

# Funding Reserve Analysis

for

## Sample Condominium

1234 Main Street  
Seattle, Washington 98101

November 4, 2014



**Interested in easy-to-understand  
reserve studies?**

**How about reserve planning and  
funding recommendations that  
make sense for the association?**

**If working with qualified people  
that care is important to you,  
please have a look...**

## Reserve Study Summary

### Subject Property

Association: Sample Condominium Number of units: 41  
 Location: Seattle, WA Analysis date: January 1, 2015  
 Study period: January 1, 2015 through December 31, 2044

### Economic assumptions

Interest earned on reserves: .10% Tax rate on interest earned: 30%  
 Annual rate of inflation: 3.5%

### Reserve Fund Information

Reserve balance on analysis date	\$112,564
100% funded amount on analysis date	\$135,481
Percent funded on analysis date	83.08%
Current annual contribution rate	\$18,500
Recommended annual reserves contribution	\$21,018
Fully Funded Contribution	\$25,448
Baseline Contribution	\$14,324
Recommended average increase/(decrease) per unit per month	\$5.12
Special assessment recommended	\$0

### Status of Reserve Fund

The reserve account is currently "strong" by industry standards at 83.08% funded.

M&C Consulting recommends increasing the annual contribution to reserves to \$21,018 for 2015.

### 5 Year Reserve Expenditure Forecast

Item name	Budget Year	Projected Cost
Furnishing, exercise equipment	2016	\$6,180
Office computer	2016	\$824
Intercom system	2017	\$19,096
Camera system	2018	\$7,102
Flooring, exercise room	2018	\$5,402
Gate operator	2018	\$1,311
Furnishing, common area furnishings	2019	\$4,435
Renovation, common areas	2019	\$11,255
Renovation, theater room	2019	\$13,506

# Sample Condominium

Analysis Date - January 1, 2015

## Expenditures - Annual

Date	Description	Code	Service Date	Est Life	Future Cost	Salvage Value	Net Expenditure
<b>Year --2015</b>							
01/01/2015	Fire alarm control panel	910-000-0003	01/01/2000	15:00	\$ 6,500.00	\$ 0.00	6,500.00
01/01/2015	HVAC, 5 ton unit	910-000-0005	01/01/2000	15:00	4,184.00	0.00	4,184.00
03/01/2015	Annual Tax Payment	990-000-9990	03/01/2015	:	7.97	0.00	7.97
					\$ 10,691.97	\$ 0.00	10,691.97
<b>Year --2016</b>							
01/01/2016	Envelope, insp. and maintenance	910-000-0002	01/01/2011	5:00	5,695.62	0.00	5,695.62
01/01/2016	Paint, interior	910-000-0008	01/01/2008	8:00	19,054.43	0.00	19,054.43
03/01/2016	Annual Tax Payment	990-000-9990	03/01/2016	:	33.77	0.00	33.77
					\$ 24,783.82	\$ 0.00	24,783.82
						0.00	34.33
						0.00	34.33
<b>Year --2018</b>							
03/01/2018	Annual Tax Payment	990-000-9990	03/01/2018	:	40.89	0.00	40.89
					\$ 40.89	\$ 0.00	40.89
<b>Year --2019</b>							
01/01/2019	Intercom system	910-000-0006	01/01/2004	15:00	7,360.25	0.00	7,360.25
03/01/2019	Annual Tax Payment	990-000-9990	03/01/2019	:	47.14	0.00	47.14
					\$ 7,407.39	\$ 0.00	7,407.39
<b>Year --2020</b>							
01/01/2020	Flooring, carpet, commercial	910-000-0004	01/01/2005	15:00	19,293.27	0.00	19,293.27
03/01/2020	Annual Tax Payment	990-000-9990	03/01/2020	:	51.04	0.00	51.04
06/01/2020	Paint, exterior	910-000-0007	06/01/2010	10:00	44,832.10	0.00	44,832.10
					\$ 64,176.41	\$ 0.00	64,176.41
<b>Year --2021</b>							
01/01/2021	Envelope, insp. and maintenance	910-000-0002	01/01/2016	5:00	6,783.16	0.00	6,783.16
03/01/2021	Annual Tax Payment	990-000-9990	03/01/2021	:	42.38	0.00	42.38
					\$ 6,825.54	\$ 0.00	6,825.54
<b>Year --2022</b>							
03/01/2022	Annual Tax Payment	990-000-9990	03/01/2022	:	45.10	0.00	45.10
					\$ 45.10	\$ 0.00	45.10
<b>Year --2023</b>							
03/01/2023	Annual Tax Payment	990-000-9990	03/01/2023	:	52.40	0.00	52.40
					\$ 52.40	\$ 0.00	52.40
<b>Year --2024</b>							
01/01/2024	Paint, interior	910-000-0008	01/01/2016	8:00	25,201.21	0.00	25,201.21
01/01/2024	Renovation, lobby	910-000-0009	01/01/2009	15:00	19,859.65	0.00	19,859.65
03/01/2024	Annual Tax Payment	990-000-9990	03/01/2024	:	57.02	0.00	57.02

This report can be used as a capital expenditure and maintenance schedule.

# Sample Condominium

Analysis Date - January 1, 2015

## Item Parameters - Full Detail

**Flooring, carpet, commercial**

<b>Item Number</b>	4	<b>Measurement Basis</b>	yd sq
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	15:00
<b>Category</b>	Common Area Elements	<b>Basis Cost</b>	40.50

We will also customize reports, including adding your Chart of Accounts numbers.

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0004	01/01/2005	01/01/2020	5:00	15:00	400.00	\$ 16,200.00	\$ 19,293.27
						\$ 16,200.00	\$ 19,293.27

**Comments**

Better-quality, commercial grade, level loop carpet installed. Glue-down carpet installation includes sweeping the floor and applying adhesive. Carpet over pad installation includes laying the pad and stapling or spot adhesive.



Appendix C

**Sample Condominium  
2015 Budget Summary Disclosures**

This form is meant to assist the board of director's compliance with RCW 64.34.308

**This two page summary report is exclusive to M&C Consulting.**

**We prepare this to help our clients comply with the more stringent budget and reserve fund disclosure requirements recently enacted by the Washington State Legislature.**

(2012.), part 4 (a) through (g).

Inc. using the information available the ratified budget for the coming year to M&C Consulting at the time

**the summary of the budget provided to the unit owners:"**

Current amount of contribution to the reserve account	\$11,500
Recommended contribution rate from reserve study	\$21,018
Funding plan upon which the recommended contribution rate is based	See report in this study "Recommended Funding Plan"

Part (b):

Additional regular or special assessments scheduled	None
Date due	n/a
Amount per unit per month	n/a
Purpose of assessments	n/a

Part (c):

Will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty years? Yes

Part(d): If reserve account balances are not projected to be sufficient, what additional assessments are available for the next year? \_\_\_\_\_  
 due, and \_\_\_\_\_

**We'd love to hear from you. Feel free to write or give us a call!**  
  
**(206) 914-9404 or info@mandcconsulting.com**

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