$990,127	\$116,806	\$3,175	\$591,549	\$518,559	\$598,939	87%
2017-2018	\$518,559	\$115,807	\$3,900	\$7,715	\$630,610	\$698,915	90%
2018-2019	\$630,610	\$116,508	\$4,431	\$52,973	\$698,577	\$755,512	92%
2019-2020	\$698,577	\$116,723	\$5,037	\$34,701	\$785,578	\$834,243	94%
2020-2021	\$785,578	\$118,645	\$5,331	\$80,731	\$828,821	\$896,179	92%
2021-2022	\$828,821	\$121,028	\$5,925	\$40,530	\$915,241	\$949,147	96%
2022-2023	\$915,241	\$123,506					
2023-2024	\$907,080	\$125,898					
2024-2025	\$1,037,322	\$126,436					
2025-2026	\$825,894	\$127,755					
2026-2027	\$780,089	\$125,648					
2027-2028	\$713,358	\$119,373					
2028-2029	\$631,867	\$131,699					
2029-2030	\$696,194	\$131,038					
2030-2031	\$1,013,798	\$137,575					
2031-2032	\$1,130,018	\$141,510					
2032-2033	\$1,237,543	\$143,162					
2033-2034	\$973,366	\$138,561					
2034-2035	\$1,104,489	\$147,134					
2035-2036	\$1,222,996	\$149,242					
2036-2037	\$1,317,743	\$150,808					
2037-2038	\$926,826	\$142,178					
2038-2039	\$1,078,902	\$157,813					
2039-2040	\$1,102,377	\$157,111					
2040-2041	\$1,234,862	\$165,390					
2041-2042	\$952,363	\$161,588					
2042-2043	\$1,056,301	\$171,747					
2043-2044	\$1,200,105	\$169,299					

NOTE: In some cases, the projected Ending Balance Expenditures. This is a result of the provision of contingency is continually adjusted according to

3.18.2014(1)

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

Green: Good
Yellow: Fair
Red: Poor



Charts
Show graphically the reserve funding plan through time.

Preface

Component Detail

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

Lifespan Information

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

Cost Information

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

Calculation Results

Displays assigned reserves and funding requirements.

Streets - Asphalt, Seal Coat

Category	010 Streets	Quantity	65,850 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.090
		% of Replacement	100.00%
		Current Cost	\$5,926.50
		Future Cost	\$6,415.03
Placed In Service	11/09	Assigned Reserves at FYB	\$5,926.50
Useful Life	4	Monthly Member Contribution	\$127.96
Remaining Life	0	Monthly Interest Contribution	\$0.41
Replacement Year	2014-2015	Total Monthly Contribution	\$128.37

Painting - Woodwork & Trim

Category	030 Painting	Quantity	31,575 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.620
		% of Replacement	100.00%
		Current Cost	\$20,949.00
		Future Cost	\$30,222.58
Placed In Service	06/12	Assigned Reserves at FYB	\$14,524.50
Useful Life	4	Monthly Member Contribution	\$634.91
Remaining Life	2	Monthly Interest Contribution	\$10.54
Replacement Year	2016-2017	Total Monthly Contribution	\$645.45

Pool - Replaster & Tile Replace

Category	060 Pool Area	Quantity	1 pool
Photo Date	January 2011	Unit Cost	\$15,075.000
		% of Replacement	100.00%
		Current Cost	\$15,075.00
		Future Cost	\$16,644.02
Placed In Service	01/10	Assigned Reserves at FYB	\$7,070.58
Useful Life	10	Monthly Member Contribution	\$146.70
Remaining Life	5	Monthly Interest Contribution	\$4.61
Replacement Year	2019-2020	Total Monthly Contribution	\$151.37

Comments

The association seal coated and restriped the streets for a total cost of \$5,926.50. The association repaired, seal coated and restriped the streets for a total cost of \$5,926.50. The association seal coated and restriped the streets for a total cost of \$5,926.50.

The current cost used for this component is adjusted for inflation where applicable.

Asphalt surfaces should be seal coated on a regular basis.

3.18.2014(1)

The association painted the woodwork and trim for a total cost of \$20,949.00. The association painted the woodwork and trim for a total cost of \$20,949.00.

The current cost used for this component is adjusted for inflation where applicable.

For budgeting purposes, we have used the current cost.

The inventory for this component has been updated as of March 2000 site visit, we believe this inventory is accurate.

3.18.2014(1)

The pool and spa were replastered in March 2000 for a total cost of approximately \$6,700. The association washed the pool in June 2002 for a total cost of \$675. The association replastered the pool and spa (including replacement of the mastic directly adjacent to the pool and spa) in January 2010 for a total cost of \$15,000.

3.18.2014(1)

42 ADVANCED RESERVE SOLUTIONS, INC.

Comments

Useful information from site observations and historical expenses included here.

