Structural Integrity Reserve Study

Newport Miami Beach Condominium Association

Submitted to,

Newport Miami Beach Condominium Association
C/O Jonathan Kuprerus
16701 Collins Avenue
Sunny Isles Beach, FL 33160

Prepared by,

m2e CONSULTING ENGINEERS

201 Alhambra Cir // Coral Gables, FL 33134
305-998-0663 // telephone

www.m2e.com

December 17, 2024

Table of Contents

Executive Summary 3

Introduction 5

Property Inventory 7

Component Details 9

Current Plan 62

Annual Expenditures 63

References 65

Terms and Definitions 81

Disclosures 86

Signatures 87

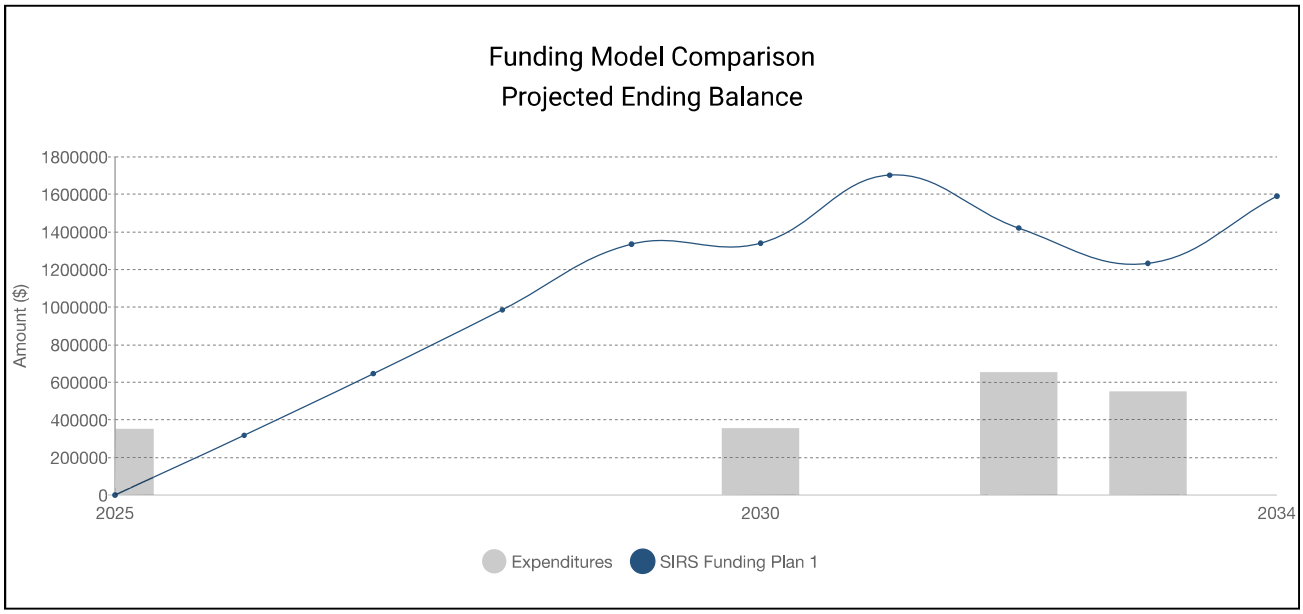
EXECUTIVE SUMMARY

The Association is a 355-unit residential community in Sunny Isles Beach, FL.

10-Year Cash-Flow Projections - Table

ASSOCIATION	FIRST YEAR (2025)	5 YEARS (2029)	10 YEARS (2034)	10 YEARS (2034)
Starting Balance	$0.00	$0.00	$0.00	$0.00
Contributions	$318,000.00	$1,590,000.00	$3,180,000.00	$3,180,000.00
Special Assessments	$0.00	$0.00	$0.00	$0.00
Additional Capital	$35,000.00	$35,000.00	$35,000.00	$35,000.00
Interest / Inv Returns	$0.00	$63,394.61	$291,961.55	$291,961.55
Reserve Expenses	($352,779.06)	($352,779.06)	($1,915,980.02)	($1,915,980.02)
Reserves Balance	$220.94	$1,335,615.55	$1,590,981.53	$1,590,981.53
# of Special Assessments	0	0	0	0
Owner				
Avg Contributions (/unit/month)	$74.65	$74.65	$74.65	$74.65
Special Assessments				
Avg Total Amount (/unit)	$0.00	$0.00	$0.00	$0.00
Avg Assessment Amount (/unit)	$0.00	$0.00	$0.00	$0.00

10-Year Cash-Flow Projections - Summary Graph



The chart above compares the projected annual reserve fund ending balances for various funding plans. Pending the completion of key projects, the future opportunity exists to reduce the rate of contribution to reserves. Please consider during a reserve study Update.

Key Areas to Address First 5 Years 2025 to 2029

LOCATION	2025	2026	2027	2028	2029
ALL	$352,779.06				
	$352,779.06	$0.00	$0.00	$0.00	$0.00

INTRODUCTION

A **Reserve Study** is prepared to estimate the necessary funds that should be allocated for future repairs and replacements of the Association's physical assets. This study serves as a critical tool for evaluating and establishing a stable level of reserve funding, ensuring that costs are fairly distributed among all owners. Proper reserve funding not only supports the financial health of the Association but also plays a crucial role in maintaining or enhancing the value of the individual units.

There are two key components of reserve funding: the **Structural Integrity Reserve Study (SIRS)** and the **Capital Reserve Study (CRS)**.

The goal of a **Structural Integrity Reserve Study (SIRS)** is to determine the required reserve funds for specific items that, if not properly maintained or replaced, could negatively impact the structural integrity of the property. This study is mandated by **Section 718.112(2)(g)** of the Florida Statutes and includes items such:

a. Roof

b. Structure, including load-bearing walls, primary structural members, and primary structural systems

c. Fireproofing and fire protection systems

d. Plumbing

e. Electrical systems

f. Waterproofing and exterior painting

g. Common windows and common exterior doors

h. Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items listed above

The SIRS is based on visual inspection and at a minimum must identify the common areas being visually inspected and state the estimates of the remaining useful life and replacement costs or deferred maintenance expenses for each of the items. It must also provide a recommended annual reserve amount that achieves the estimated replacement cost for deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life. A SIRS may be performed by any person qualified to perform such a study. However, the visual inspection portion of the structural integrity reserve study must be performed or verified by an engineer licensed under chapter 471 or an architect licensed under chapter 481.

On the other hand, the **Capital Reserve Study (CRS)** focuses on calculating adequate reserve funds for other capital expenditures and deferred maintenance needs that, while significant, do

not directly affect the building's structural integrity. These items typically have a predictable useful life and replacement cost but do not include the critical structural components covered under the SIRS.

Capital Reserve Items are distinct from Structural Integrity Reserve Items. They include common elements such as non-structural interior components, amenities, and other assets with a useful life greater than two years. While both categories require reserve funding, they serve different purposes within the overall maintenance and financial planning of the Association.

Beyond the funds mentioned above, the association should also allocate funds for operating and maintenance budgets. These budgets cover insignificant costs of less than $10,000 and items with a typical useful life of less than 2 years.

It is important to note that the useful life assigned to a particular item in this study assumes that the item is constructed or installed properly in accordance with the manufacturer's specifications or applicable standards. This assumption also extends to the implementation and adherence to an adequate maintenance schedule by the Developer and, subsequently, the Association.

This study provides only an approximate estimate based on current industry standards, including data from sources like RS Means Cost-Works. For more precise estimates, it is recommended to obtain bids from licensed general contractors. Due to the inherent variability in market conditions, usage, rate of deterioration, maintenance practices, and weather conditions, the actual costs and useful life expectancy may vary from the estimates presented. M2E Consulting Engineers cannot and does not guarantee that the actual costs or useful life expectancy will align precisely with the projections provided in this study.

This study was conducted by M2E Consulting Engineers through visual inspection of the building and related elements, following generally accepted standards of practice. The accompanying estimates and Expected Useful Life (EUL) information are derived from standard industry sources and professional judgment. This study is intended to provide a clear financial roadmap for maintaining the structural integrity and overall condition of Newport Miami Beach Condominium Association, ensuring that all necessary repairs and replacements are planned and funded adequately to avoid unexpected financial burdens on the Association and its members.

