

My Reserve Study Application

User Guide

Version 1.1

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FJ Strategic Solutions Inc.

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1. INTRODUCTION

FJ Strategic (FJ) provides innovative and cost-effective software solutions to Reserve Studies Professionals, Homeowner Associations, Condominium Associations or other commonly-owned properties.

My Reserve Study will help answer one of the following fundamental questions: "*How can I easily create a reserve study on a budget while still being able to be in compliance with the regulations applicable to my State or Province?*".

My Reserve Study allows professionals to quickly create a component list, create various funding plans and publish reserve study reports in PDF formats with Disclosure Notes applicable to proper State or Province.

My Reserve Study offers an easy-to-use interface and incorporates advanced features, such as the creation of multiple scenarios, which facilitate the establishment of realistic and achievable goals. Some of the key features are outlined below.

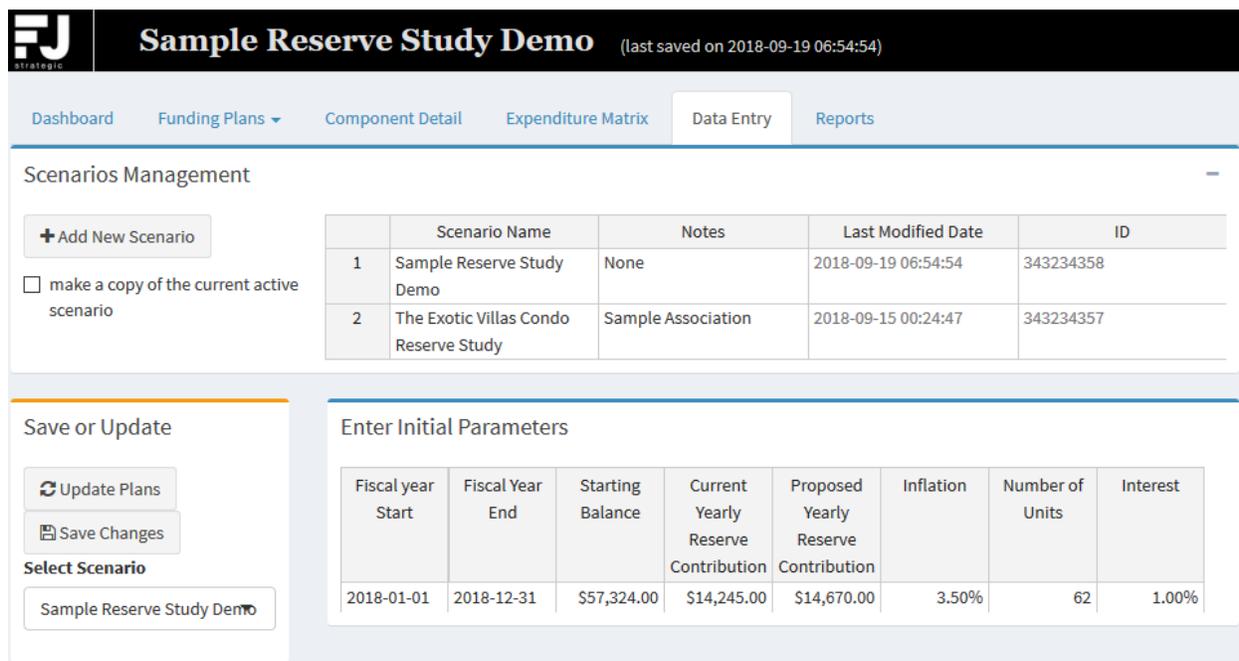
Table 1.1 - Key Features of *My Reserve Study*

| Features | Benefits |
|---|--|
| <i>Scenario Modeling and Historical Database</i> | Add or delete new scenarios allowing you to compare the impact of one funding plan vs. another. Historical database allows you to see how changes over the years. |
| <i>Advanced Custom Solver</i> | Create funding plans that have adjustable constraints, such as the maximum yearly increase or amount of special assessment. Allowing you great flexibility in creating your funding plans. |
| <i>Online Application</i> | Securely access application anytime and anywhere. Allowing you to make updates to the component list during the year instead all at once. |
| <i>Fixed and Variable Component Entry Showing Pro-Rata Assessments by Units</i> | Calculate each units fair share reserve contribution by square footage. |

2. Getting Started

The starting point to create a new scenario is the **Data Entry tab**. There you can create detailed component lists, add units, loans, special assessments, as well as enter financials.

2.1 Scenarios Management



Sample Reserve Study Demo (last saved on 2018-09-19 06:54:54)

Dashboard Funding Plans ▾ Component Detail Expenditure Matrix **Data Entry** Reports

Scenarios Management

+ Add New Scenario

make a copy of the current active scenario

| | Scenario Name | Notes | Last Modified Date | ID |
|---|---------------------------------------|--------------------|---------------------|-----------|
| 1 | Sample Reserve Study Demo | None | 2018-09-19 06:54:54 | 343234358 |
| 2 | The Exotic Villas Condo Reserve Study | Sample Association | 2018-09-15 00:24:47 | 343234357 |

Save or Update

Update Plans

Save Changes

Select Scenario

Sample Reserve Study Demo

Enter Initial Parameters

| Fiscal year Start | Fiscal Year End | Starting Balance | Current Yearly Reserve Contribution | Proposed Yearly Reserve Contribution | Inflation | Number of Units | Interest |
|-------------------|-----------------|------------------|-------------------------------------|--------------------------------------|-----------|-----------------|----------|
| 2018-01-01 | 2018-12-31 | \$57,324.00 | \$14,245.00 | \$14,670.00 | 3.50% | 62 | 1.00% |

Figure 1 – Scenarios, Save or Update, and Enter Initial Parameters

Multiple scenarios can be created and saved independently by simply using the "Add New Scenario" button.

To copy all the information entered in a previous scenario mark the "make a copy of the current active scenario" checkbox.

Upon creation of scenarios, users are given the possibility to switch between scenarios via the Scenario Dropdown menu".

To delete a scenario, right click on the scenario name and choose "Remove row", then save changes.

The next step consists of entering all relevant data included in the tab (e.g. initial parameters, component inputs, special assessments etc.).

2.2 Save or Update

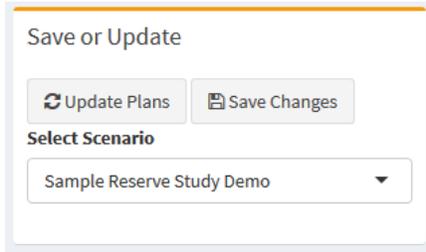


Figure 2 - Save or Update

Upon completion of data entry, simply click "Update Plans". This action will update all tables (dashboard, funding plans, component details and expenditure matrix).

If the user is satisfied with the changes and inputs, click "Save Changes": This will update the remote database. In case the changes were not saved into the database, they will no longer be available after application close or reboot.

The current scenario can be selected via the Scenario Dropdown menu.