Photos

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

Preface

◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆

Annual Contribution Increase Parameter

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

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

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

Anticipated Reserve Balance (or Reserve Funds)

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

Assigned Funds (and “Fixed” Assigned Funds)

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

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

Cash Flow Calculation Method

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

Component Calculation Method

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

Contingency Parameter

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

Current Replacement Cost

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

Fiscal Year

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

Fully Funded Reserve Balance (or Ideal Reserves)

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

Preface

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

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

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

Future Replacement Cost

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

Global Parameters

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

Inflation Parameter

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

Interest Contribution

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

Investment Rate Parameter

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

Membership Contribution

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

Monthly Contribution (and "Fixed" Monthly Contribution)

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

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

Number of Units (or other assessment basis)

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

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

Preface

One-Time Replacement

Used for components that will be budgeted for only once.

Percent Funded

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

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

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

Percentage of Replacement

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

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

Phasing

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

Placed-In-Service Date

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

Remaining Life

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

Remaining Life Adjustment

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

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

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

Replacement Year

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

Reserve Components

Line items included in the reserve analysis.

Taxes on Investments Parameter

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

Preface

Total Contribution

The sum of the membership contribution and interest contribution.

Useful Life

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

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

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

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

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

Forest Highlands Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	1003
Version Number	012 (revised)
Analysis Date	02/12/2021
Fiscal Year	1/1/2021 to 12/31/2021
Number of Units	824
Phasing	1 of 1

Global Parameters:

Inflation Rate	2.45 %
Annual Contribution Increase	2.45 %
Investment Rate	0.00 %
Taxes on Investments	0.00 %
Contingency	0.00 %

Community Profile:

Construction of Forest Highlands Association began in 1987. Refer to the Component Detail section for the dates used to age the components examined in this analysis. Individual components with a value of less than \$3,000 have been excluded.

The client has advised us to use \$6,000,000 as the January 1, 2021 reserve balance.

This report has been calculated using a 0.00% interest rate in order to provide a bottomline recommended reserve funding amount.

REPORTS: 1995. Updated 1997, 1999, 2001, 2003, 2006, 2008, 2011, 2017 & 2021.

Adequacy of Reserves as of January 1, 2021:

Anticipated Reserve Balance	\$6,000,000.00
Fully Funded Reserve Balance	\$19,576,283.74
Percent Funded	30.65%

Recommended Funding for the 2021 Fiscal Year:	Annual	Monthly	Per Unit
			Per Month
Member Contribution	\$3,144,545	\$262,045.42	\$318.02
Interest Contribution	\$0	\$0.00	\$0.00
Total Contribution	\$3,144,545	\$262,045.42	\$318.02

