

CONDENSED EXECUTIVE OVERVIEW (CEO)

Association Name: **Kissing Camels POA**
 Association Location: **Colorado Springs, CO**
 Number of Units: **692**
 Association Type: **Property Owners Association**
 Report Period: **July 1, 2014 through June 30, 2015**

Report No: **8922**

Fund Assumptions and Evaluation

RECOMMENDED CONTRIBUTION FOR FISCAL YEAR 2014

<u>CURRENT</u> \$ Unit/Month	<u>RECOMMENDED</u> \$ Unit/Month	<u>INCREASE/DECREASE</u> \$ / %
\$36.48 / \$25,246	\$28.61 / \$19,800	-\$ 5,446.00 / -21.57%
<p>Based on your starting point, your projected future expenses, and your current Reserve Fund contribution rate, we recommend <i>reducing</i> your contribution to meet future demands.</p>		
Recommended Special Assessment for 2014:		\$0
Recommended Special Assessment for 2015:		\$0

CURRENT STATUS

Projected Reserve Fund Starting Balance (7/1/2014):	\$2,652,204
Projected Fully Funded Balance:	\$1,166,482
Percent Funded (1/1/2014):	227.4%
Position:	Surplus – Minimal Financial Risk

FINANCIAL ASSUMPTIONS

Annual Interest Rate on Reserve Fund:	1.0%
Annual Inflation Rate:	3.0%
Annual Contribution Rate Increase:	0.00% for First 3 years
Annual Contribution Rate Increase:	2.50% for Final 27 years

Reserve Summary

The following sections contain the reserve summary. This brings together the current replacement cost, normal life expectancy (UL), estimated remaining life (RUL), normal annual contribution, and current reserve requirement at 100% for each of the reserve categories.

Information supplied by the association includes a copy of December 31, 2013 monthly financial report and a copy of the current CC&R's.

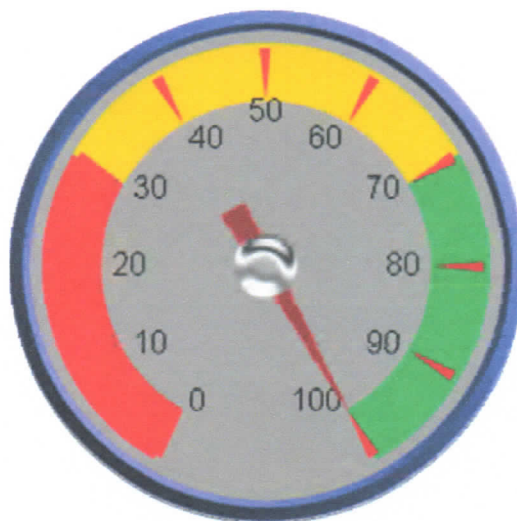
As a result of the study, if the current reserve fund balance is less than the 100% reserve fund recommendation, you have a funding deficit. If the fund balance is greater than the reserve recommendation, you have a funding overage. When a current reserve fund balance is less than the 100% reserve recommendation the annual contribution may need to be increased to meet the projected thirty year cash flow analysis. This will allow the funding deficit to be paid down over a period of years within the thirty year period.

All funding calculations in this study are based upon the cash flow analysis method. This amortized amount is added to the normal annual contribution yielding the new contribution. The goal is to meet anticipated reserve expenditures over the next thirty years and maintain a positive cash balance.

When a current reserve fund balance is greater than the current 100% reserve requirement the funding deficit tables calculate the number of years and dollars by which the overage should be spread out. While the fund may have a surplus at this moment, based on future major replacement costs, the contribution may need to be *increased*, or may see a reduction.

This method of amortizing overages and deficits will maintain a more stable level of funding and reduces fluctuations.