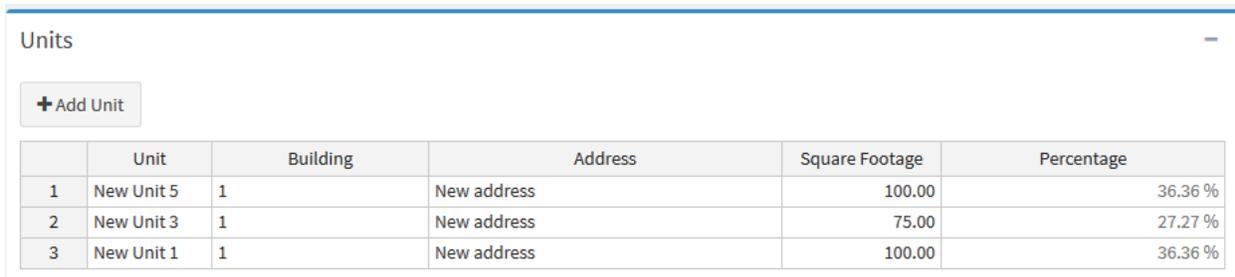
2.3 Enter Initial Parameters

The below inputs need to be entered in the initial parameters section

- Fiscal Year Start
- Fiscal Year End
- Starting Balance – amount available at the starting point of the 30-years period.
- Current Yearly Reserve Contribution – the reserve contribution that was appropriated before the start of the 30-years period.
- Proposed Yearly Reserve Contribution – the amount proposed as the reserve contribution for the first year of the 30-years period.
- Inflation – expected inflation rate (%).
- Number of Units – the number of units in the association.
- Interest – the planned interest rate

2.4 Units

This is only applicable if assessments vary by square footage.



| | Unit | Building | Address | Square Footage | Percentage |
|---|------------|----------|-------------|----------------|------------|
| 1 | New Unit 5 | 1 | New address | 100.00 | 36.36 % |
| 2 | New Unit 3 | 1 | New address | 75.00 | 27.27 % |
| 3 | New Unit 1 | 1 | New address | 100.00 | 36.36 % |

Figure 3 – Table for entering information about Units

The following information on units can be entered: unit name, building, the full address, square footage. The percentage of every unit is calculated automatically based on the square footage.

- To add a new unit click “Add unit” button.
- To remove a unit, simply right click on the unit, then left click on "Remove row".

Note that in order to add new unit or edit submitted units at least one component should have 'Variable' assessment (see section 3.6 Components).

2.5 Special Assessments, Loans and other Expenditures

| Special Assessments | | | Special Assessments | | | Special Assessments | | |
|---------------------|------------|-----------------------|---------------------|--------|---------|---------------------|--------|---------|
| Year | Amount | Purpose | Year | Amount | Purpose | Year | Amount | Purpose |
| 2018 | \$0.00 | None | 2028 | \$0.00 | None | 2038 | \$0.00 | None |
| 2019 | \$2,000.00 | To fund a roof repair | 2029 | \$0.00 | None | 2039 | \$0.00 | None |
| 2020 | \$0.00 | None | 2030 | \$0.00 | None | 2040 | \$0.00 | None |
| 2021 | \$0.00 | None | 2031 | \$0.00 | None | 2041 | \$0.00 | None |
| 2022 | \$0.00 | None | 2032 | \$0.00 | None | 2042 | \$0.00 | None |
| 2023 | \$0.00 | None | 2033 | \$0.00 | None | 2043 | \$0.00 | None |
| 2024 | \$0.00 | None | 2034 | \$0.00 | None | 2044 | \$0.00 | None |
| 2025 | \$0.00 | None | 2035 | \$0.00 | None | 2045 | \$0.00 | None |
| 2026 | \$0.00 | None | 2036 | \$0.00 | None | 2046 | \$0.00 | None |
| 2027 | \$0.00 | None | 2037 | \$0.00 | None | 2047 | \$0.00 | None |

| Loans or Other Expenditures | | | | |
|-----------------------------|------|------------|-------------------|----------------|
| | Year | Amount Due | Description | Fund Component |
| 1 | 2018 | \$1.00 | New Expenditure 1 | Funded |

Figure 4 – Tables for entering Special Assessments, Loans and other Expenditures

Special Assessments, Loans and other Expenditures can be entered in the applicable tables. Use the "+" button to expand the table.

Special Assessments can be added for each of the 30 years in the corresponding tables. The solver treats the entered sums as planned assessments.

In order to add an item into *Loans or Other Expenditures*, click on the "Add row" button, select the corresponding year and enter the associated information.

2.6 Components

The following information on components can be entered: category, component title, brief description, useful life, remaining useful life, current component replacement costs, funding option and notes.

Components

+ Add Row Download Component List Ageing (+1 year) Rejuvenation (-1 year)

| | Category | Component Title | Description | Useful Life (years) | Remaining Useful Life (years) | Current Replacement Cost | Assessment | Fund Component | Notes |
|---|-------------------|----------------------------|--------------------|---------------------|-------------------------------|--------------------------|------------|----------------|-------|
| 1 | Asphalt/ Concrete | Asphalt - Resurface | Approx. 18,160 GSF | 25 | 19 | \$60,200.00 | Fixed | Funded | |
| 2 | Asphalt/ Concrete | Asphalt - Seal/Repair | Approx. 18,160 GSF | 5 | 4 | \$4,435.00 | Fixed | Funded | |
| 3 | Irrigation | Backflow Devices - Replace | (1) Device | 20 | 12 | \$1,480.00 | Variable | Funded | |
| 4 | Furnishings | Benches - Replace | (4) Benches | 15 | 7 | \$4,100.00 | Fixed | Funded | |
| 5 | Lighting | Bollard Lights - Replace | (21) Fixtures | 20 | 12 | \$17,135.00 | Fixed | Funded | |

Figure 5 – List of components

- To add components, click "Add row".
 - To remove a component, simply right click on the component, then left click on "Remove row".
 - If the component is not planned to be funded within the current scenario, change the status on the *Fund Component* column (double click).
 - The remaining useful life of all the components at a time can be easily readjusted by simply clicking on "Ageing" and "Rejuvenation" buttons located on the top right corner of the component table.
- Note that in order to add new unit or edit submitted units at least one component should have 'Variable' assessment.

3. DASHBOARD

The Dashboard tab provides a summary of the current financial situation of the association and planned projections. The information is populated in this tab upon entering data relevant to the association and facility in the "Data Entry" table (Section 3).

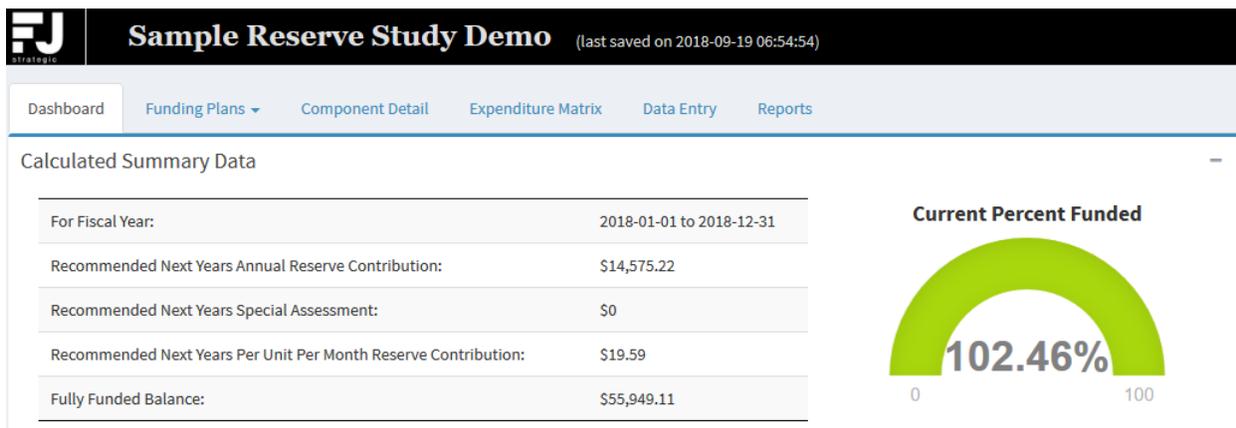


Figure 6 – Dashboard - Summary

The summary page also includes some graphical representations of cash flow projections, funding plans and expenditures.