Forest Highlands Association

Projections

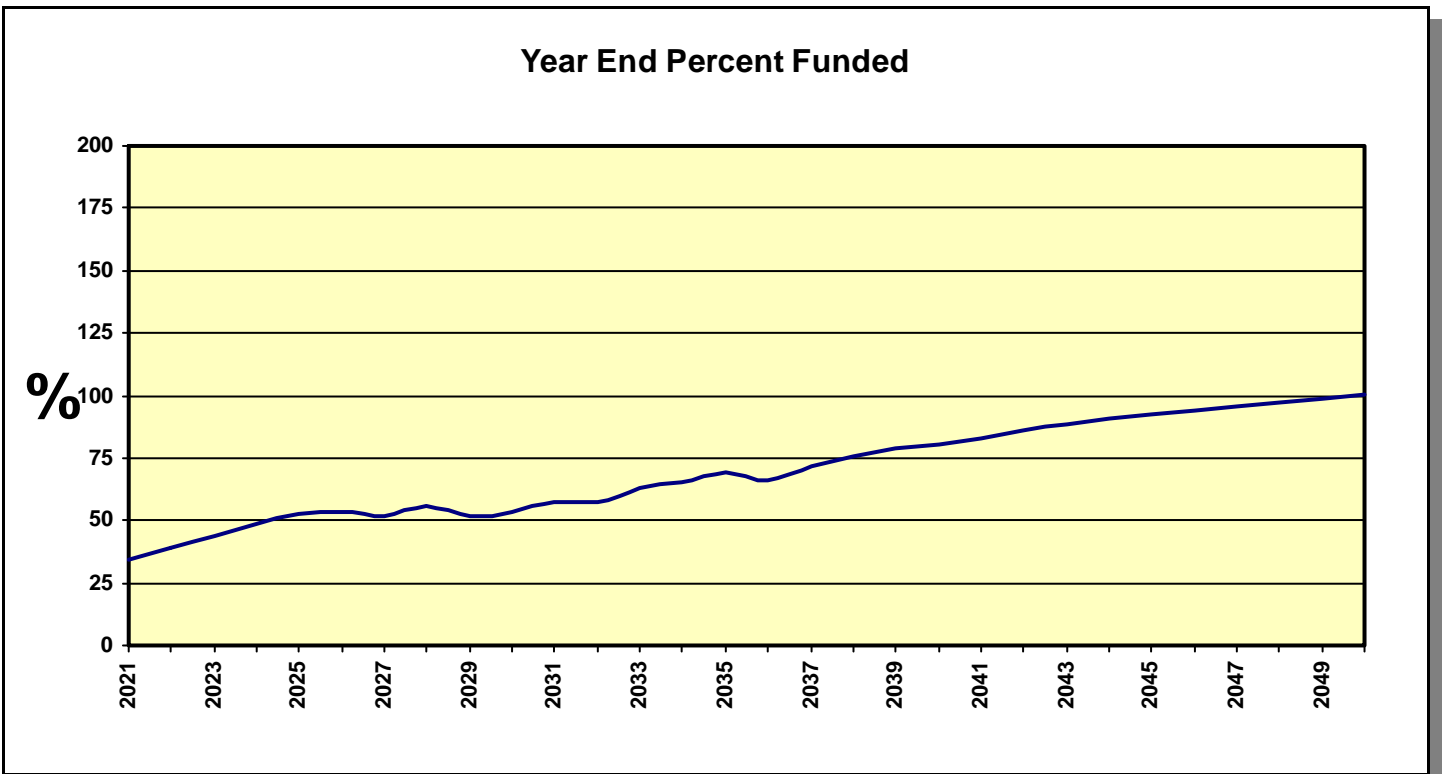
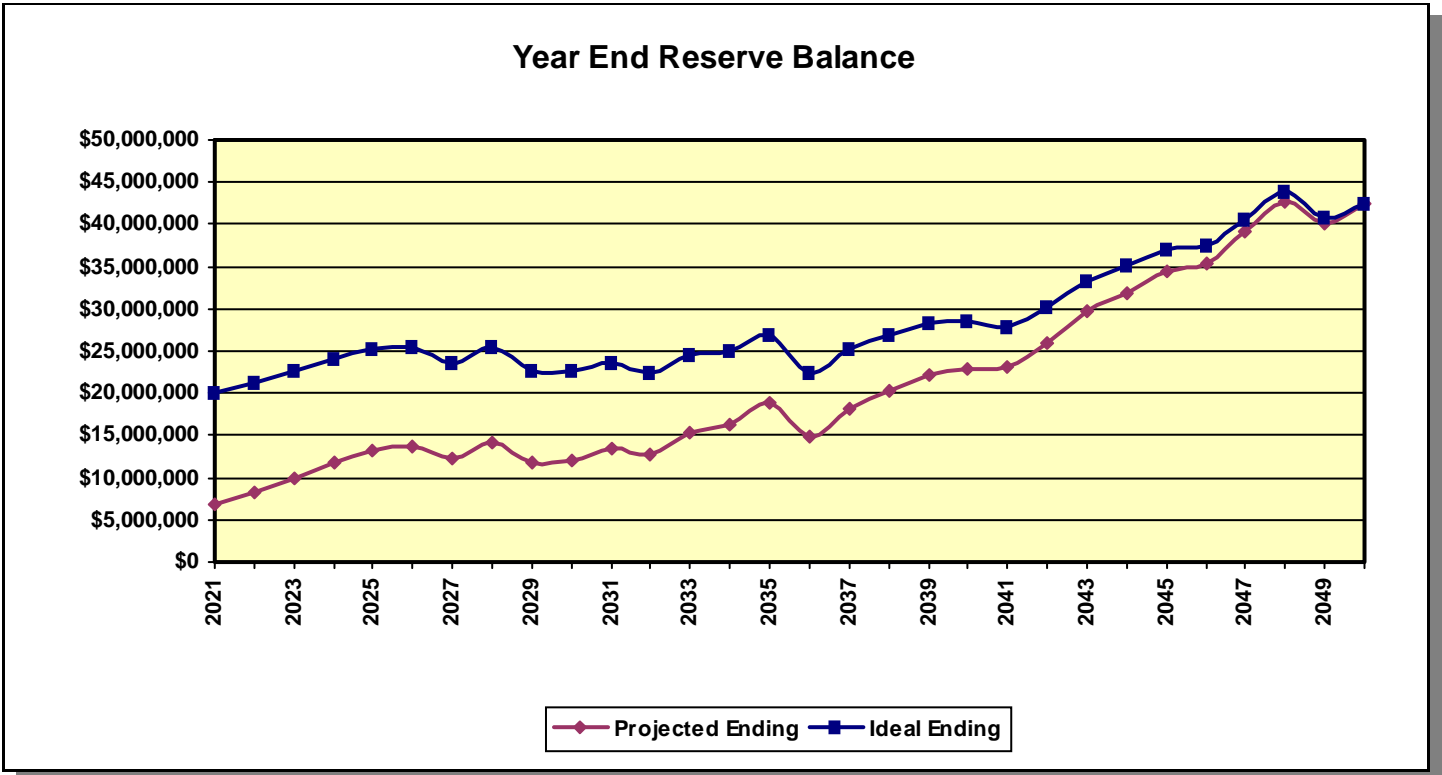
Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2021	\$6,000,000	\$3,144,545	\$0	\$2,257,143	\$6,887,403	\$20,118,221	34%
2022	\$6,887,403	\$3,221,586	\$0	\$1,900,235	\$8,208,753	\$21,114,787	39%
2023	\$8,208,753	\$3,300,515	\$0	\$1,539,879	\$9,969,390	\$22,566,548	44%
2024	\$9,969,390	\$3,381,378	\$0	\$1,536,234	\$11,814,533	\$24,112,544	49%
2025	\$11,814,533	\$3,464,222	\$0	\$2,145,486	\$13,133,268	\$25,125,348	52%
2026	\$13,133,268	\$3,549,095	\$0	\$3,042,562	\$13,639,801	\$25,399,666	54%
2027	\$13,639,801	\$3,636,048	\$0	\$5,099,616	\$12,176,234	\$23,651,129	51%
2028	\$12,176,234	\$3,725,131	\$0	\$1,649,660	\$14,251,704	\$25,462,779	56%
2029	\$14,251,704	\$3,816,397	\$0	\$6,305,551	\$11,762,550	\$22,618,574	52%
2030	\$11,762,550	\$3,909,898	\$0	\$3,575,184	\$12,097,264	\$22,544,836	54%
2031	\$12,097,264	\$4,005,691	\$0	\$2,570,752	\$13,532,204	\$23,571,982	57%
2032	\$13,532,204	\$4,103,830	\$0	\$4,800,610	\$12,835,424	\$22,404,018	57%
2033	\$12,835,424	\$4,204,374	\$0	\$1,627,576	\$15,412,222	\$24,535,738	63%
2034	\$15,412,222	\$4,307,381	\$0	\$3,343,498	\$16,376,106	\$25,041,068	65%