PROPERTY INVENTORY

CATEGORY/COMPONENT	NEXT REPL.	EST. LIFE	REM. LIFE	UNIT COST	QTY	CURRENT COST
ALL						
Structural Members	01/01/2075	81y	50y	$150.00	550.50 SF	$82,575.00
Backflow Preventer	01/01/2025	31y	0y	$6,581.00	1 Ea	$6,581.00
Site Distribution	01/01/2045	51y	20y	$53,155.00	1 LS	$53,155.00
Fire Pump & Controller	01/01/2043	21y	18y	$50,016.00	1 Ea	$50,016.00
Fire Pump Room Distribution, Valving & Appurtenances	01/01/2025	31y	0y	$5,000.00	1 LS	$5,000.00
Fire Protection Specialties - Fire Department Connections, Flow Test Valving	01/01/2025	31y	0y	$44,077.60	1 LS	$44,077.60
Standpipes (4" or 6")	01/01/2045	51y	20y	$69,972.228	1 LS	$69,972.23
Fire Sprinkler Distribution (Interior)	01/01/2045	51y	20y	$205,361.838	1 LS	$205,361.84
Fire Extinguishers	01/01/2025	31y	0y	$125.00	64 Ea	$8,000.00
Fire Alarm System	01/01/2030	16y	5y	$265,000.00	1 LS	$265,000.00
Backflow Preventer	01/01/2025	31y	0y	$6,581.00	1 Ea	$6,581.00
Domestic Cold Water Pump	01/01/2037	16y	12y	$79,928.00	1 Ea	$79,928.00
Domestic Cold Water Pump Room Distribution, Valving & Appurtenances	01/01/2055	31y	30y	$5,000.00	1 LS	$5,000.00
Domestic Cold Water Distribution (Interior)	01/01/2025	31y	0y	$52,516.464	1 LS	$52,516.46
Domestic Water Heater- Boilers	01/01/2025	31y	0y	$68,318.00	2 Ea	$136,636.00
Domestic Water Heater - Storage Tank	01/01/2025	31y	0y	$63,387.00	1 Ea	$63,387.00
Sanitary Sewer Site Distribution	01/01/2054	31y	29y	$97,112.61	1 LS	$97,112.61
Sanitary Sewer Distribution - Interior Building	01/01/2045	51y	20y	$206,438.232	1 LS	$206,438.23
Storm Drainage Site Distribution	01/01/2054	31y	29y	$65,819.61	1 LS	$65,819.61
Storm Drainage Distribution - Interior Building	01/01/2075	51y	50y	$179,971.792	1 LS	$179,971.79
Storm Drainage Lift Station Pump	01/01/2042	21y	17y	$13,888.00	2 LS	$27,776.00
Electrical Panels and Switchboards	01/01/2035	41y	10y	$445,000.00	1 LS	$445,000.00
Meter Centers (outside, count)	01/01/2035	41y	10y	$124,000.00	1 LS	$124,000.00
Emergency Generator	01/01/2047	26y	22y	$405,000.00	1 LS	$405,000.00
Automatic Transfer Switches	01/01/2052	31y	27y	$74,000.00	1 LS	$74,000.00
Lighting (89%)	01/01/2040	16y	15y	$248,000.00	1 LS	$248,000.00
Lighting (11%)	01/01/2025	31y	0y	$30,000.00	1 LS	$30,000.00
Emergency Exit Lighting	01/01/2050	26y	25y	$82,000.00	1 LS	$82,000.00
Exterior Stucco and Masonry	01/01/2032	8y	7y	$25.00	11,010 SF	$275,250.00

CATEGORY/COMPONENT	NEXT REPL.	EST. LIFE	REM. LIFE	UNIT COST	QTY	CURRENT COST
Exterior Painting and Caulking	01/01/2032	8y	7y	$3.50	73,400 SF	$256,900.00
Exterior Balconies Railing Painting	01/01/2030	8y	5y	$15.00	2,820 LF	$42,300.00
Pool Waterproofing	01/01/2039	16y	14y	$50.00	2,776 SF	$138,800.00
Pool Deck Waterproofing	01/01/2039	16y	14y	$40.00	18,805 SF	$752,200.00
Planters Waterproofing	01/01/2039	16y	14y	$40.00	4,254 SF	$170,160.00
Parking Waterproofing	01/01/2040	16y	15y	$25.00	12,691 SF	$317,275.00
Balconies Waterproofing	01/01/2038	16y	13y	$25.00	11,280 SF	$282,000.00
Exterior Windows (Common area)	01/01/2055	31y	30y	$1,500.00	95 Ea	$142,500.00
Exterior Doors (Common area)	01/01/2055	31y	30y	$2,000.00	28 Ea	$56,000.00
Balconies Railing	01/01/2048	26y	23y	$150.00	2,820 LF	$423,000.00
Common area Railing	01/01/2048	26y	23y	$150.00	380 LF	$57,000.00
ALL TOTAL						**$6,032,290.37**
BLDG A						
Upper Roof System, Asphaltic	01/01/2033	21y	8y	$16.00	27,257 SF	$436,112.00
BLDG A TOTAL						**$436,112.00**
BLDG B, C						
Lower Roof System, Asphaltic	01/01/2044	21y	19y	$16.00	23,540 SF	$376,640.00
BLDG B, C TOTAL						**$376,640.00**
GRAND TOTAL						**$6,845,042.37**

COMPONENT DETAIL

Upper Roof System, Asphaltic

Basic Info

Asset ID:	A.001
Type of Cost:	Replacement
Location:	BLDG A
Category:	A ROOF
Est. Useful Life:	20y

Cost Data

Unit Cost (01/01/2025):	$16.00
Total Qty to Maintain (100% of Total):	27,257 SF
Total Current Cost:	$436,112.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Upper Roof System, Asphaltic	01/01/2012	21y	01/01/2033	8y	27,257 SF	$436,112.00
Total					27,257 SF	$436,112.00

Photos

Lower Roof System, Asphaltic

Basic Info

Asset ID:	A.002
Type of Cost:	Replacement
Location:	BLDG B, C
Category:	A ROOF
Est. Useful Life:	20y

Cost Data

Unit Cost (01/01/2025):	$16.00
Total Qty to Maintain (100% of Total):	23,540 SF
Total Current Cost:	$376,640.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Lower Roof System, Asphaltic	01/01/2023	21y	01/01/2044	19y	23,540 SF	$376,640.00
Total					23,540 SF	$376,640.00

Photos

Structural Members

Basic Info

Asset ID:	B.001
Type of Cost:	Replacement
Location:	ALL
Category:	B STRUCTURE
Est. Useful Life:	80y

Cost Data

Unit Cost (01/01/2025):	$150.00
Total Qty to Maintain (100% of Total):	550.50 SF
Total Current Cost:	$82,575.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Structural Members	01/01/1994	81y	01/01/2075	50y	550.50 SF	$82,575.00
Total					550.50 SF	$82,575.00

Photos

Backflow Preventer

Basic Info

Asset ID:	C.001
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$6,581.00
Total Qty to Maintain (100% of Total):	1 Ea
Total Current Cost:	$6,581.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Backflow Preventer	01/01/1994	31y	01/01/2025	0y	1 Ea	$6,581.00
Total					1 Ea	$6,581.00

Photos

Site Distribution

Basic Info

Asset ID:	C.002
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	50y

Cost Data

Unit Cost (01/01/2025):	$53,155.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$53,155.00
Inflation Rate:	3.00%

Notes

Please be advised that certain elements and/or systems were not Easily Visible or Readily Accessible during our visual inspection. Consequently, the estimated useful life of these components has been determined solely based on an analysis of the provided drawings.