Three different funding plans and graphs are displayed: Current Funding Plan, Full Funding Plan (100% funded at the end of 30 years), Threshold Funding Plans (positive cash flows). More information on the funding plans and alternatives are incorporated in Section 5.

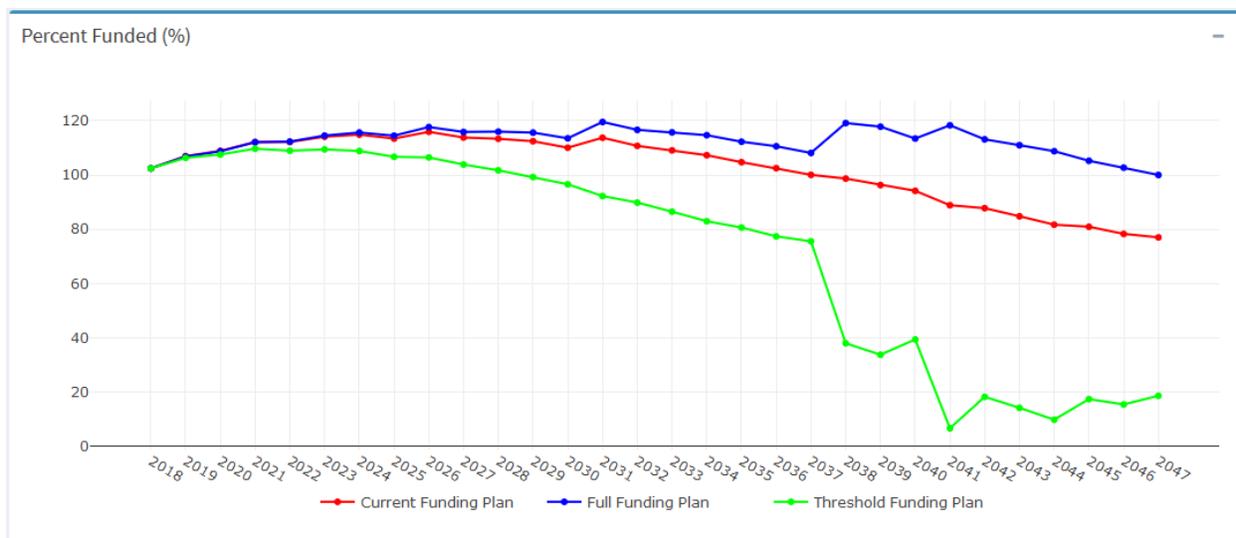


Figure 7 – Funding Plan Curves

The 30-year expenditure graph represents the project expenditures over the next thirty years from the date of assessment (Refer to Section 6 for more information).

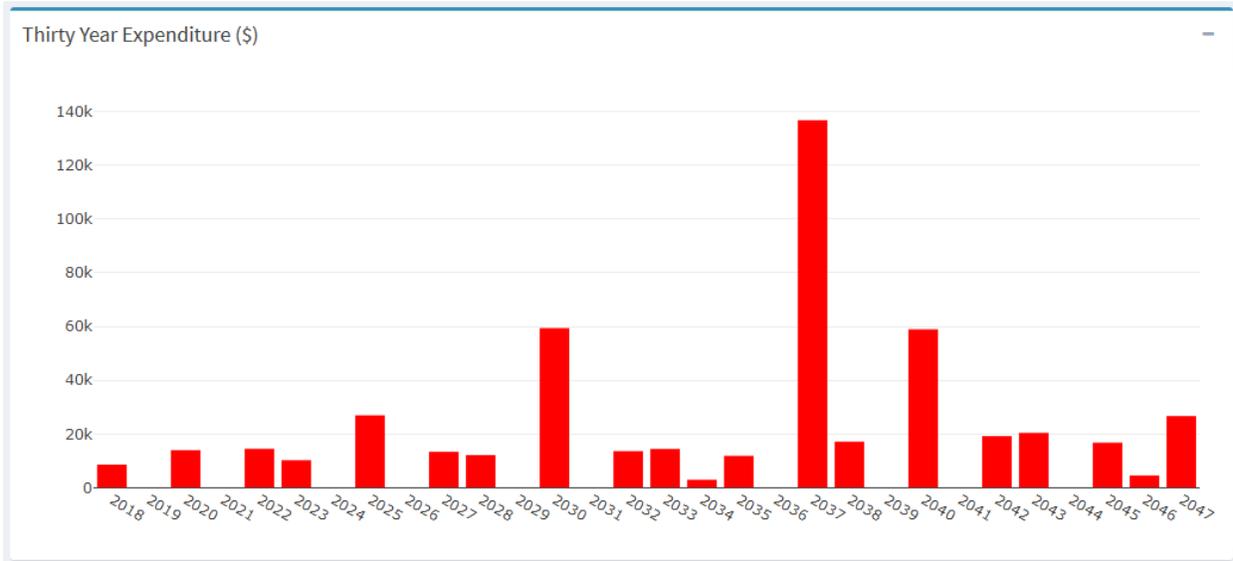


Figure 8 – 30-Years Expenditure Graph

The below graph includes a "Fully Funded Balance" curve in addition to the Current Funding Plan, Threshold Funding Plan and Full Funding Plan curves spanned over 30 years for review.

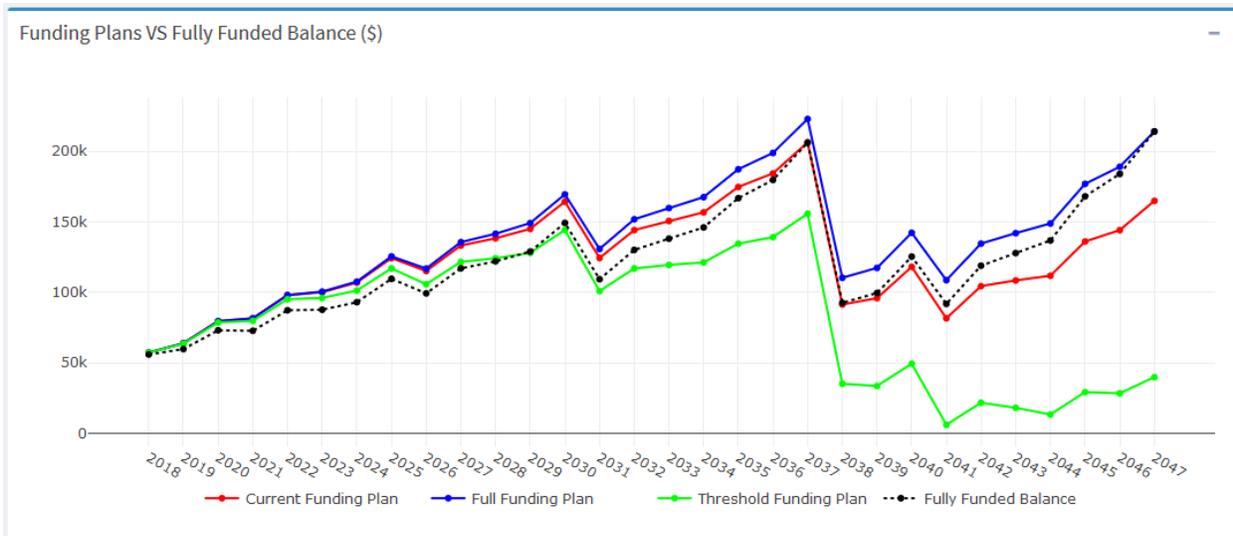


Figure 9 – Fully Funded Balance and Funding Plans

4. FUNDING PLANS

Three funding plan options are available in the dropdown menu:

- Current Funding Plan.
- Threshold Funding Plan.
- Full Funding Plan.

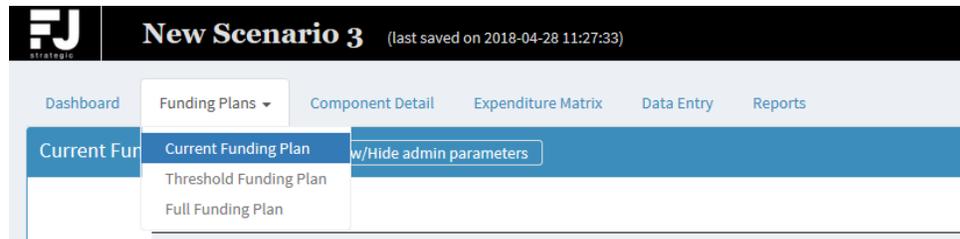


Figure 10 - Funding Plan Options

Each table is set up to outline detailed financial information for a 30-year cash flow projection period. These tables show the cash flows for each year and consist of the following columns:

- Year (or years range in case the fiscal year starts and ends in different calendar years);
- Starting Balance
- Reserve Contribution (the amount to be contributed in the beginning of the correspondent fiscal year)
- Percent Change (the change of the reserve contribution in percent, as compared to the previous year)
- Special Assessments (the planned one-time assessments for particular year. In the Full or Threshold funding plans the algorithm may also recommend additional assessments in order to achieve the target goals)
- Interest Earned (the planned annualized interest depending on the interest rate in 'Data Entry/Initial Parameters' table)
- Expenditures (total expenditures intended for the particular year)
- Ending Balance
- Fully Funded Balance

Fully Funded Balance (FBB) – 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 summed together for an association total.

$$FFB = Current\ Cost \times Effective\ Age / Useful\ Life$$

- Percent Funded (the rate of the available funds to the Fully Funded Balance).

Additional buttons allow to copy the tables with 30-years cash flow to the clipboard, export them as Excel files, or print them.

Copy
Excel
Print

| Year | Starting Balance | Reserve Contribution | Percent Change | Special Assessments | Interest Earned | Expenditures | Ending Balance | Fully Funded Balance | Percent Funded |
|------|------------------|----------------------|----------------|---------------------|-----------------|--------------|----------------|----------------------|----------------|
| 2018 | \$57,324 | \$14,670 | 2.98 % | \$0 | \$606 | \$8,645 | \$63,955 | \$55,948 | 102.46 % |
| 2019 | \$63,955 | \$14,927 | 1.75 % | \$0 | \$717 | \$0 | \$79,599 | \$59,786 | 106.97 % |
| 2020 | \$79,599 | \$15,188 | 1.75 % | \$0 | \$806 | \$14,022 | \$81,570 | \$73,085 | 108.91 % |
| 2021 | \$81,570 | \$15,454 | 1.75 % | \$0 | \$897 | \$0 | \$97,921 | \$72,728 | 112.16 % |
| 2022 | \$97,921 | \$15,724 | 1.75 % | \$0 | \$990 | \$14,556 | \$100,079 | \$87,278 | 112.19 % |

Figure 11 – Calculated Funding Plan

4.1 Current Funding Plan

Current Funding Plan: This plan typically outlines the current situation of an association as previously established. It would be very common for associations to set up reserve contributions based on each component or plans to never run out of money in events of significant special assessments and deferred maintenance.

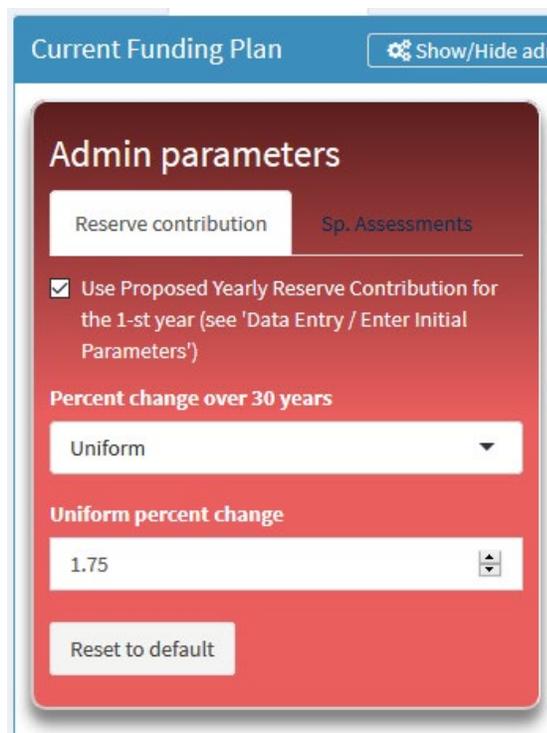


Figure 12 – Admin panel for the Current Funding Plan

Initial parameters from Data Entry tab (Starting Balance, Proposed Reserve Contribution, Inflation, and Interest) are used in calculations of the cash flows for the plan. Additional options from the **Admin panel** allow choosing how the Yearly Reserve Contribution should increase year by year.

The Reserve Contribution for the first year can be set in two ways:

- using the fixed amount form the Initial Parameters (the checkbox ‘Use Proposed Yearly Reserve Contribution ...’ is checked);
- using the value of Current Yearly Reserve Contribution increased by the defined percent of this amount (the checkbox ‘Use Proposed Yearly Reserve Contribution ...’ is unchecked);

The Reserve Contribution for the next 29 years will be calculated incrementally:

$$\text{Res. Contr. for year 2} = \text{Res. Contr. for year 1} * (100 + \text{Percent Change})\%$$

Percent Change can be chosen either *Uniform* or *Custom*. *Uniform* Percent change means that the Reserve Contribution will be increased every year by the same percent as compared to the previous year. If the Percent Change is set to *Custom*, then a user can vary the increase in Reserve Contribution for any year.



| Year | Percent Change |
|------|----------------|
| 2018 | 2.98 |
| 2019 | 3.00 |
| 2020 | 3.00 |

Figure 13 – Admin panel for the Current Funding Plan: custom percent change

A button “Reset to default” resets the *Percent Change* values to 3.00% for all years. When the option ‘Use Proposed Yearly Reserve Contribution ...’ is checked, then the default value of the Percent Change for the first year will be calculated based on real change from Current Yearly Reserve Contribution and Proposed Yearly Reserve Contribution.