2035	\$16,376,106	\$4,412,912	\$0	\$2,012,691	\$18,776,327	\$27,003,173	70%
2036	\$18,776,327	\$4,521,029	\$0	\$8,552,019	\$14,745,336	\$22,397,200	66%
2037	\$14,745,336	\$4,631,794	\$0	\$1,207,460	\$18,169,670	\$25,288,483	72%
2038	\$18,169,670	\$4,745,273	\$0	\$2,616,767	\$20,298,176	\$26,894,039	75%
2039	\$20,298,176	\$4,861,532	\$0	\$2,984,439	\$22,175,270	\$28,250,603	78%
2040	\$22,175,270	\$4,980,639	\$0	\$4,213,961	\$22,941,948	\$28,446,254	81%
2041	\$22,941,948	\$5,102,665	\$0	\$5,021,644	\$23,022,969	\$27,912,835	82%
2042	\$23,022,969	\$5,227,680	\$0	\$2,247,812	\$26,002,837	\$30,304,038	86%
2043	\$26,002,837	\$5,355,759	\$0	\$1,756,160	\$29,602,436	\$33,355,775	89%
2044	\$29,602,436	\$5,486,975	\$0	\$3,154,987	\$31,934,424	\$35,149,838	91%
2045	\$31,934,424	\$5,621,406	\$0	\$3,194,922	\$34,360,908	\$37,050,066	93%
2046	\$34,360,908	\$5,759,130	\$0	\$4,739,745	\$35,380,293	\$37,519,829	94%
2047	\$35,380,293	\$5,900,229	\$0	\$2,239,784	\$39,040,737	\$40,670,549	96%
2048	\$39,040,737	\$6,044,784	\$0	\$2,442,244	\$42,643,277	\$43,801,931	97%
2049	\$42,643,277	\$6,192,882	\$0	\$8,625,008	\$40,211,151	\$40,789,384	99%
2050	\$40,211,151	\$6,344,607	\$0	\$4,083,936	\$42,471,823	\$42,471,748	100%