Your Current Funding Position – Surplus (227.4%)



Association Component List
By Component Number

#	Component	Useful Life	Remaining Useful Life	Current Average Cost
103	Concrete Walks - Replace	5	3	\$20,600
201	Asphalt - Resurface	7	1	\$936,550
202	Asphalt - Seal/Repair	1	0	\$45,650
202	Asphalt - Crack Fill	1	0	\$2,500
204	Concrete Curb & Gutter - Replace	10	3	\$49,200
205	Concrete Drive - Repair	5	3	\$8,050
502	Chain Link Fence - Replace	30	10	\$120,000
503	Metal Fence - Replace	45	25	\$187,500
506	Wire Fence - Replace	10	7	\$3,000
705	Gate Operator - Replace	8	4	\$8,200
715	Card/Keyless Entry System - Replace	12	6	\$3,000
720	Security System - Replace	12	9	\$35,000
830	Guardhouse - Refurbish	10	8	\$17,500
1022	Drainage Detention Areas - Clean And Maintain	5	1	\$6,500
1022	Drainage Underdrains - Clean And Maintain	5	4	\$8,000
1025	Landscape Projects - Renovation	5	3	\$15,000
1105	Stucco Wall - Repair	10	5	\$12,500
1105	Stone Wall - Repair/Repoint	5	4	\$5,000
1107	Metal Fence - Repaint	5	1	\$13,750
1150	Monument Signage - Refurbish	10	6	\$6,000
1304	Tile Roof - Replace	35	18	\$8,000
1315	Gutters/Downspouts - Replace	25	10	\$1,020
1405	Street Signage - Replace	10	7	\$4,500
1501	Pole Lights - Replace	20	12	\$113,400
2520	HVAC System - Replace	15	7	\$5,500
25	Total Funded Components			

Components By RUL

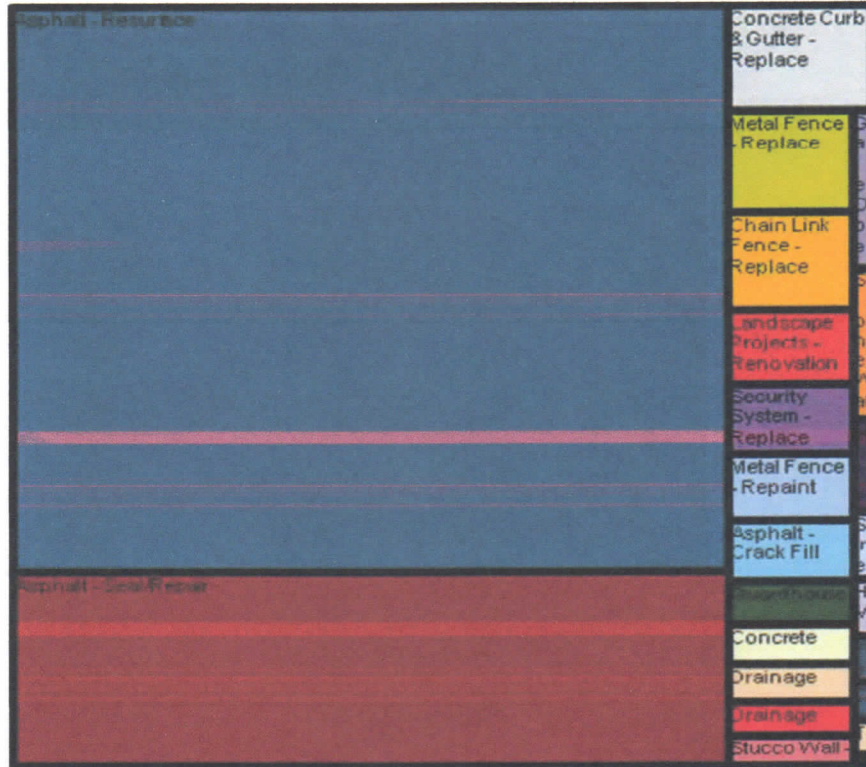
#	Component	Useful Life (yrs)	Remaining Useful Life	Current Average Cost	Future Average Cost
Remaining Useful Life 0 - 5 Years					
202	Asphalt - Seal/Repair	1	0	\$45,650	\$47,020
202	Asphalt - Crack Fill	1	0	\$2,500	\$2,575
201	Asphalt - Resurface	7	1	\$936,550	\$964,647
1022	Drainage Detention Areas - Clean And Maintain	5	1	\$6,500	\$6,695
1107	Metal Fence - Repaint	5	1	\$13,750	\$14,163
103	Concrete Walks - Replace	5	3	\$20,600	\$22,510
204	Concrete Curb & Gutter - Replace	10	3	\$49,200	\$53,762
205	Concrete Drive - Repair	5	3	\$8,050	\$8,796
1025	Landscape Projects - Renovation	5	3	\$15,000	\$16,391
705	Gate Operator - Replace	8	4	\$8,200	\$9,229
1022	Drainage Underdrains - Clean And Maintain	5	4	\$8,000	\$9,004
1105	Stone Wall - Repair/Repoint	5	4	\$5,000	\$5,628
1105	Stucco Wall - Repair	10	5	\$12,500	\$14,491
Remaining Useful Life 6 - 10 Years					
715	Card/Keyless Entry System - Replace	12	6	\$3,000	\$3,582
1150	Monument Signage - Refurbish	10	6	\$6,000	\$7,164
506	Wire Fence - Replace	10	7	\$3,000	\$3,690
1405	Street Signage - Replace	10	7	\$4,500	\$5,534
2520	HVAC System - Replace	15	7	\$5,500	\$6,764
830	Guardhouse - Refurbish	10	8	\$17,500	\$22,168
720	Security System - Replace	12	9	\$35,000	\$45,667
502	Chain Link Fence - Replace	30	10	\$120,000	\$161,270
1315	Gutters/Downspouts - Replace	25	10	\$1,020	\$1,371
Remaining Useful Life 11 - 15 Years					
1501	Pole Lights - Replace	20	12	\$113,400	\$161,681
Remaining Useful Life 16 - 20 Years					
1304	Tile Roof - Replace	35	18	\$8,000	\$13,619
Remaining Useful Life Over 20 Years					
503	Metal Fence - Replace	45	25	\$187,500	\$392,583
25	Total Funded Components				