The Special Assessments for the Current Funding Plan can be adjusted only on the Data Entry tab.

Varying the Initial Parameters and yearly percent change it is possible to develop the funding plan which fits the target goals, e.g. Percent Funded 100% on year 30, always positive Ending Balance, not regular custom reserve contribution for some years, etc.

Alternatively, the *Threshold Funding Plan* and *Full Funding Plan* allow achieving the most essential goals without manual search of the appropriate combination of initial parameters, the most of work will be done by internal optimization algorithm of the application.

4.2 Threshold Funding Plan and Full Funding Plan

The *Threshold Funding Plan* option will be typically selected by the board which could be a specific funded target or a cash balance target. The application will calculate what it takes for an association to **always maintain a positive cash flow**.

The internal algorithm optimizes cash flows in order to guarantee the following conditions:

- positive ending balance for each year;
- Ending Balance to Expenditures Ratio for each year exceeds the predefined minimal value (0.1 by default).

The *full funding plan* option allows an association to **always maintain a positive cash flow** and to **achieve a 100% funding** at the end of a 30-year period.

The internal algorithm optimizes cash flows in order to guarantee the following conditions:

- positive ending balance for each year;
- Ending Balance to Expenditures Ratio for each year exceeds the predefined minimal value (0.1 by default);
- 100% funding at the end of a 30-year period.

Initial parameters from Data Entry tab (Starting Balance, Proposed Reserve Contribution, Inflation, and Interest) are used in calculations of the cash flows for the plan.

The internal algorithm automatically estimates the minimum required reserve contribution for each year. Special Assessments also can be automatically added by the algorithm for some years in order to guarantee the positive balance during the first several years. The algorithm always try to apply uniform increase/decrease of the reserve contribution from year to year (unless a user specifies other settings in Admin Parameters side panel).

Admin Panel allow choosing how the Yearly Reserve Contribution should increase year by year as well as the rules for adding Special Assessments.

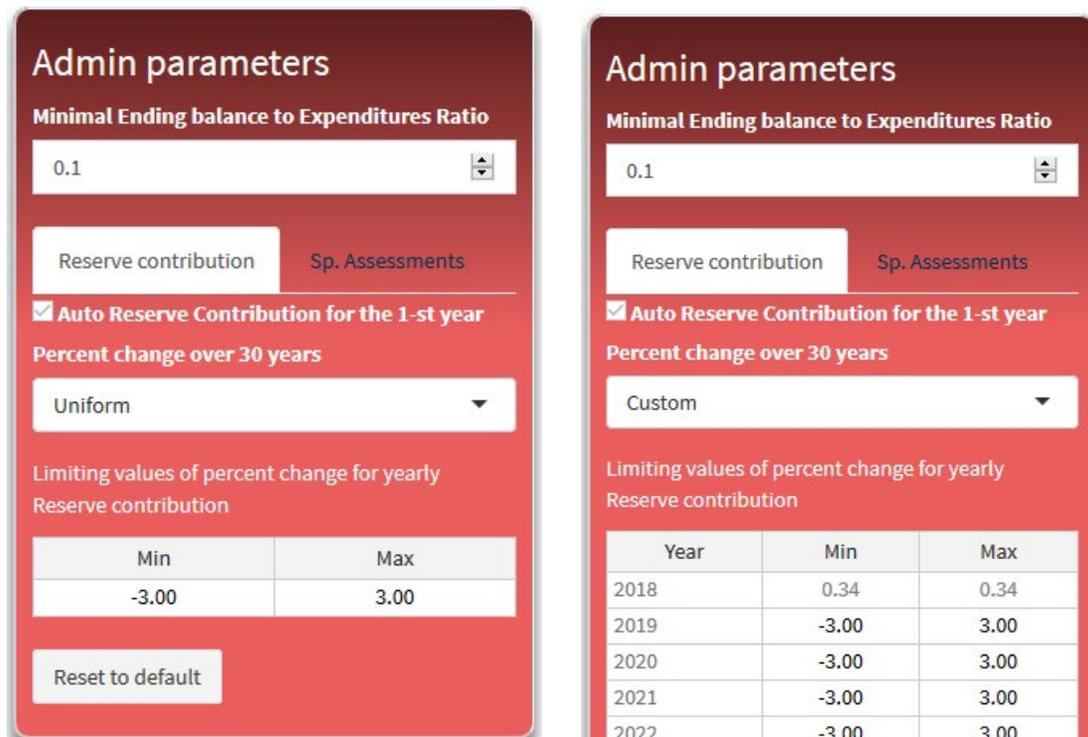


Figure 14 – Admin panel for the Threshold & Full Funding Plan:
a) uniform percent change; b) custom percent change

Minimal Ratio of Ending Balance to Expenditures can be set to any non-negative value (as a rule, it is a positive value between 0 and 1), it ensures the required level of cash flow considering the variable expenditures from year to year. The default recommended value is 0.1.

Percent Change can be chosen either *Uniform* or *Custom*:

- *Uniform Percent change* means that Reserve Contribution will be increased every year by the same percent as compared to the previous year. A user is asked to set the limiting values of percent change for yearly Reserve contribution. This range is to be used by the algorithm to find the optimal value of the *Percent Change*. Default range is [-3.00% to +3.00%].
- *Custom Percent Change* means that a user can set different limiting values for any year. Then the algorithm finds the optimal value of the *Percent Change* of Reserve Contribution for each year considering the defined limits. Default range is [-3.00% to +3.00%] for years 2 to 20 and [-3.00% to +2.50%] for years 21 to 30.

The Percent Change for the first year is always chosen by the algorithm and cannot be changed by a user.

A button “*Reset to default*” resets the limits of *Percent Change* to the default values.

The subtab “*Sp.Assessments*” in the Admin Panel allows setting the rules adding Special Assessments if they are required by the internal algorithm.

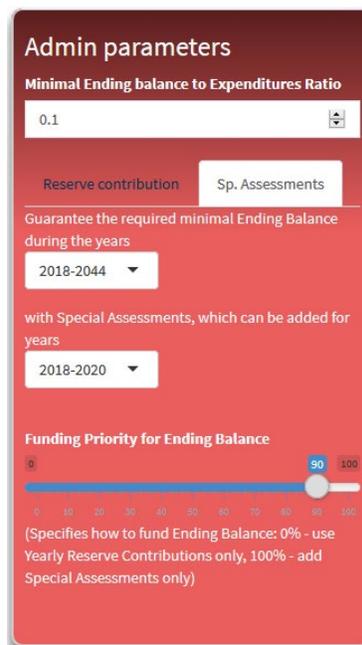


Figure 15 – Admin panel for the Threshold & Full Funding Plan: adjustment of Special Assessments

The algorithm can add the special assessments in order to guarantee the required conditions with not too high yearly reserve contributions. In particular, the special assessments can be added if high contributions are required in the early years. A user is asked to choose the two time ranges:

- the first one sets the years, for which *the required minimal Ending Balance should be guaranteed* by additional Special Assessments;
- the second one sets the years, for which the Special Assessments may be added.