Forest Highlands Association

Projection Charts

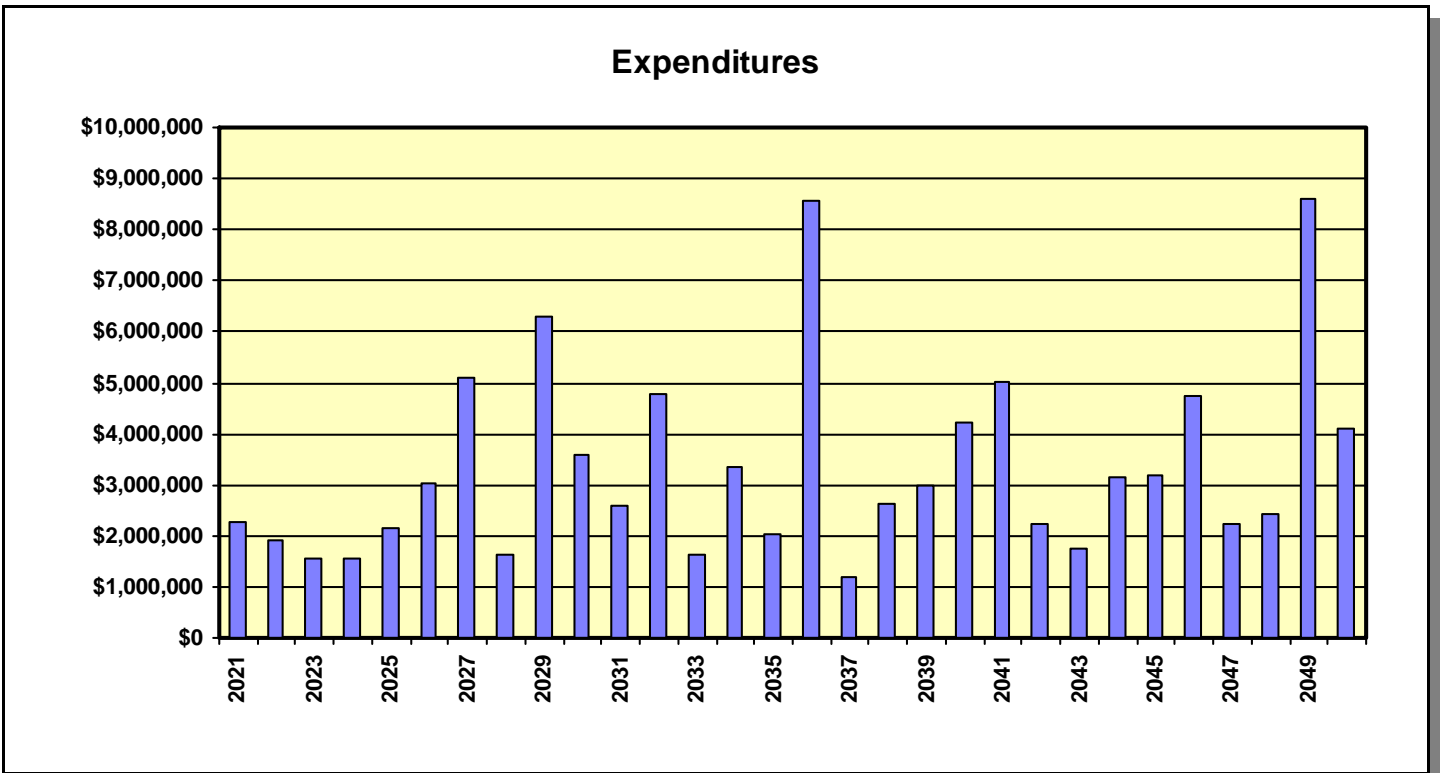
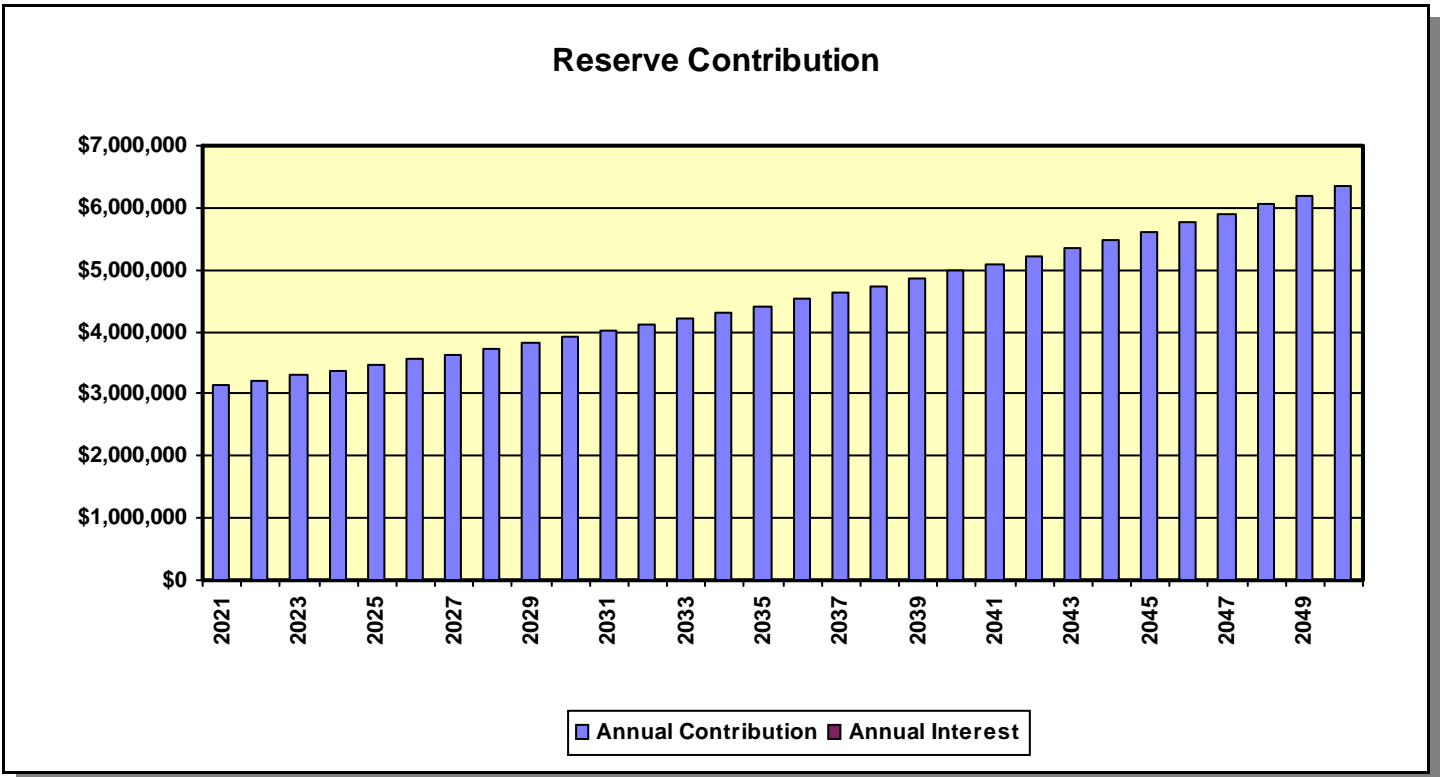
Directed Cash Flow Calculation Method