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Site Distribution	01/01/1994	51y	01/01/2045	20y	1 LS	$53,155.00
Total					1 LS	$53,155.00

Photos

Fire Pump & Controller

Basic Info

Asset ID:	C.003
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	20y

Cost Data

Unit Cost (01/01/2025):	$50,016.00
Total Qty to Maintain (100% of Total):	1 Ea
Total Current Cost:	$50,016.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Fire Pump & Controller	01/01/2022	21y	01/01/2043	18y	1 Ea	$50,016.00
Total					1 Ea	$50,016.00

Photos

Fire Pump Room Distribution, Valving & Appurtenances

Basic Info

Asset ID:	C.004
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	20y

Cost Data

Unit Cost (01/01/2025):	$5,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$5,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Fire Pump Room Distribution, Valving & Appurtenances	01/01/1994	31y	01/01/2025	0y	1 LS	$5,000.00
Total					1 LS	$5,000.00

Photos

Fire Protection Specialties - Fire Department Connections, Flow Test Valving

Basic Info

Asset ID:	C.005
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$44,077.60
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$44,077.60
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Fire Protection Specialties - Fire Department Connections, Flow Test Valving	01/01/1994	31y	01/01/2025	0y	1 LS	$44,077.60
Total					1 LS	$44,077.60

Photos

Standpipes (4" or 6")

Basic Info

Asset ID:	C.006
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	50y

Cost Data

Unit Cost (01/01/2025):	$69,972.228
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$69,972.23
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Standpipes (4" or 6")	01/01/1994	51y	01/01/2045	20y	1 LS	$69,972.23
Total					1 LS	$69,972.23

Photos

Fire Sprinkler Distribution (Interior)

Basic Info

Asset ID:	C.007
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	50y

Cost Data

Unit Cost (01/01/2025):	$205,361.838
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$205,361.84
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Fire Sprinkler Distribution (Interior)	01/01/1994	51y	01/01/2045	20y	1 LS	$205,361.84
Total					1 LS	$205,361.84

Photos

Fire Extinguishers

Basic Info

Asset ID:	C.008
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	12y

Cost Data

Unit Cost (01/01/2025):	$125.00
Total Qty to Maintain (100% of Total):	64 Ea
Total Current Cost:	$8,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Fire Extinguishers	01/01/1994	31y	01/01/2025	0y	64 Ea	$8,000.00
Total					64 Ea	$8,000.00

Photos

Fire Alarm System

Basic Info

Asset ID:	C.009
Type of Cost:	Replacement
Location:	ALL
Category:	C FIREPRF FIRE PRTCTN
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$265,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$265,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Fire Alarm System	01/01/2014	16y	01/01/2030	5y	1 LS	$265,000.00
Total					1 LS	$265,000.00

Photos

Backflow Preventer

Basic Info

Asset ID:	D.001
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$6,581.00
Total Qty to Maintain (100% of Total):	1 Ea
Total Current Cost:	$6,581.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Backflow Preventer	01/01/1994	31y	01/01/2025	0y	1 Ea	$6,581.00
Total					1 Ea	$6,581.00

Photos

Domestic Cold Water Pump

Basic Info

Asset ID:	D.002
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$79,928.00
Total Qty to Maintain (100% of Total):	1 Ea
Total Current Cost:	$79,928.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Domestic Cold Water Pump	01/01/2021	16y	01/01/2037	12y	1 Ea	$79,928.00
Total					1 Ea	$79,928.00

Photos

Domestic Cold Water Pump Room Distribution, Valving & Appurtenances

Basic Info

Asset ID:	D.003
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$5,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$5,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Domestic Cold Water Pump Room Distribution, Valving & Appurtenances	01/01/2024	31y	01/01/2055	30y	1 LS	$5,000.00
Total					1 LS	$5,000.00

Photos

Domestic Cold Water Distribution (Interior)

Basic Info

Asset ID:	D.004
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$52,516.464
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$52,516.46
Inflation Rate:	3.00%

Notes

Please be advised that certain elements and/or systems were not Easily Visible or Readily Accessible during our visual inspection. Consequently, the estimated useful life of these components has been determined solely based on an analysis of the provided drawings.

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Domestic Cold Water Distribution (Interior)	01/01/1994	31y	01/01/2025	0y	1 LS	$52,516.46
Total					1 LS	$52,516.46

Photos

Domestic Water Heater- Boilers

Basic Info

Asset ID:	D.005
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$68,318.00
Total Qty to Maintain (100% of Total):	2 Ea
Total Current Cost:	$136,636.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Domestic Water Heater-Boilers	01/01/1994	31y	01/01/2025	0y	2 Ea	$136,636.00
Total					2 Ea	$136,636.00

Photos

Domestic Water Heater - Storage Tank

Basic Info

Asset ID:	D.006
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$63,387.00
Total Qty to Maintain (100% of Total):	1 Ea
Total Current Cost:	$63,387.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Domestic Water Heater - Storage Tank	01/01/1994	31y	01/01/2025	0y	1 Ea	$63,387.00
Total					1 Ea	$63,387.00

Photos

Sanitary Sewer Site Distribution

Basic Info

Asset ID:	D.007
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$97,112.61
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$97,112.61
Inflation Rate:	3.00%

Notes

Please be advised that certain elements and/or systems were not Easily Visible or Readily Accessible during our visual inspection. Consequently, the estimated useful life of these components has been determined solely based on an analysis of the provided drawings.

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Sanitary Sewer Site Distribution	01/01/2023	31y	01/01/2054	29y	1 LS	$97,112.61
Total					1 LS	$97,112.61

Photos

Sanitary Sewer Distribution - Interior Building

Basic Info

Asset ID:	D.008
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	50y

Cost Data

Unit Cost (01/01/2025):	$206,438.232
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$206,438.23
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Sanitary Sewer Distribution - Interior Building	01/01/1994	51y	01/01/2045	20y	1 LS	$206,438.23
Total					1 LS	$206,438.23

Photos

Storm Drainage Site Distribution

Basic Info

Asset ID:	D.009
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$65,819.61
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$65,819.61
Inflation Rate:	3.00%

Notes

Please be advised that certain elements and/or systems were not Easily Visible or Readily Accessible during our visual inspection. Consequently, the estimated useful life of these components has been determined solely based on an analysis of the provided drawings.

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Storm Drainage Site Distribution	01/01/2023	31y	01/01/2054	29y	1 LS	$65,819.61
Total					1 LS	$65,819.61

Photos

Storm Drainage Distribution - Interior Building

Basic Info

Asset ID:	D.010
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	50y

Cost Data

Unit Cost (01/01/2025):	$179,971.792
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$179,971.79
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Storm Drainage Distribution - Interior Building	01/01/2024	51y	01/01/2075	50y	1 LS	$179,971.79
Total					1 LS	$179,971.79

Photos

Storm Drainage Lift Station Pump

Basic Info

Asset ID:	D.011
Type of Cost:	Replacement
Location:	ALL
Category:	D PLUMBING
Est. Useful Life:	20y

Cost Data

Unit Cost (01/01/2025):	$13,888.00
Total Qty to Maintain (100% of Total):	2 LS
Total Current Cost:	$27,776.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Storm Drainage Lift Station Pump	01/01/2021	21y	01/01/2042	17y	2 LS	$27,776.00
Total					2 LS	$27,776.00

Photos

Electrical Panels and Switchboards

Basic Info

Asset ID:	E.001
Type of Cost:	Replacement
Location:	ALL
Category:	E ELECTRICAL
Est. Useful Life:	40y

Cost Data

Unit Cost (01/01/2025):	$445,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$445,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Electrical Panels and Switchboards	01/01/1994	41y	01/01/2035	10y	1 LS	$445,000.00
Total					1 LS	$445,000.00

Photos

Meter Centers (outside, count)

Basic Info

Asset ID:	E.002
Type of Cost:	Replacement
Location:	ALL
Category:	E ELECTRICAL
Est. Useful Life:	40y

Cost Data

Unit Cost (01/01/2025):	$124,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$124,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Meter Centers (outside, count)	01/01/1994	41y	01/01/2035	10y	1 LS	$124,000.00
Total					1 LS	$124,000.00

Photos

Emergency Generator

Basic Info

Asset ID:	E.003
Type of Cost:	Replacement
Location:	ALL
Category:	E ELECTRICAL
Est. Useful Life:	25y

Cost Data

Unit Cost (01/01/2025):	$405,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$405,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Emergency Generator	01/01/2021	26y	01/01/2047	22y	1 LS	$405,000.00
Total					1 LS	$405,000.00

Photos

Automatic Transfer Switches

Basic Info

Asset ID:	E.004
Type of Cost:	Replacement
Location:	ALL
Category:	E ELECTRICAL
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$74,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$74,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Automatic Transfer Switches	01/01/2021	31y	01/01/2052	27y	1 LS	$74,000.00
Total					1 LS	$74,000.00

Photos

Lighting (89%)

Basic Info

Asset ID:	E.005
Type of Cost:	Replacement
Location:	ALL
Category:	E ELECTRICAL
Est. Useful Life:	15y