Funding Priority for Ending Balance option specifies how to fund Ending Balance: 0% – use Yearly Reserve Contributions only, 100% – add Special Assessments only.

Example:

The admin parameters are:
Minimal Ratio of Ending Balance to Expenditures: 0.1
Guarantee the required minimal balance during the years: 2018-2044
with Special Assessments, which can be added for years: 2018-2020
Funding Priority for Ending Balance: 100%

The resulting Threshold Funding Plan is:

| Year | Starting Balance | Reserve Contribution | Percent Change | Special Assessments | Interest Earned | Expenditures | Ending Balance | Fully Funded Balance | Percent Funded |
|------|------------------|----------------------|----------------|---------------------|-----------------|--------------|----------------|----------------------|----------------|
| 2018 | \$57,324 | \$14,245 | 0.00 % | \$4,391 | \$604 | \$8,645 | \$67,919 | \$55,948 | 102.46 % |
| 2019 | \$67,919 | \$14,245 | 0.00 % | \$3,888 | \$754 | \$0 | \$86,806 | \$59,786 | 113.60 % |
| 2020 | \$86,806 | \$14,245 | 0.00 % | \$3,641 | \$873 | \$14,022 | \$91,543 | \$73,085 | 118.77 % |
| 2021 | \$91,543 | \$14,245 | 0.00 % | \$0 | \$991 | \$0 | \$106,779 | \$72,728 | 125.87 % |
| 2022 | \$106,779 | \$14,245 | 0.00 % | \$0 | \$1,071 | \$14,556 | \$107,539 | \$87,278 | 122.34 % |

Here the Special Assessments were added only for the first three years (2018-2020). The total amount of the Special Assessments is chosen in such way that it there is always a positive Ending Balance and *Minimal Ratio of Ending Balance to Expenditures = 0.1* during the years 2018-2044. As far as the Funding Priority was set to 100%, the algorithm does not increase yearly Reserve Contribution at this and apply the constant Reserve Contribution for all years (\$14,245).

The automatically added Special Assessments are always spread by years in such way that it is maximum at first year and then slightly decrease from year to year.

If the required Special Assessments are too high, then we can to put the part of the required funding to Yearly Reserve contribution. For this, we can set another *Funding Priority for Ending Balance: 50%*. The resulting plan includes less Special Assessments and little bit higher yearly Reserve Contributions (\$14.477).

| Year | Starting Balance | Reserve Contribution | Percent Change | Special Assessments | Interest Earned | Expenditures | Ending Balance | Fully Funded Balance | Percent Funded |
|------|------------------|----------------------|----------------|---------------------|-----------------|--------------|----------------|----------------------|----------------|
| 2018 | \$57,324 | \$14,477 | 1.63 % | \$2,594 | \$605 | \$8,645 | \$66,356 | \$55,948 | 102.46 % |
| 2019 | \$66,356 | \$14,477 | 0.00 % | \$2,327 | \$739 | \$0 | \$83,899 | \$59,786 | 110.99 % |
| 2020 | \$83,899 | \$14,477 | 0.00 % | \$2,247 | \$845 | \$14,022 | \$87,447 | \$73,085 | 114.80 % |
| 2021 | \$87,447 | \$14,477 | 0.00 % | \$0 | \$951 | \$0 | \$102,876 | \$72,728 | 120.24 % |
| 2022 | \$102,876 | \$14,477 | 0.00 % | \$0 | \$1,033 | \$14,556 | \$103,830 | \$87,278 | 117.87 % |

Note, that Special Assessments will not be added if the yearly Reserve Contributions provide enough money to have the required Ending Balance for the stated years. The above options specify the rules only for the case when the Special Assessments are required, and in such cases, the algorithm will spread the assessments by the defined above years in approximately equal proportion.

In no circumstances the special assessments will be added by the algorithm for those years for which a user has already assigned special assessments in Data Entry tab. Thus, in order to allow the algorithm to choose the optimal amount a user should exclude fixed Sp.Assessments from that tab.

5. Component Detail

All components entered in the *Data Entry* tab can be viewed in the *Component Detail* tab (after the changes are updated).

The appropriate tables provide a detailed distribution of cost breakdowns of components, categories, or units. Any table here relate to the first year in the 30-year cycle. Two sub-table options are available for assessment and review:

1. Grouping option for creating summary *by individual components, by component categories, and by units.*
2. The funding plan (*Current Funding Plan, Threshold (Baseline) Funding Plan, or Full Funding Plan*), for which a distribution of cost breakdowns is requested.

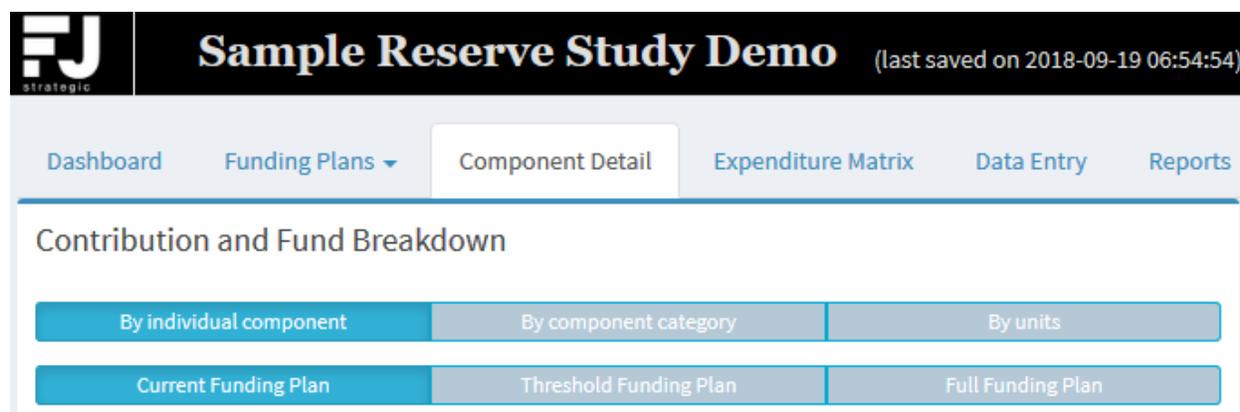


Figure 16 – Component Detail: options

These tabular and graphical representations of component inputs could be useful in easily identifying and assessing individual components. Relevant actions could be initiated in order to ensure that overall targets will be achieved within the next year (year 1 in the 30-years cycle).

5.1 Grouping by Component or Category

The following fields for each component or category are included in the tables (see Figure 9):

- Useful Life (a number of years, or range in case of grouping by categories);
- Remaining Useful Life (a number of years, or range in case of grouping by categories);
- Replacement Cost (a range in case of grouping by categories);
- Fully Funded Balance;
- Yearly Cost (the cost of maintenance for the next year);
- Funded Balance (the distribution of starting balance according to the selected funding plan over components or component categories);
- Reserve Contribution (the distribution of yearly reserve contribution according to the selected

funding plan and the supposed special assessments over the components or component categories).