Forest Highlands Association

Projection Charts

Directed Cash Flow Calculation Method



THE FOREST HIGHLANDS ASSOCIATION																			
OPERATING BUDGET 2022																			
FINAL Draft 11.22.2021														2022					
														As of 10/31	%	%			
CONSOLIDATED OPERATIONS	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL	21 PROJ	21 BUDGET	20 ACTUAL	19 ACTUAL	18 ACTUAL
Revenue Sources																			
Regular Monthly Assessment - Operations	9,528,440	790,280	790,280	791,200	792,120	793,040	793,960	794,880	795,800	796,720	796,720	796,720	796,720	9,528,440	9,074,790	9,008,415	8,389,545	7,591,923	6,785,284
Golf Operations	1,471,429	34,725	1,812	2,070	3,470	143,359	313,854	379,840	281,438	176,725	160,448	(28,382)	2,070	1,471,429	1,467,626	1,354,960	1,028,595	1,023,513	931,829
Food & Beverage Services	1,757,037	32,313	26,925	27,793	68,884	230,541	319,871	376,684	243,521	233,009	124,289	19,231	53,980	1,757,037	1,788,695	1,339,235	973,621	1,305,903	1,189,571
General & Administrative	361,192	50,326	19,826	22,726	26,126	33,776	39,626	38,026	36,526	30,956	24,576	19,976	18,726	361,192	470,920	412,392	466,735	362,230	290,818
Recreation/Fitness/Tennis	688,265	35,500	17,614	14,985	23,218	67,835	132,393	154,880	84,045	57,883	41,792	43,014	15,106	688,265	671,972	470,295	414,701	446,363	413,182
Common Area Maintenance	47,502	0	0	0	6,786	6,786	6,786	6,786	6,786	6,786	6,786	0	0	47,502	25,605	47,502	45,416	47,732	27,209
Security	552,310	52,710	50,560	50,660	48,660	43,940	38,955	39,630	38,925	37,730	46,120	52,085	52,335	552,310	458,194	464,190	448,818	417,479	407,857
Water Company	524,470	35,273	31,424	37,222	36,144	45,253	54,771	57,317	53,357	50,123	46,718	40,240	36,627	524,470	525,288	516,421	541,711	503,821	487,979
Wastewater Reclamation	675,941	41,835	40,697	48,920	49,586	52,400	54,286	94,186	75,701	68,776	61,939	46,829	40,787	675,941	687,899	750,415	924,212	740,342	673,284
Revenue Shortfall Contingency (NA)	0													0	0	-			
Total Revenues	15,606,586	1,072,962	979,137	995,576	1,054,994	1,416,930	1,754,501	1,942,229	1,616,098	1,458,707	1,309,388	989,712	1,016,352	15,606,586	15,170,988	14,363,825	13,233,354	12,439,306	11,207,013
Expenses																			
Course Maintenance & Landscaping	2,814,871	91,364	96,733	173,750	318,870	356,145	365,401	336,536	317,322	272,273	220,138	150,072	116,265	2,814,871	2,543,516	2,661,260	2,466,324	2,344,994	2,405,012
Golf Operations	1,979,598	77,467	54,964	60,737	113,330	218,772	300,672	363,906	280,291	176,287	217,418	73,682	42,071	1,979,598	1,914,246	1,936,018	1,504,469	1,609,684	1,499,668
Food & Beverage Services	3,955,008	171,129	148,824	190,663	233,026	494,301	580,177	600,086	526,197	413,315	275,921	162,507	158,863	3,955,008	3,873,429	3,401,015	3,170,024	2,472,210	2,167,862
General & Administrative	1,738,387	149,249	138,049	158,564	173,109	131,141	140,598	146,583	137,533	149,598	157,683	126,758	129,523	1,738,387	1,597,917	1,666,881	1,586,179	2,037,227	2,008,072
Recreation/Fitness/Tennis	1,475,099	75,217	67,936	77,484	91,796	154,330	205,798	252,124	173,070	132,354	98,049	70,893	76,049	1,475,099	1,435,166	1,218,462	1,131,118	1,057,098	958,597