Components by Significance

#	Component	UL	Current (Avg) Cost	Cost/Yr	Significance
201	Asphalt - Resurface	7	\$936,550	\$133,793	59.40%
202	Asphalt - Seal/Repair	1	\$45,650	\$45,650	20.27%
1501	Pole Lights - Replace	20	\$113,400	\$5,670	2.52%
204	Concrete Curb & Gutter - Replace	10	\$49,200	\$4,920	2.18%
503	Metal Fence - Replace	45	\$187,500	\$4,167	1.85%
103	Concrete Walks - Replace	5	\$20,600	\$4,120	1.83%
502	Chain Link Fence - Replace	30	\$120,000	\$4,000	1.78%
1025	Landscape Projects - Renovation	5	\$15,000	\$3,000	1.33%
720	Security System - Replace	12	\$35,000	\$2,917	1.29%
1107	Metal Fence - Repaint	5	\$13,750	\$2,750	1.22%
202	Asphalt - Crack Fill	1	\$2,500	\$2,500	1.11%
830	Guardhouse - Refurbish	10	\$17,500	\$1,750	0.78%
205	Concrete Drive - Repair	5	\$8,050	\$1,610	0.71%
1022	Drainage Underdrains - Clean And Maintain	5	\$8,000	\$1,600	0.71%
1022	Drainage Detention Areas - Clean And Maintain	5	\$6,500	\$1,300	0.58%
1105	Stucco Wall - Repair	10	\$12,500	\$1,250	0.55%
705	Gate Operator - Replace	8	\$8,200	\$1,025	0.46%
1105	Stone Wall - Repair/Repoint	5	\$5,000	\$1,000	0.44%
1150	Monument Signage - Refurbish	10	\$6,000	\$600	0.27%
1405	Street Signage - Replace	10	\$4,500	\$450	0.20%
2520	HVAC System - Replace	15	\$5,500	\$367	0.16%
506	Wire Fence - Replace	10	\$3,000	\$300	0.13%
715	Card/Keyless Entry System - Replace	12	\$3,000	\$250	0.11%
1304	Tile Roof - Replace	35	\$8,000	\$229	0.10%
1315	Gutters/Downspouts - Replace	25	\$1,020	\$41	0.02%
25	Total Funded Components				