Contribution and Fund Breakdown

By individual component | By component category | By units

Current Funding Plan | Threshold Funding Plan | Full Funding Plan

Copy | Excel | Print

Search:

Funds Distribution by individual components (according to Current Funding Plan)

| Component Title | Useful Life | Remaining Useful Life | Replacement Cost | Fully Funded Balance | Yearly Cost | Funded Balance | Reserve Contribution |
|----------------------------|-------------|-----------------------|------------------|----------------------|-------------|----------------|----------------------|
| Asphalt - Resurface | 25 | 19 | \$60,200 | \$14,448 | \$2,998 | \$14,803 | \$3,523 |
| Asphalt - Seal/Repair | 5 | 4 | \$4,435 | \$887 | \$949 | \$909 | \$1,115 |
| Backflow Devices - Replace | 20 | 12 | \$1,480 | \$592 | \$97 | \$607 | \$114 |

Figure 17 – Component Detail Table grouped by individual components

It should be noted that the sum of Funded Balance and the sum of Reserve Contribution for all components or categories are defined by the chosen funding plan and these values correspond to the first value in the columns ‘Starting Balance’ and ‘Reserve Contribution’ in the ‘Funding Plans’ tab.

The internal algorithm automatically spreads these sums by components or categories considering their remaining useful life, yearly cost, and total cost. The components whose age is close to the stated Useful Life are funded in the first place.

The pie-chart shows the importance of components or categories. It is calculated according to the share of the required funds (sum of Fully Funded Balance and Yearly Cost), and general info about the components or categories in the popup window, which appears on mouse hover.

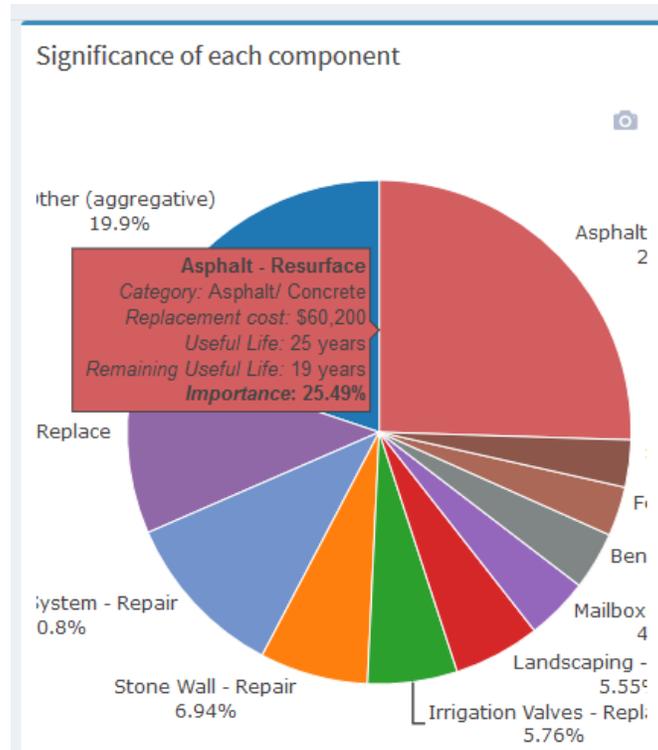


Figure 18 – Components importance pie chart

5.2 Grouping by Units

The content of the tables depends on whether the components have Fixed or Variable assessment.

If all the components have Fixed assessment, then the total number of units (entered in Initial Parameters) will be considered. In this case, the table shows:

- Fixed Reserve Contribution by every unit;
- Total Reserve Contribution for the next year.

If there is at least one component with Variable assessment, then the info about the units from the appropriate table 'Units' in the 'Data Entry' tab will be considered. The following info about the units is included in the table:

- Building, Address, and Square Footage;
- Percentage (automatically calculated share of a particular unit area in the total area);
- Fixed Reserve Contribution (a part of total reserve contribution going to the components with Fixed assessment);
- Variable Reserve Contribution (a part of total reserve contribution going to the components with Variable assessment);
- Total Reserve Contribution (a sum of Fixed and Variable Reserve Contribution by units).

Contribution and Fund Breakdown

By individual component | By component category | By units

Current Funding Plan | Threshold Funding Plan | Full Funding Plan

Copy | Excel | Print

Search:

Funds Distribution by Units according to Threshold Funding Plan

| Unit | Building | Address | Square Footage | Percentage | Fixed Reserve Contribution | Variable Reserve Contribution | Total Reserve Contribution |
|------------|----------|-------------|----------------|------------|----------------------------|-------------------------------|----------------------------|
| New Unit 1 | 1 | New address | 100 | 23.5% | \$2,751.65 | \$125.93 | \$2,877.58 |
| New Unit 2 | 1 | New address | 100 | 23.5% | \$2,751.65 | \$125.93 | \$2,877.58 |
| New Unit 3 | 1 | New address | 75 | 17.6% | \$2,751.65 | \$94.45 | \$2,846.09 |
| New Unit 4 | 1 | New address | 50 | 11.8% | \$2,751.65 | \$62.96 | \$2,814.61 |
| New Unit 5 | 1 | New address | 100 | 23.5% | \$2,751.65 | \$125.93 | \$2,877.58 |

Figure 19 – Component Detail Table grouped by units

It should be noted that the sum of Total Reserve Contribution for all units is defined by the chosen funding plan and this value corresponds to the first value in the column ‘Reserve Contribution’ in the ‘Funding Plans’ tab. The internal algorithm automatically spreads this sum by units considering their area. Important note here is that the amount intended for the components with Fixed assessments is spread by the units equally, and the amount intended for the components with the Variable assessments is spread by units proportionally to their area.

The pie-chart shows the importance of units (according to the share of the required funds), and general info about units in the popup window, which appears on mouse hover.

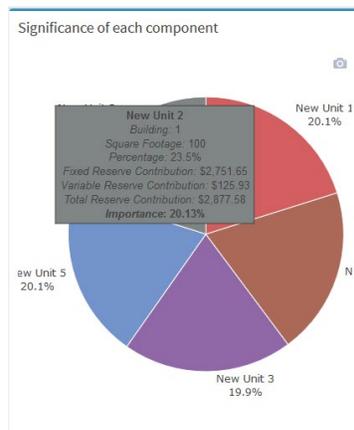


Figure 20 – Units importance pie chart

6. EXPENDITURE MATRIX

The 30-Year Expenditure Matrix shows expenditures for the 30-year period for each of the component with inflation considered. The results are presented in three 10-year period for ease of navigation and review. Results can be easily exported as Excel file, or the tables can be copied to a clipboard. A button “Copy” copies the full table (not divided into 3 parts as it is done in the app).