Cost Data

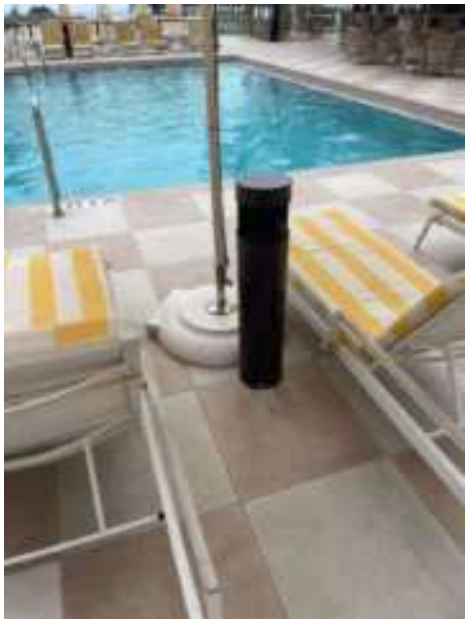
Unit Cost (01/01/2025):	$248,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$248,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Lighting (89%)	01/01/2024	16y	01/01/2040	15y	1 LS	$248,000.00
Total					1 LS	$248,000.00

Photos



Lighting (11%)

Basic Info

Asset ID:	E.006
Type of Cost:	Replacement
Location:	ALL
Category:	E ELECTRICAL
Est. Useful Life:	15y

Cost Data

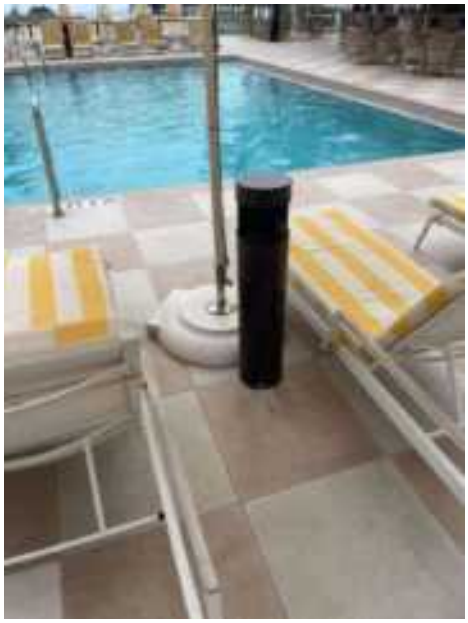
Unit Cost (01/01/2025):	$30,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$30,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Lighting (11%)	01/01/1994	31y	01/01/2025	0y	1 LS	$30,000.00
Total					1 LS	$30,000.00

Photos



Emergency Exit Lighting

Basic Info

Asset ID:	E.007
Type of Cost:	Replacement
Location:	ALL
Category:	E ELECTRICAL
Est. Useful Life:	25y

Cost Data

Unit Cost (01/01/2025):	$82,000.00
Total Qty to Maintain (100% of Total):	1 LS
Total Current Cost:	$82,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Emergency Exit Lighting	01/01/2024	26y	01/01/2050	25y	1 LS	$82,000.00
Total					1 LS	$82,000.00

Photos

Exterior Stucco and Masonry

Basic Info

Asset ID:	F.001
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	7y

Cost Data

Unit Cost (01/01/2025):	$25.00
Total Qty to Maintain (100% of Total):	11,010 SF
Total Current Cost:	$275,250.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Exterior Stucco and Masonry	01/01/2024	8y	01/01/2032	7y	11,010 SF	$275,250.00
Total					11,010 SF	$275,250.00

Photos

Exterior Painting and Caulking

Basic Info

Asset ID:	F.002
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	7y

Cost Data

Unit Cost (01/01/2025):	$3.50
Total Qty to Maintain (100% of Total):	73,400 SF
Total Current Cost:	$256,900.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Exterior Painting and Caulking	01/01/2024	8y	01/01/2032	7y	73,400 SF	$256,900.00
Total					73,400 SF	$256,900.00

Photos

Exterior Balconies Railing Painting

Basic Info

Asset ID:	F.003
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	7y

Cost Data

Unit Cost (01/01/2025):	$15.00
Total Qty to Maintain (100% of Total):	2,820 LF
Total Current Cost:	$42,300.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Exterior Balconies Railing Painting	01/01/2022	8y	01/01/2030	5y	2,820 LF	$42,300.00
Total					2,820 LF	$42,300.00

Photos

Pool Waterproofing

Basic Info

Asset ID:	F.004
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$50.00
Total Qty to Maintain (100% of Total):	2,776 SF
Total Current Cost:	$138,800.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Pool Waterproofing	01/01/2023	16y	01/01/2039	14y	2,776 SF	$138,800.00
Total					2,776 SF	$138,800.00

Photos

Pool Deck Waterproofing

Basic Info

Asset ID:	F.005
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$40.00
Total Qty to Maintain (100% of Total):	18,805 SF
Total Current Cost:	$752,200.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Pool Deck Waterproofing	01/01/2023	16y	01/01/2039	14y	18,805 SF	$752,200.00
Total					18,805 SF	$752,200.00

Photos

Planters Waterproofing

Basic Info

Asset ID:	F.006
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$40.00
Total Qty to Maintain (100% of Total):	4,254 SF
Total Current Cost:	$170,160.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Planters Waterproofing	01/01/2023	16y	01/01/2039	14y	4,254 SF	$170,160.00
Total					4,254 SF	$170,160.00

Photos

Parking Waterproofing

Basic Info

Asset ID:	F.007
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$25.00
Total Qty to Maintain (100% of Total):	12,691 SF
Total Current Cost:	$317,275.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Parking Waterproofing	01/01/2024	16y	01/01/2040	15y	12,691 SF	$317,275.00
Total					12,691 SF	$317,275.00

Photos

Balconies Waterproofing

Basic Info

Asset ID:	F.008
Type of Cost:	Replacement
Location:	ALL
Category:	F WATERPRF EXT PAINT
Est. Useful Life:	15y

Cost Data

Unit Cost (01/01/2025):	$25.00
Total Qty to Maintain (100% of Total):	11,280 SF
Total Current Cost:	$282,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Balconies Waterproofing	01/01/2022	16y	01/01/2038	13y	11,280 SF	$282,000.00
Total					11,280 SF	$282,000.00

Photos

Exterior Windows (Common area)

Basic Info

Asset ID:	G.001
Type of Cost:	Replacement
Location:	ALL
Category:	G WINDOWS & EXTERIOR DOORS
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$1,500.00
Total Qty to Maintain (100% of Total):	95 Ea
Total Current Cost:	$142,500.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Exterior Windows (Common area)	01/01/2024	31y	01/01/2055	30y	95 Ea	$142,500.00
Total					95 Ea	$142,500.00

Photos

Exterior Doors (Common area)

Basic Info

Asset ID:	G.002
Type of Cost:	Replacement
Location:	ALL
Category:	G WINDOWS & EXTERIOR DOORS
Est. Useful Life:	30y

Cost Data

Unit Cost (01/01/2025):	$2,000.00
Total Qty to Maintain (100% of Total):	28 Ea
Total Current Cost:	$56,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Exterior Doors (Common area)	01/01/2024	31y	01/01/2055	30y	28 Ea	$56,000.00
Total					28 Ea	$56,000.00

Photos

Balconies Railing

Basic Info

Asset ID:	G.003
Type of Cost:	Replacement
Location:	ALL
Category:	G WINDOWS & EXTERIOR DOORS
Est. Useful Life:	25y

Cost Data

Unit Cost (01/01/2025):	$150.00
Total Qty to Maintain (100% of Total):	2,820 LF
Total Current Cost:	$423,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Balconies Railing	01/01/2022	26y	01/01/2048	23y	2,820 LF	$423,000.00
Total					2,820 LF	$423,000.00

Photos

Common area Railing

Basic Info

Asset ID:	G.004
Type of Cost:	Replacement
Location:	ALL
Category:	G WINDOWS & EXTERIOR DOORS
Est. Useful Life:	25y

Cost Data

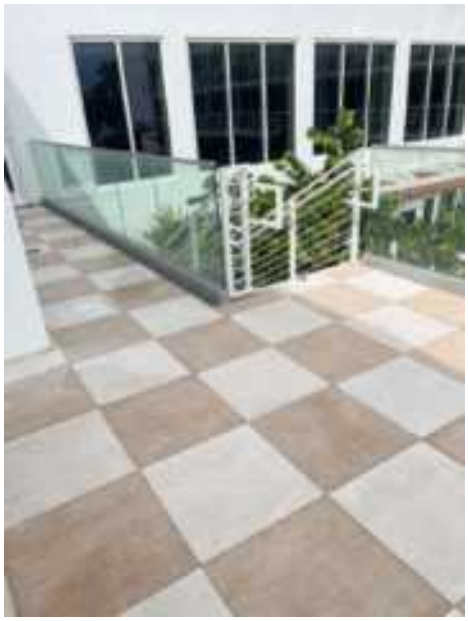
Unit Cost (01/01/2025):	$150.00
Total Qty to Maintain (100% of Total):	380 LF
Total Current Cost:	$57,000.00
Inflation Rate:	3.00%