Common Area Maintenance	1,331,827	87,974	82,014	103,392	133,479	121,782	123,803	122,489	125,047	121,687	124,302	96,127	89,731	1,331,827	1,210,888	1,248,911	1,116,335	852,922	747,519
Security	1,113,916	95,551	94,566	100,716	96,976	86,005	90,980	89,255	85,940	92,980	86,930	97,531	96,481	1,113,916	1,025,851	1,048,622	921,414	844,293	724,956
Water Company	578,159	56,137	41,262	41,857	44,836	66,746	47,497	51,678	49,004	46,941	47,690	42,406	42,106	578,159	529,520	576,116	647,922	631,548	562,018
Wastewater Reclamation	575,535	45,366	43,076	44,374	47,803	53,015	52,915	54,797	49,639	47,110	46,943	45,324	45,175	575,535	536,553	586,874	651,035	607,494	599,893
Expense Contingency (NA)	0													0	0				
Total Expenses	15,562,400	849,454	767,425	951,537	1,253,225	1,682,236	1,907,841	2,017,455	1,744,042	1,452,545	1,275,074	865,302	796,265	15,562,400	14,667,086	14,344,159	13,194,820	12,457,469	11,673,597
Operating Income (Loss)	44,186	223,508	211,712	44,039	(198,231)	(265,306)	(153,340)	(75,226)	(127,944)	6,162	34,314	124,410	220,087	44,186	503,903	19,666	38,534	(18,163)	(466,584)
Other Income																			
Regular Monthly Assessment - Reserves	1,294,625	107,375	107,375	107,500	107,625	107,750	107,875	108,000	108,125	108,250	108,250	108,250	108,250	1,294,625	1,025,400	1,017,900	1,271,125	1,528,733	1,530,576
Savings Interest Income	1,000	83	83	83	83	83	83	83	83	83	83	83	83	1,000	230	8,004	147,933	20,182	6,781
Real Estate Lease Income	155,080	8,757	8,757	8,757	8,757	8,757	8,757	8,757	8,757	8,757	8,757	8,757	58,757	155,080	174,692	174,696	256,435	149,626	130,167
Total Other Income	1,450,705	116,215	116,215	116,340	116,465	116,590	116,715	116,840	116,965	117,090	117,090	117,090	167,090	1,450,705	1,200,322	1,200,600	1,675,493	1,698,540	1,667,524
Other Expense																			
Contribution to Reserve Fund	1,294,625	107,375	107,375	107,500	107,625	107,750	107,875	108,000	108,125	108,250	108,250	108,250	108,250	1,294,625	1,525,400	1,017,900	1,271,125	1,528,733	1,530,576
Contribution to Capital Fund	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One-Time Expenses	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,775	3,661	-
Allowance for Uncollectable AR	6,000	500	500	500	500	500	500	500	500	500	500	500	500	6,000	12,000	12,000	14,885	12,000	9,750
Real Estate & Property Tax	82,000	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	10,500	6,500	6,500	82,000	66,104	92,920	84,341	104,874	100,429
Income Tax	50	-	-	-	-	-	-	-	-	-	-	-	50	50	50	50	-	50	50
Total Other Expense	1,382,675	114,375	114,375	114,500	114,625	114,750	114,875	115,000	115,125	115,250	115,250	115,250	115,300	1,382,675	1,603,554	1,122,870	1,393,126	1,649,318	1,640,805
Net Income (Loss) before Deprec.	112,215	225,348	213,552	45,879	(196,391)	(263,466)	(151,500)	(73,386)	(126,104)	8,002	32,154	126,250	271,877	112,215	100,671	97,396	320,901	31,059	(439,866)
Depreciation Expense	2,410,200	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	200,850	2,410,200	2,500,000	2,500,000	2,379,463	2,220,686	2,090,083
Net Income (Loss)	(2,297,985)	24,498	12,702	(154,971)	(397,241)	(464,316)	(352,350)	(274,236)	(326,954)	(192,848)	(168,696)	(74,600)	71,027	(2,297,985)	(2,399,329)	(2,402,604)	(2,058,562)	(2,189,627)	(2,529,949)