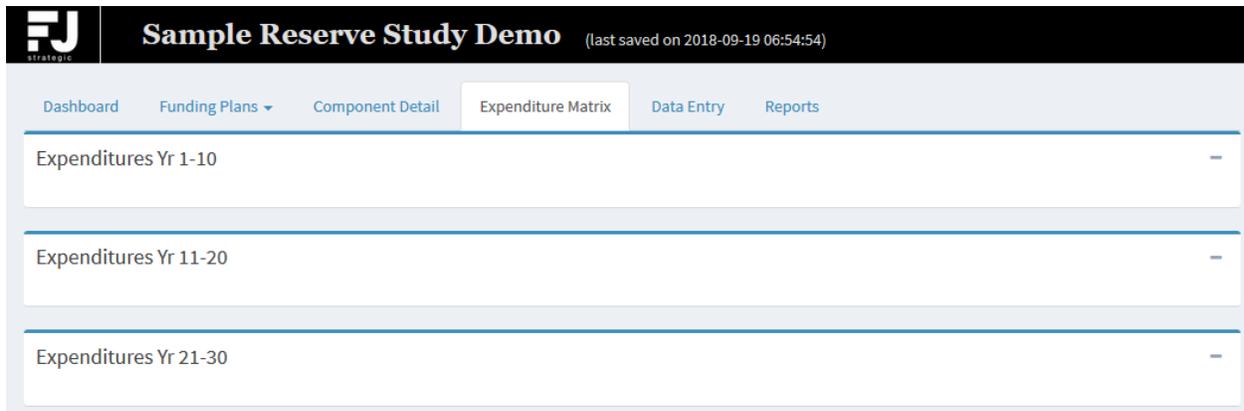
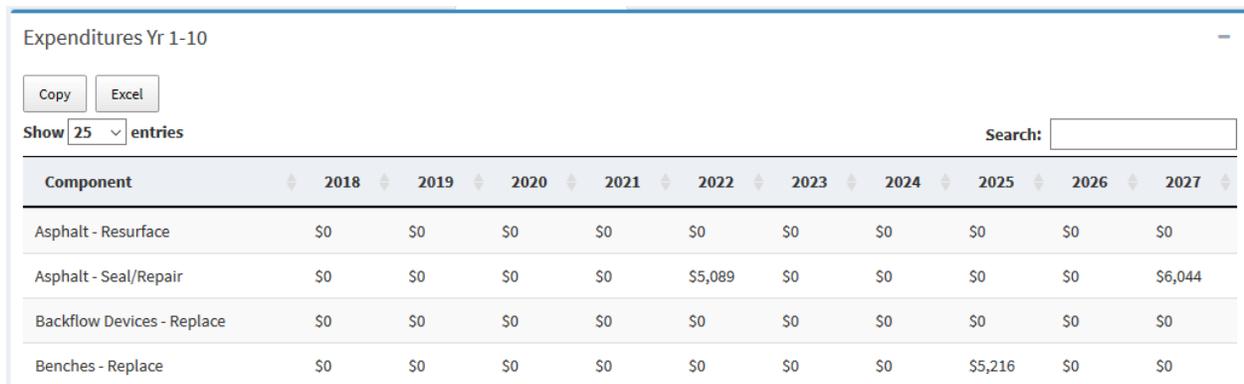


Figure 21 – Expenditure Table Interface



| Component | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|----------------------------|------|------|------|------|---------|------|------|---------|------|---------|
| Asphalt - Resurface | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Asphalt - Seal/Repair | \$0 | \$0 | \$0 | \$0 | \$5,089 | \$0 | \$0 | \$0 | \$0 | \$6,044 |
| Backflow Devices - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Benches - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,216 | \$0 | \$0 |

Figure 22 – Projected Expenditures

7. Reports

This section allows a user to generate and print out the Report and applicable Disclosure Notes. Three types of report can be generated:

- Level I report: Full Reserve Study with Site Inspection
- Level II report: Reserve study update with Site Inspection
- Level III report: Reserve study update without Site Inspection

Select the country and state/province by using the corresponding dropdown menus. The application could take up to one minute to generate and download the full report.

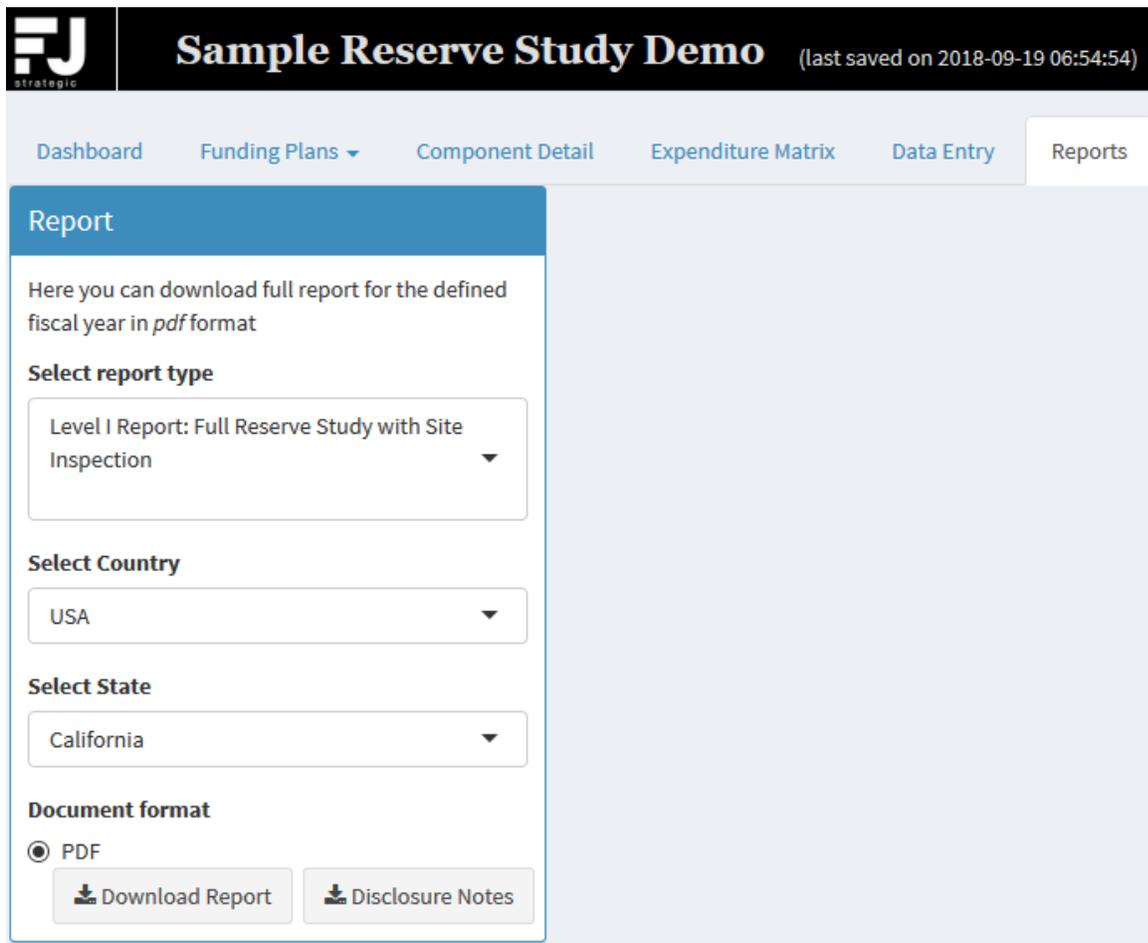


Figure 23 – Creation of Reports

The following sections are included in the reserve study and funding update reports:

Introduction, brief summary on the importance of reserve studies, insights on reserve studies vs financial situations, steps to providing adequate reserves, reserve study terminology, disclaimer

note, budget assumptions and recommendations, anticipated expenditures, thirty-year cash flow projections and expenditures including all information entered and generated by the application (tables and graphs).

The Disclosure Notes can be downloaded by clicking on the applicable button. This document is supposed to be sent along the reserve study report on a yearly basis. It typically includes: association reserve contribution, the per unit per month contribution, any approved special assessments, current funding plan, thirty-year projection summary and detailed component lists.