Notes

Items/Phases

Item/Phase	Last Activity Date	Useful Life (UL)	Next Activity Date	RUL (Years)	Qty	Total Current Cost
Common area Railing	01/01/2022	26y	01/01/2048	23y	380 LF	$57,000.00
Total					380 LF	$57,000.00

Photos



Page intentionally left blank

CURRENT PLAN

Inflation: 3.00% | **Investment:** 3.25% | **Calc:** Inflation-Adjusted

YEAR	STARTING BALANCE	CONTRIBUTIONS	PERCENT CHANGE	INTEREST	SPECIAL ASSMNT	ADDTIONAL CAPITAL	EXPENDITURE FUTURE COST	ENDING BALANCE	PERCENT FUNDED	FULLY FUNDED BALANCE
2025	$0.00	$318,000.00	N/A	$0.00	$0.00	$35,000.00	$352,779.06	$220.94	0.01%	$2,180,887.69
2026	$220.94	$318,000.00	0.00%	$7.18	$0.00	$0.00	$0.00	$318,228.12	12.13%	$2,623,689.19
2027	$318,228.12	$318,000.00	0.00%	$10,342.41	$0.00	$0.00	$0.00	$646,570.53	20.92%	$3,091,096.05
2028	$646,570.53	$318,000.00	0.00%	$21,013.54	$0.00	$0.00	$0.00	$985,584.07	27.50%	$3,584,185.88
2029	$985,584.07	$318,000.00	0.00%	$32,031.48	$0.00	$0.00	$0.00	$1,335,615.55	32.54%	$4,104,079.20
2030	$1,335,615.55	$318,000.00	0.00%	$43,407.51	$0.00	$0.00	$356,244.61	$1,340,778.45	31.27%	$4,287,228.38
2031	$1,340,778.45	$318,000.00	0.00%	$43,575.30	$0.00	$0.00	$0.00	$1,702,353.75	35.06%	$4,855,613.15
2032	$1,702,353.75	$318,000.00	0.00%	$55,326.50	$0.00	$0.00	$654,511.47	$1,421,168.78	29.66%	$4,792,168.51
2033	$1,421,168.78	$318,000.00	0.00%	$46,187.99	$0.00	$0.00	$552,444.88	$1,232,911.89	25.44%	$4,847,209.74
2034	$1,232,911.89	$318,000.00	0.00%	$40,069.64	$0.00	$0.00	$0.00	$1,590,981.53	28.99%	$5,487,338.56

ANNUAL EXPENDITURES

2025 to 2034 Plan

ASSET №	NAME	UNIT COST	QTY.	FUTURE COST	USEFUL LIFE	NEXT ACTIVITY
2025 (Year 1)						
C.001	Backflow Preventer	$6,581.00	1 Ea	$6,581.00	31y	N/A
D.001	Backflow Preventer	$6,581.00	1 Ea	$6,581.00	31y	N/A
D.004	Domestic Cold Water Distribution (Interior)	$52,516.46	1 LS	$52,516.46	31y	N/A
D.006	Domestic Water Heater - Storage Tank	$63,387.00	1 Ea	$63,387.00	31y	N/A
D.005	Domestic Water Heater- Boilers	$68,318.00	2 Ea	$136,636.00	31y	N/A
C.008	Fire Extinguishers	$125.00	64 Ea	$8,000.00	31y	N/A
C.005	Fire Protection Specialties - Fire Department Connections, Flow Test Valving	$44,077.60	1 LS	$44,077.60	31y	N/A
C.004	Fire Pump Room Distribution, Valving & Appurtenances	$5,000.00	1 LS	$5,000.00	31y	N/A
E.006	Lighting (11%)	$30,000.00	1 LS	$30,000.00	31y	N/A
2025 (Year 1) Total				$352,779.06		
2026 (Year 2)						
2026 (Year 2) Total				$0.00		
2027 (Year 3)						
2027 (Year 3) Total				$0.00		
2028 (Year 4)						
2028 (Year 4) Total				$0.00		
2029 (Year 5)						
2029 (Year 5) Total				$0.00		
2030 (Year 6)						
F.003	Exterior Balconies Railing Painting	$17.389	2,820 LF	$49,036.98	8y	N/A
C.009	Fire Alarm System	$307,207.63	1 LS	$307,207.63	16y	N/A
2030 (Year 6) Total				$356,244.61		
2031 (Year 7)						
2031 (Year 7) Total				$0.00		

ASSET №	NAME	UNIT COST	QTY.	FUTURE COST	USEFUL LIFE	NEXT ACTIVITY
2032 (Year 8)						
F.002	Exterior Painting and Caulking	$4.305	73,400 SF	$315,987.00	8y	N/A
F.001	Exterior Stucco and Masonry	$30.747	11,010 SF	$338,524.47	8y	N/A
2032 (Year 8) Total				$654,511.47		
2033 (Year 9)						
A.001	Upper Roof System, Asphaltic	$20.268	27,257 SF	$552,444.88	21y	N/A
2033 (Year 9) Total				$552,444.88		
2034 (Year 10)						
2034 (Year 10) Total				$0.00		

REFERENCES

THE 2024 FLORIDA STATUTES

TITLE XL - REAL AND PERSONAL PROPERTY

CHAPTER 718 – CONDOMINIUMS

718.111 The association.

718.111 The association.

1) CORPORATE ENTITY.—

(a) The operation of the condominium shall be by the association, which must be a Florida corporation for profit or a Florida corporation not for profit. However, any association which was in existence on January 1, 1977, need not be incorporated. The owners of units shall be shareholders or members of the association. The officers and directors of the association have a fiduciary relationship to the unit owners. It is the intent of the Legislature that nothing in this paragraph shall be construed as providing for or removing a requirement of a fiduciary relationship between any manager employed by the association and the unit owners. An officer, a director, or a manager may not solicit, offer to accept, or accept a kickback. Any such officer, director, or manager who knowingly so solicits, offers to accept, or accepts a kickback commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084; is subject to a civil penalty pursuant to s. 718.501(1)(e); and must be removed from office and a vacancy declared. However, this paragraph does not prohibit an officer, a director, or a manager from accepting services or items received in connection with trade fairs or education programs. An association may operate more than one condominium.

(b) A director of the association who is present at a meeting of its board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he or she votes against such action or abstains from voting. A director of the association who abstains from voting on any action taken on any corporate matter shall be presumed to have taken no position with regard to the action. Directors may not vote by proxy or by secret ballot at board meetings, except that officers may be elected by secret ballot. A vote or abstention for each member present shall be recorded in the minutes.

(c) A unit owner does not have any authority to act for the association by reason of being a unit owner.

(d) As required by s. 617.0830, an officer, director, or agent shall discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the interests of the association. An officer, director, or agent shall be liable for monetary damages as provided in s. 617.0834 if such officer, director, or agent breached or failed to perform his or her duties and the breach of, or failure to perform, his or her duties constitutes a violation of criminal law as provided in s. 617.0834; constitutes a transaction from which the officer or director derived an improper personal benefit, either directly or indirectly; or constitutes recklessness or an act or omission that was in bad faith, with malicious purpose, or in a manner exhibiting wanton and willful disregard of human rights, safety, or property. Forgery of a ballot envelope or voting certificate used in a condominium association election is punishable as provided in s. 831.01, the theft or embezzlement of funds of a condominium association is punishable as provided in

s. 812.014, and the destruction of or the refusal to allow inspection or copying of an official record of a condominium association that is accessible to unit owners within the time periods required by general law in furtherance of any crime is punishable as tampering with physical evidence as provided in s. 918.13 or as obstruction of justice as provided in chapter 843. An officer or director charged by information or indictment with a crime referenced in this paragraph must be removed from office, and the vacancy shall be filled as provided in s. 718.112(2)(d)2. until the end of the officer's or director's period of suspension or the end of his or her term of office, whichever occurs first. If a criminal charge is pending against the officer or director, he or she may not be appointed or elected to a position as an officer or a director of any association and may not have access to the official records of any association, except pursuant to a court order. However, if the charges are resolved without a finding of guilt, the officer or director must be reinstated for the remainder of his or her term of office, if any.