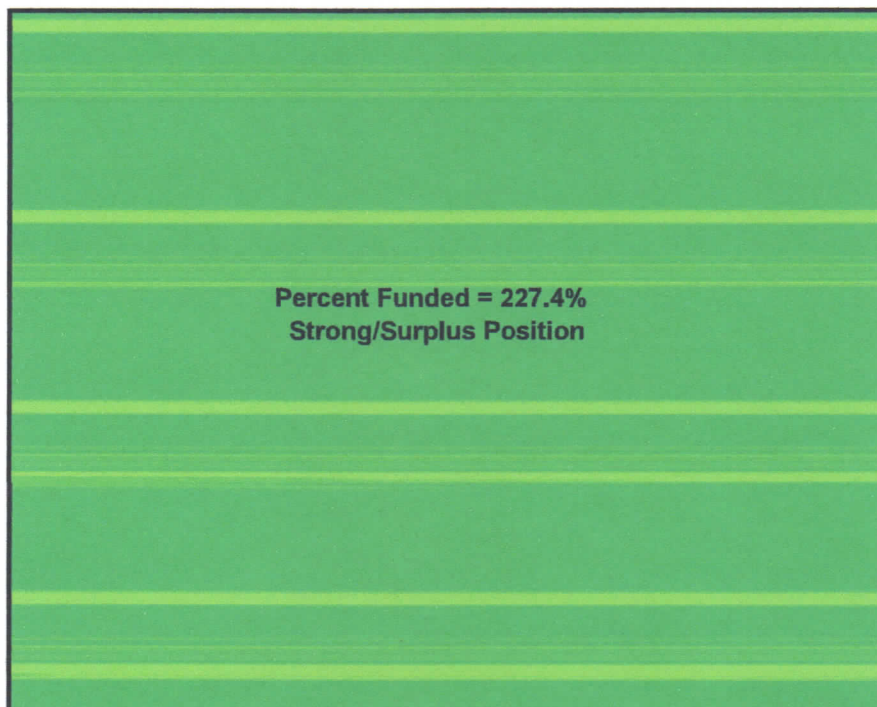
* Top 5 Components deserve Board's utmost attention

Expense Treemap



Expenses by Major Category is a visual representation of each component cost and its proportional relationship to the complete replacement fund. This makes it easier to identify major expenses in their proportional value.

The Current Fund Balance identifies in a visual format, the size of your current fund in relationship to total replacement needs of the community.