THE FOREST HIGHLANDS ASSOCIATION CAPITAL & RESERVE BUDGET 2022															
FINAL Draft 11.22.2021															2022
	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL	
CAPITAL FUND															
Beginning Balance	3,141,945														3,141,945
Sources															
Capital Contribution Fee (46)	55125	2,535,750	55,125	55,125	220,500	220,500	330,750	330,750	275,625	330,750	330,750	275,625	55,125	55,125	2,535,750
Operations Contribution		0	-	-	-	-	-	-	-	-	-	-	-	-	0
Utility Company Contribution		0	-	-	-	-	-	-	-	-	-	-	-	-	0
Special Memberships (4@\$55.1K/3@\$15K)		265,500	-	-	-	15,000	15,000	55,125	55,125	55,125	55,125	15,000	-	-	265,500
Interest Income		134,548	16,223	9,718	9,990	9,872	9,963	10,274	11,056	11,579	11,336	12,497	12,346	9,697	134,548
Total Sources	2,935,798	71,348	64,843	230,490	245,372	355,713	396,149	341,806	397,454	397,211	303,122	67,471	64,822	2,935,798	
Uses															
Association Equipment Expenditures		1,571,600	390,400	344,000	530,000	215,000	86,500	5,700	-	-	-	-	-	-	1,571,600
Water Co. Equipment Expenditures		13,200	5,000	-	-	-	-	-	-	-	3,000	5,200	-	-	13,200
Wastewater Co. Equipment Expenditures		800,000	150,000	20,000	30,000	-	275,000	-	-	25,000	275,000	25,000	-	-	800,000
Public Works Infrastructure fund		750,000	-	-	-	-	-	-	-	-	-	-	-	750,000	750,000
Pickleball Courts fund		750,000	-	-	-	-	-	-	-	-	-	-	-	750,000	750,000
Contingency for additional capital		20,000	-	-	5,000	-	-	5,000	-	-	5,000	-	-	5,000	20,000
Transfer to Reserves		1,250,000	-	-	-	-	-	250,000	250,000	250,000	250,000	250,000	-	-	1,250,000
Total Uses	5,154,800	545,400	364,000	565,000	215,000	361,500	260,700	250,000	275,000	533,000	280,200	-	1,505,000	5,154,800	
Ending Balance			2,667,892	2,368,735	2,034,225	2,064,597	2,058,809	2,194,258	2,286,064	2,408,518	2,272,728	2,295,650	2,363,121	922,943	
															Accumulated Public Works Infrastructure Funds
															750,000
															Accumulated Pickleball Court Funds
															750,000
															Total Capital Fund Balance
															2,422,943
RESERVE FUND															
Beginning Balance		7,898,323													7,898,323
Sources															
Capital Fund Contribution		1,250,000	-	-	-	-	-	250,000	250,000	250,000	250,000	250,000	-	-	1,250,000
Utility Company Contribution		0	-	-	-	-	-	-	-	-	-	-	-	-	0
Operations Contribution		1,294,625	107,375	107,375	107,500	107,625	107,750	107,875	108,000	108,125	108,250	108,250	108,250	108,250	1,294,625
Total Sources	10,442,948	107,375	107,375	107,500	107,625	107,750	357,875	358,000	358,125	358,250	358,250	108,250	108,250	108,250	10,442,948
Uses															
Association Reserve Items		1,468,323	210,823	256,500	314,000	217,000	95,000	50,000	-	-	-	150,000	175,000	-	1,468,323
Water Company Reserve Items		175,270	56,000	62,000	40,000	6,500	6,500	4,270	-	-	-	-	-	-	175,270
Wastewater Company Reserve Items		415,700	35,000	45,000	-	110,000	-	14,700	110,000	25,000	16,000	-	60,000	-	415,700
Road Overlay Fund		400,000	-	-	-	-	-	-	-	-	-	-	-	400,000	400,000
Restrooms Remodel Fund		750,000	750,000	-	-	-	-	-	-	-	-	-	-	-	750,000
Contingency for additional RDA		20,000	-	-	5,000	-	-	5,000	-	-	5,000	-	-	5,000	20,000
Total Uses	3,229,293	1,051,823	363,500	359,000	333,500	101,500	73,970	110,000	25,000	21,000	150,000	235,000	405,000	3,229,293	
Ending Balance			6,953,875	6,697,750	6,446,250	6,220,375	6,226,625	6,510,530	6,758,530	7,091,655	7,428,905	7,637,155	7,510,405	7,213,655	
															Accumulated Road Overlay Funds
															69,221
															Accumulated Restrooms Remodel Funds
															750,000
															Total Reserve Fund Balance
															8,032,876