718.112 Bylaws.

(2) REQUIRED PROVISIONS.--The bylaws shall provide for the following and, if they do not do so, shall be deemed to include the following:

(f) *Annual budget.*

Annual budget.—

1. The proposed annual budget of estimated revenues and expenses must be detailed and must show the amounts budgeted by accounts and expense classifications, including, at a minimum, any applicable expenses listed in s. 718.504(21). The board shall adopt the annual budget at least 14 days before the start of the association's fiscal year. In the event that the board fails to timely adopt the annual budget a second time, it is deemed a minor violation and the prior year's budget shall continue in effect until a new budget is adopted. A multicondominium association must adopt a separate budget of common expenses for each condominium the association operates and must adopt a separate budget of common expenses for the association. In addition, if the association maintains limited common elements with the cost to be shared only by those entitled to use the limited common elements as provided for in s. 718.113(1), the budget or a schedule attached to it must show the amount budgeted for this maintenance. If, after turnover of control of the association to the unit owners, any of the expenses listed in s. 718.504(21) are not applicable, they do not need to be listed.

2.a. In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000. The amount to be reserved must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of the reserve item. In a budget adopted by an association that is required to obtain a structural integrity reserve study, reserves must be maintained for the items identified in paragraph (g) for which the association

is responsible pursuant to the declaration of condominium, and the reserve amount for such items must be based on the findings and recommendations of the association's most recent structural integrity reserve study. With respect to items for which an estimate of useful life is not readily ascertainable or with an estimated remaining useful life of greater than 25 years, an association is not required to reserve replacement costs for such items, but an association must reserve the amount of deferred maintenance expense, if any, which is recommended by the structural integrity reserve study for such items. The association may adjust replacement reserve assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. The members of a unit-owner-controlled association may determine, by a majority vote of the total voting interests of the association, to provide no reserves or less reserves than required by this subsection. For a budget adopted on or after December 31, 2024, the members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not determine to provide no reserves or less reserves than required by this subsection for items listed in paragraph (g), except that members of an association operating a multicondominium may determine to provide no reserves or less reserves than required by this subsection if an alternative funding method has been approved by the division. If the local building official, as defined in s. 468.603, determines that the entire condominium building is uninhabitable due to a natural emergency, as defined in s. 252.34, the board, upon the approval of a majority of its members, may pause the contribution to its reserves or reduce reserve funding until the local building official determines that the condominium building is habitable. Any reserve account funds held by the association may be expended, pursuant to the board's determination, to make the condominium building and its structures habitable. Upon the determination by the local building official that the condominium building is habitable, the association must immediately resume contributing funds to its reserves.

b. Before turnover of control of an association by a developer to unit owners other than a developer under s. 718.301, the developer-controlled association may not vote to waive the reserves or reduce funding of the reserves. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves and no such result is achieved or a quorum is not attained, the reserves included in the budget shall go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and may be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote of all the total voting interests of the association. Before turnover of control of an association by a developer to unit owners other than the developer pursuant to s. 718.301, the developer-controlled association may not vote to use reserves for purposes other than those for which they were intended. For a budget adopted on or after December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds, or any interest accruing thereon, for any other purpose other than the replacement or deferred maintenance costs of the components listed in paragraph (g).

4. The only voting interests that are eligible to vote on questions that involve waiving or

reducing the funding of reserves, or using existing reserve funds for purposes other than purposes for which the reserves were intended, are the voting interests of the units subject to assessment to fund the reserves in question. Proxy questions relating to waiving or reducing the funding of reserves or using existing reserve funds for purposes other than purposes for which the reserves were intended must contain the following statement in capitalized, bold letters in a font size larger than any other used on the face of the proxy ballot: WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.

(g) *Structural integrity reserve study.*—

1. A residential condominium association must have a structural integrity reserve study completed at least every 10 years after the condominium's creation for each building on the condominium property that is three stories or higher in height, as determined by the Florida Building Code, which includes, at a minimum, a study of the following items as related to the structural integrity and safety of the building:

a. Roof.

b. Structure, including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in s. 627.706.

c. Fireproofing and fire protection systems.

d. Plumbing.

e. Electrical systems.

f. Waterproofing and exterior painting.

g. Windows and exterior doors.

h. Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items listed in sub-subparagraphs a.-g., as determined by the visual inspection portion of the structural integrity reserve study.

2. A structural integrity reserve study is based on a visual inspection of the condominium property. A structural integrity reserve study may be performed by any person qualified to perform such study. However, the visual inspection portion of the structural integrity reserve study must be performed or verified by an engineer licensed under chapter 471, an architect licensed under chapter 481, or a person certified as a reserve specialist or professional reserve analyst by the Community Associations Institute or the Association of Professional Reserve Analysts.

3. At a minimum, a structural integrity reserve study must identify each item of the condominium property being visually inspected, state the estimated remaining useful life and the

estimated replacement cost or deferred maintenance expense of each item of the condominium property being visually inspected, and provide a reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item of condominium property being visually inspected by the end of the estimated remaining useful life of the item. The structural integrity reserve study may recommend that reserves do not need to be maintained for any item for which an estimate of useful life and an estimate of replacement cost cannot be determined, or the study may recommend a deferred maintenance expense amount for such item. The structural integrity reserve study may recommend that reserves for replacement costs do not need to be maintained for any item with an estimated remaining useful life of greater than 25 years, but the study may recommend a deferred maintenance expense amount for such item.

FLORIDA ADMINISTRATIVE CODE

61B-22: FINANCIAL AND ACCOUNTING REQUIREMENTS; BUDGETS; RESERVES, AND GUARANTEE

61B-22.001 Definitions

For the purposes of this chapter the following definitions shall apply:

(1) "Accounting records" include all of the books and records identified in Section 718.111(12)(a)11., Florida Statutes, and any other records that identify, measure, record, or communicate financial information whether the records are maintained electronically or otherwise, including, all payroll and personnel records of the association, all invoices for purchases made by the association, and all invoices for services provided to the association

(2) "Capital expenditure" means any expenditure of funds for

(a) The purchase of an asset whose useful life is greater than one year in length

(b) The replacement of an asset whose useful life is greater than one year in length; o

(c) The addition to an asset that extends the useful life of the previously existing asset for a period greater than one year in length

(3) "Deferred maintenance" means any maintenance or repair that

(a) Will be performed less frequently than yearly; an

(b) Will result in maintaining the useful life of an asset

(4) "Funds" means money and negotiable instruments including, for example, cash, checks, notes, and securities

(5) "Reserves" means any funds, other than operating funds, that are restricted for deferred maintenance and capital expenditures, including the items required by Section 718.112(2)(f)2., Florida Statutes, and any other funds restricted as to use by the condominium documents or the condominium association. Funds that are not restricted as to use by Section 718.112(2)(f), Florida Statutes, the condominium documents or by the association shall not be considered reserves within the meaning of this rule

(6) "Structural integrity reserve study" means a study of the reserve funds required for future major repairs and replacement of the common areas based on a visual inspection of the common areas.

(7) "Turnover" means transfer of association control from developers to non-developer unit owners pursuant to Section 718.301, Florida Statutes

Specific Authority 718.501(1)(f) FS. Law Implemented 718.111(12), 718.112(2)(f), 718.301, 718.501 FS. History–New 7-11-93, Formerly 7D-22.001, Amended 12-20-95, 12-23-02.

61B-22.003 Budgets

(1) Required elements for estimated operating budgets. The budget for each association shall

(a) State the estimated common expenses or expenditures on at least an annual basis

(b) Disclose the beginning and ending dates of the period covered by the budget

(c) Show the total assessment for each unit type according to proportion of ownership on a monthly basis, or for any other period for which assessments will be due

(d) Include all estimated common expenses or expenditures of the association including the categories set forth in Section 718.504(21)(c), Florida Statutes. Reserves for capital expenditures and deferred maintenance required by Section 718.112(2)(f), Florida Statutes, must be included in the proposed annual budget and shall not be waived or reduced prior to the mailing to unit owners of a proposed annual budget. If the estimated common expense for any category set forth in the statute is not applicable, the category shall be listed followed by an indication that the expense is not applicable

(e) Unless the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures

1. The total estimated useful life of the asset

2. The estimated remaining useful life of the asset

3. The estimated replacement cost or deferred maintenance expense of the asset

4. The estimated fund balance as of the beginning of the period for which the budget will be in effect; an

5. The developer's total funding obligation, when all units are sold, for each converter reserve account established pursuant to Section 718.618, Florida Statutes, if applicable

(f) If the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a separate schedule of any pooled reserves with the following minimum disclosures