30-Year Reserve Plan Summary

Balance Beginning: 07/01/14

Interest:	1.0%
Inflation:	3.0%

Year	Recommended Plan				Current Plan			
	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Rating	Percent Funded	Fully Funded Balance	Starting Reserve Balance
2014	\$2,652,204	\$1,166,482	227.4%	Surplus	Surplus	227.4%	\$1,166,482	\$2,652,204
2015	\$2,869,250	\$1,383,896	207.3%	Surplus	Surplus	212.1%	\$1,383,896	\$2,934,930
2016	\$2,096,570	\$598,237	350.5%	Surplus	Surplus	372.5%	\$598,237	\$2,228,590
2017	\$2,305,086	\$809,714	284.7%	Surplus	Surplus	309.3%	\$809,714	\$2,504,113
2018	\$2,412,188	\$928,838	259.7%	Surplus	Surplus	288.4%	\$928,838	\$2,678,895
2019	\$2,602,738	\$1,137,442	228.8%	Surplus	Surplus	257.8%	\$1,137,442	\$2,931,834
2020	\$2,809,104	\$1,368,115	205.3%	Surplus	Surplus	233.5%	\$1,368,115	\$3,195,098
2021	\$3,001,595	\$1,591,004	188.7%	Surplus	Surplus	216.1%	\$1,591,004	\$3,438,786
2022	\$3,219,748	\$1,846,621	174.4%	Surplus	Surplus	200.5%	\$1,846,621	\$3,702,221
2023	\$2,190,760	\$831,332	263.5%	Surplus	Surplus	326.3%	\$831,332	\$2,712,381
2024	\$2,363,611	\$1,029,781	229.5%	Surplus	Surplus	283.4%	\$1,029,781	\$2,918,019
2025	\$2,442,714	\$1,138,312	214.6%	Surplus	Surplus	265.6%	\$1,138,312	\$3,023,314
2026	\$2,663,043	\$1,396,103	190.7%	Surplus	Surplus	233.7%	\$1,396,103	\$3,263,003
2027	\$2,744,777	\$1,519,500	180.6%	Surplus	Surplus	220.9%	\$1,519,500	\$3,357,018
2028	\$2,869,924	\$1,692,532	169.6%	Surplus	Surplus	206.0%	\$1,692,532	\$3,487,113
2029	\$3,119,113	\$1,998,981	156.0%	Surplus	Surplus	186.8%	\$1,998,981	\$3,733,659
2030	\$1,910,189	\$820,209	232.9%	Surplus	Surplus	306.5%	\$820,209	\$2,514,232
2031	\$2,138,569	\$1,094,159	195.5%	Surplus	Surplus	249.0%	\$1,094,159	\$2,723,974
2032	\$2,405,019	\$1,415,729	169.9%	Surplus	Surplus	209.3%	\$1,415,729	\$2,963,369
2033	\$2,569,192	\$1,642,244	156.4%	Surplus	Surplus	188.3%	\$1,642,244	\$3,091,781
2034	\$2,841,727	\$1,987,907	143.0%	Surplus	Surplus	167.0%	\$1,987,907	\$3,319,550
2035	\$3,131,342	\$2,361,762	132.6%	Surplus	Surplus	150.5%	\$2,361,762	\$3,555,086
2036	\$3,341,915	\$2,666,106	125.3%	Strong	Surplus	138.9%	\$2,666,106	\$3,701,953
2037	\$1,850,379	\$1,236,408	149.7%	Surplus	Surplus	172.8%	\$1,236,408	\$2,136,761
2038	\$1,980,585	\$1,444,778	137.1%	Surplus	Surplus	151.1%	\$1,444,778	\$2,183,027
2039	\$2,276,625	\$1,831,725	124.3%	Strong	Surplus	130.2%	\$1,831,725	\$2,384,501
2040	\$2,188,415	\$1,837,307	119.1%	Strong	Strong	119.2%	\$1,837,307	\$2,190,749
2041	\$2,470,521	\$2,227,523	110.9%	Strong	Strong	105.8%	\$2,227,523	\$2,355,974
2042	\$2,803,016	\$2,682,398	104.5%	Strong	Strong	95.4%	\$2,682,398	\$2,559,881
2043	\$3,003,703	\$3,016,807	99.6%	Strong	Strong	86.8%	\$3,016,807	\$2,619,889

SITE INSPECTION NOTES

Community Association Reserves was contracted to perform a Reserve Study for Kissing Camels POA, located in Anywhere, USA in accordance with our proposal dated January 3, 2014. The purpose of the Reserve Study is to determine a reasonable level of annual reserve fund contributions required to meet future expenditures for the elements on the property that will likely require major repairs or replacements over the next 30-year period.

We inspected the Association on January 23, 2014. The community consists of 534 units, 153 lots and 5 additional townhomes.

The community started initial construction in the late 1960's and is continuing development as of the date of this report. Due to the timing of the installation of the significant components (asphalt) we have segmented certain major component replacement cycles based upon these phased construction instances.

We started the site inspection beginning with the streets and drives. We visually inspected all of the assets, and were able to see all areas. We were not able to closely inspect the guardhouse roof due to access limitations.

During our site inspection we noted that the property is in overall good condition with a few items of note:

The perimeter metal fence is in need of paint in some areas.

The roads vary in condition ranging from good to fair. We have established a rotation of replacement addressing 33% of the roads every 7 years, so that all roads are replaced every 21 years.

To better assist the Board in understanding the state of their community's capital assets, a full photographic inventory of component, costs and conditions is included in this report.