1. The total estimated useful life of each asset within the pooled analysis

2. The estimated remaining useful life of each asset within the pooled analysis

3. The estimated replacement cost or deferred maintenance expense of each asset within the pooled analysis; an

4. The estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect

(g) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures

1. The intended use of the restricted funds; an

2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect

(2) Unrestricted expense categories. Expense categories that are not restricted as to use shall be stated in the operating portion of the budget rather than the reserve portion of the budget

(3) Record keeping requirements for budgets. The minutes of the association shall reflect the adoption of the budget and a copy of the proposed and adopted budgets shall be maintained as part of the financial records of the association

(4) Multicondominium associations. Multicondominium associations shall comply with the following requirements

(a) Provide a separate budget for each condominium operated by the association as well as for the association. Each such budget shall disclose

1. Estimated expenses specific to a condominium such as the maintenance, deferred maintenance or replacement of the common elements of the condominium which shall be provided for in the budget of the specific condominium

2. Estimated expenses of the association that are not specific to a condominium such as the maintenance, deferred maintenance or replacement of the property serving more than one condominium which shall be provided for in the association budget; an

3. Multicondominium associations created after June 30, 2000, or that have created separate ownership interests of the common surplus of the association for each unit as provided in Sections 718.104(4)(h) and 718.110(12), Florida Statutes, shall include each unit’s share of the estimated expenses of the association, referred to in subsection (2) of this rule, which shall be shown on the individual condominium budgets. Multicondominium associations created prior to July 1, 2000, that have not created separate ownership interests of the common surplus of the association for each unit as provided in Sections 718.104(4)(h) and 718.110(12), Florida Statutes, shall include each condominium’s share of the estimated expenses of the association, referred to in subsection (2) of this rule, which shall be shown on the individual condominium budgets

4. The budgets of multicondominium associations created after June 30, 2000 or of multicondominium associations that have created separate ownership interests of the common surplus of the association for each unit as provided in Sections 718.104(4)(h) and 718.110(12), Florida Statutes, shall show the estimated revenues of each condominium and of the association

(b) Associations that operate separate condominiums in a consolidated fashion pursuant to

Section 718.111(6), Florida Statutes, may utilize a single consolidated budget

(5) Limited common elements. If an association maintains limited common elements at the expense of only those unit owners entitled to use the limited common elements pursuant to Section 718.113(1), Florida Statutes, the budget shall include a separate schedule, or schedules, conforming to the requirements for budgets as stated in this rule, of all estimated expenses specific to each of the limited common elements, including any applicable reserves for deferred maintenance and capital expenditures. The schedule or schedules may group the maintenance expense of any limited common elements for which the declaration provides that the maintenance expense is to be shared by a group of unit owners

(6) Phase condominium budgets. By operation of law, the annual budget of a phase condominium created pursuant to Section 718.403, Florida Statutes, shall automatically be adjusted to incorporate the change in proportionate ownership of the common elements by the purchasers and to incorporate any other changes related to the addition of phases in accordance with the declaration of condominium. The adjusted annual budget shall be effective on the date that the amendment to the declaration adding a phase to a phase condominium is recorded in the official records of the county in which the condominium is located. Notwithstanding the requirements of subsection (7) of this rule, the association shall not be required to follow the provisions of Section 718.112(2)(c), Florida Statutes, unless, as a result of the budget adjustment, the assessment per unit has changed

(7) Budget assessment amendments. The association may amend a previously approved annual budget. In order to do so the board of administration shall follow the provisions of Section 718.112(2)(e), Florida Statutes. For example, the board shall mail a meeting notice and copies of the proposed amended annual budget to the unit owners not less than 14 days prior to the meeting at which the budget amendment will be considered

Specific Authority 718.501(1)(f) FS. Law Implemented 718.111(6), 718.112(2)(e), (f), 718.113, 718.501, 718.618 FS. History–New 7-11-93, Formerly 7D-22.003, Amended 12-20-95, 12-18-01, 12-23-02.

61B-22.005 Reserves

(1) Reserves required by statute. Reserves required by Section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost exceeds $10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds $10,000, the association may consider each asset of the association separately. Alternatively, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require $6,000 of total deferred maintenance, may establish a pool reserve, but is not required to do so

(2) Commingling operating and reserve funds. Associations that collect operating and reserve

assessments as a single payment shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited

(3) Calculating reserves required by statute. Reserves for deferred maintenance and capital expenditures required by Section 718.112(2)(f), Florida Statutes, shall be calculated using a formula that will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost for an asset or group of assets over the remaining useful life of the asset or group of assets. Funding formulas for reserves required by Section 718.112(2)(f), Florida Statutes, shall be based on either a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.

(a) If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations

1. The total amount necessary, if any, to bring a negative account balance to zero; an

2. The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may consider factors such as inflation and earnings on invested funds

(b) If the association maintains a pooled account of two or more of the required reserve assets, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payments.

(4) Estimating reserves that are not required by statute. Reserves that are not required by Section 718.112(2)(f), Florida Statutes, are not required to be based on any specific formula

(5) Estimating non-converter reserves when the developer is funding converter reserves. For the purpose of estimating non-converter reserves, the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to Section 718.618, Florida Statutes, shall be the sum of

(a) The developer’s total funding obligation, when all units are sold, for the converter reserve account pursuant to Section 718.618, Florida Statutes; an

(b) The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect

(6) Timely funding. Reserves included in the adopted budget are common expenses and must be fully funded unless properly waived or reduced. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly)

(7) Restrictions on use. In a multicondominium association, no vote to allow an association to use reserve funds for purposes other than that for which the funds were originally reserved shall be effective as to a particular condominium unless conducted at a meeting at which the same percentage of voting interests in that condominium that would otherwise be required for a quorum of the association is present in person or by proxy, and a majority of those present in person or by limited proxy, vote to use reserve funds for another purpose. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established

(8) Annual vote required to waive reserves. Any vote to waive or reduce reserves for capital expenditures and deferred maintenance required by Section 718.112(2)(f)2., Florida Statutes, shall be effective for only one annual budget. Additionally, in a multicondominium association, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which the same percentage of voting interests in that condominium that would otherside be required for a quorum of the association is present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves. For multicondominium associations in which the developer is precluded from casting its votes to waive or reduce the funding of reserves, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which the same percentage of non-developer voting interests in that condominium that would otherwise be required for a quorum of the association is present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves

Specific Authority 718.501(1)(f) FS. Law Implemented 718.112(2)(f), 718.501, 718.618 FS. History–New 7-11-93, Formerly 7D-22.005, Amended 12-20-95, 1-19-97, 12-18-01, 12-23-02.

61B-22.006 Financial Reporting Requirements

(1) Basis of accounting. The financial statements required by Sections 718.111(13) and 718.301(4), Florida Statutes, shall be prepared on the accrual basis using fund accounting in accordance with generally accepted accounting principles. Reviewed financial statements shall be reviewed in accordance with standards for accounting and review services and audited financial statements shall be audited in accordance with generally accepted auditing standards. Reviews and audits of an association's financial statements shall be performed by an independent certified public accountant licensed by the Florida Board of Accountancy. As used in this rule the terms "generally accepted accounting principles," "standards for accounting and review services," and "generally accepted auditing standards" shall have the same meaning as set forth in Chapter

(2) Components. The financial statements required by Sections 718.111(13) and 718.301(4), Florida Statutes, shall at a minimum include the following components

(a) Accountant's or Auditor's Report

(b) Balance Sheet

(c) Statement of Revenues and Expenses

(d) Statement of Changes in Fund Balances

(e) Statement of Cash Flows; an

(f) Notes to financial statements

(3) Disclosure requirements. The financial statements required by Sections 718.111(13) and 718.301(4), Florida Statutes, shall contain the following disclosures within the financial statements, notes, or supplementary information

(a) The following reserve disclosures shall be made regardless of whether reserves have been waived for the fiscal period covered by the financial statements

1. The beginning balance in each reserve account as of the beginning of the fiscal period covered by the financial statements

2. The amount of assessments and other additions to each reserve account including authorized transfers from other reserve accounts

3. The amount expended or removed from each reserve account, including authorized transfers to other reserve accounts

4. The ending balance in each reserve account as of the end of the fiscal period covered by the financial statements

5. The manner by which reserve items were estimated, the date the estimates were last made, the association's policies for allocating reserve fund interest, and whether reserves have been waived during the period covered by the financial statements; an

6. If the developer has established converter reserves pursuant to Section 718.618(1), Florida Statutes, each converter reserve account shall be identified and include the disclosures required by this rule

(b) The method by which income and expenses were allocated to the unit owners

(c) The specific purpose or purposes of any special assessments to unit owners pursuant to Section 718.116(10), Florida Statutes, and the amount of each special assessment and the disposition of the funds collected

(d) The amount of revenues and expenses related to limited common elements shall be disclosed when the association maintains the limited common elements and the expense is apportioned to those unit owners entitled to the exclusive use of the limited common elements; an

(e) If a guarantee pursuant to Section 718.116(9), Florida Statutes, existed at any time during the fiscal year, the financial statements shall disclose the following

1. The period of time covered by the guarantee

2. The amount of common expenses incurred during the guarantee period

3. The amount of assessments charged to the non-developer unit owners during the guarantee period

4. The amount of non-assessment revenues earned by the association, with each non-assessment revenue generating activity disclosed separately, during the guarantee period

5. The amount of expenses incurred in the production of non-assessment revenues, with each non-assessment revenue generating activity disclosed separately, during the guarantee period

6. The amount of the developer's payments pursuant to the guarantee

7. Any financial obligation due to or from the developer resulting from the guarantee

(4) Multicondominium associations. Multicondominium associations may present the financial statements required by Sections 718.111(13) and 718.301(4), Florida Statutes, on a combined basis as long as the financial statements, notes, or supplementary information disclose the revenues, expenses, and changes in fund balance for each condominium, and the association, as applicable. The financial statements, notes, or supplementary information shall also disclose the revenues and expenses of the association that are not directly associated with specified condominiums, and the method used to allocate such expenses to the condominiums or units, as applicable. Additionally, the reserve disclosures required by this rule shall be presented separately for each condominium and for any association reserves not specifically identified with individual condominiums. The provisions of this rule shall apply to multicondominium financial reporting for fiscal periods ending on or after December 31, 2002. Earlier application of the provisions of this rule is permitted

(5) Developer assessments. All financial reporting required by Chapter 718, Florida Statutes, shall disclose the assessment revenues from the developer separately from that of the non-developer unit owners

(6) Financial reports required by Section 718.111(13)(b), Florida Statutes. The financial report required by Section 718.111(13)(b), Florida Statutes, shall meet the following requirements

(a) If the association maintains limited common elements and the expense is apportioned to those units entitled to the exclusive use of the limited common elements the report shall

contain the limited common element disclosures required by paragraph 61B-22.006(3)(d), F.A.C

(b) The financial reports of multicondominium associations shall separately disclose the following items

1. The receipts and expenditures directly associated with specific condominiums; an

2. The receipts and expenditures of the association that are not directly associated with specific condominiums

(7) The minutes of the association shall reflect the number of votes cast by the membership to waive the requirement for audited, reviewed, or compiled financial statements and the type of financial reporting that the association will be preparing and disseminating to the membership

Specific Authority 718.111(13), 718.501(1)(f) FS. Law Implemented 718.111(12)(a)11., (13), 718.301(4) FS. History–New 7-11-93, Formerly 7D-22.006, Amended 12-20-95, 2-13-97, 12-18-01, 6-24-04.

TERMS AND DEFINITIONS

ACCRUED FUND BALANCE (AFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association tool. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

AFB = Current Cost X Effective Age/Useful Life, or

AFB = (Current Cost X Effective Age/Useful Life) + [(Current Cost X Effective Age/Useful Life)/(1 + Interest Rate) ^ Remaining Life] – [(Current Cost X Effective Age/Useful Life) /(1 + Inflation Rate) ^ Remaining Life]

CASH FLOW METHOD: A method of calculating 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. "Because we use the cash flow method, we compute individual line item contributions after the total contribution rate has been established." See "Component Method".

CAPITAL EXPENDITURES: A capital expenditure means any expenditure of funds for: (1) the purchase or replacement of an asset whose useful life is greater than one year, or (2) the addition to an asset that extends the useful life of the previously existing asset for a period greater than one year.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are:

1) Association responsibility,

2) With limited Useful Life expectancies,

3) Predictable Remaining Useful Life expectancies, and

4) Above a minimum threshold cost, and

5) As required by local codes. "We included 5 components in our reserve Study."

COMPONENT ASSESSMENT AND VALUATION: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. This task is accomplished either with or without an on-site inspection, based on Level or Service selected by the client.

COMPONENT FULL FUNDING: When the actual (or projected) cumulative Reserve balance for

all components is equal to the Fully Funded Balance.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task is accomplished through an on-site inspection, review of association design and organizational documents, and 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 on the sum of contributions for individual components. "Since we calculate a Reserve contribution rate for each component and then sum them all together, we are using the component method to calculate our Reserve contributions." See "Cash Flow Method".

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

CURRENT REPLACEMENT COST: See "Replacement Cost".

DEFERRED MAINTENANCE: Deferred maintenance means any maintenance or repair that:

1) Will be performed less frequently than yearly, and

2) Will result in maintaining the useful life of an asset.

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.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the

Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: When the budget is provided to the owners, it will show the amount of money that must be deposited that year for each reserve item to ensure that, when the time comes, sufficient funds will be available for deferred maintenance or a capital expenditure. (Definition published in "Budgets & Reserve Schedules Made Easy" training manual by the State of Florida Department of Business and Professional Regulations in January 1997).

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

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

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- **Baseline Funding** – Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Component Full Funding –** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100%.
- **Statutory Funding** – Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves of component required by local statutes.
- **Threshold Funding** – Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Component Full Funding."

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. "With $76,000 in Reserves, and since our 100% Funded Balance is $100,000, our association is 76% Funded".

Note: Since funds can typically be allocated from one component to another with ease, this parameter has no real meaning on an individual Component basis. The purpose of this parameter is to identify the relative strength or weakness of the entire Reserve fund as of a particular point in time. The value of this parameter is in providing a more stable measure of Reserve Fund strength, since cash in Reserves may mean very different things to different associations.

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.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray to the future repair of replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based on information provided and not audited

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures." The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for the next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve duty of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; expect for performance of field work or presence in a field office maintained exclusively for a specific project:

2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;

3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;

4. The failure to personally be available on a reasonable basis or with adequate advanced notice for consultation and inspection where circumstances require personal availability.

STRUCTURAL INTEGRITY RESERVE STUDY: A study of the reserve funds required for future major repairs and replacement items whose failure to replace or maintain such item negatively affects the structural integrity of said items, based on a visual inspection of those items.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by Governing Documents or local statutes. "Since we need a new roof and there wasn't enough money in the Reserve fund, we had to pass a special assessment."

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balances.

See "Deficit".

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

DISCLOSURES

At the time this Structural Integrity Reserve Study was conducted m2e Consulting Engineers has had no involvements with the Association, which could result in actual or perceived conflicts of interest.

Any on-site inspections performed as a part of this Structural Integrity Reserve Study are inclusive of all common areas within the community, and are visual inspections that are nondestructive in nature.

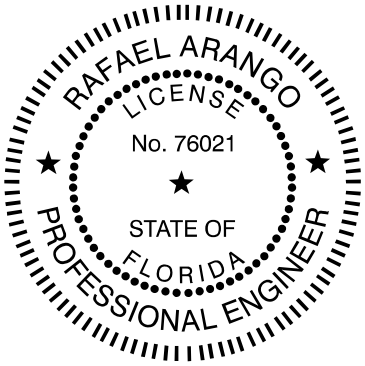
The completeness of this Structural Integrity Reserve Study is dependent upon the agreement that all relevant information has been provided to m2e Consulting Engineers. Any materials that have not been disclosed would cause a distortion of the Association's situation. Information provided by the official representative of the Association regarding financial, physical, quantity, or historical issues will be deemed reliable by m2e Consulting Engineers.

The reserve study will be a reflection of information provided to m2e Consulting Engineers and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records.

All information provided to m2e Consulting Engineers regarding reserve projects will be considered reliable. Onsite inspections should not be considered project audits or quality inspections.

SIGNATURES

The visual inspection portion of the Structural Integrity Reserve Study was verified by the following engineer licensed under chapter 471:



This item has been digitally signed and sealed by Rafael Arango, PE, on the date adjacent to the seal, Printed copies of this document are not considered signed and sealed and the signature must be verified on any electronic copies.
2024.12.17 11:17:21-05'00'

Rafael Arango, PE, SI, FBRSE

FL License No. 76021

The Structural Integrity Reserve Study was prepared by m2e Consulting Engineers:

Hadi Toyser

Project Manager