

AMBER WOOD AT FALL CREEK
HOMEOWNERS ASSOCIATION, INC

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

For the Years Ended
December 31, 2016 and 2015

Draft for Review and Approval

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of the
AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC

Report on the Financial Statements

We have audited the accompanying financial statements of AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC, which comprises the balance sheets as of December 31, 2016 and 2015 and the related Statements of Assessments, Revenues, Expenses, and Changes in Fund Balances and the Statements of Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards as generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC, as of December 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included under supplemental schedules on pages 10 through 12, as identified in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Future Major Repairs and Replacements

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on Note 4, page 13 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Our audit was made for the purpose of forming an opinion on the basis historical financial statements. The future major repairs and replacements information referred to above, are based on the study conducted by RESERVE & PROJECT SPECIALISTS, LLC, and their report dated on December 17, 2015. An evaluation of this study is beyond the scope of our audit procedures, and accordingly we do not express an opinion on Note 4, page 13 through 37 of the financial statements.

Nagesh & Carter, PLLC

Nagesh & Carter, PLLC

Houston, Texas

June 6, 2017

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC

BALANCE SHEETS

As of December 31, 2016 and 2015

			Memo	
	Operating	Replacement	Totals	Totals
	Fund	Fund	31-Dec-16	31-Dec-15
<u>ASSETS</u>				
Cash and cash equivalents	\$43,722	\$70,482	\$114,204	\$114,782
Accounts receivable	6,752	-	6,752	4,940
Prepaid expenses	12,413	-	12,413	13,847
Total assets	\$62,887	\$70,482	\$133,369	\$133,569
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$45	-	\$45	\$364
Prepaid assessments	11,337	-	11,337	2,789
Total liabilities	11,382	-	11,382	3,153
Fund balance	51,505	\$70,482	121,987	130,416
Total liabilities and fund balance	\$62,887	\$70,482	\$133,369	\$133,569

*The accompanying notes are an integral
part of these financial statements.*

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
STATEMENTS OF ASSESSMENTS, REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCES
For The Years Ended December 31, 2016 and 2015

	Operating	Replacement	Totals	Memo
	Fund	Fund	31-Dec-16	Totals 31-Dec-15
Assessments and revenues				
Maintenance fees	\$146,880	-	\$146,880	\$146,880
Capitalization fees	1,080	-	1,080	2,880
Late fees and penalties	2,830	-	2,830	2,255
Interest income	-	\$236	236	86
Legal fees - recovery	865	-	865	1,644
Other income	1,110	-	1,110	400
Total revenues	152,765	236	153,001	154,145
Operating expenses				
Administrative expenses	10,062	-	10,062	10,328
Contract services	47,483	-	47,483	39,811
Utilities	2,751	-	2,751	2,631
Maintenance and repairs	46,760	-	46,760	29,988
Insurance	54,374	-	54,374	58,022
Total expenses	161,430	-	161,430	140,780
Assessments and revenues over expenses	(8,665)	236	(8,429)	13,365
Fund balance, beginning of the year	65,123	65,293	130,416	117,051
Interfund transfers	(4,953)	4,953	-	-
Fund balance, end of the year	\$51,505	\$70,482	\$121,987	\$130,416
	-	-	-	-
<i>The accompanying notes are an integral part of these financial statements.</i>				

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2016 and 2015

	Operating Fund	Replacement Fund	Totals 31-Dec-16	Memo Totals 31-Dec-15
Cash flow from (to) operations				
Assessments and revenues over (under) expenses	(\$8,665)	\$236	(\$8,429)	\$13,365
Adjustments to reconcile assessments and revenues over (under) expenses to cash flow from operations				
Accounts receivable	(1,812)	-	(1,812)	4,800
Prepaid expenses	1,434	-	1,434	(4,273)
Accounts payable	(319)	-	(319)	(2,085)
Prepaid assessments	8,548	-	8,548	(6,463)
Total cash flow from (to) operations	(814)	236	(578)	5,344
Interfund transfers	(4,953)	4,953	-	-
Increase (decrease) in cash	(5,767)	5,189	(578)	5,344
Cash and cash equivalents, beginning of the year	49,489	65,293	114,782	109,438
Cash and cash equivalents, end of the year	\$43,722	\$70,482	\$114,204	\$114,782
	-	-	-	-
<i>The accompanying notes are an integral part of these financial statements</i>				

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2016 and 2015

1. NATURE OF ORGANIZATION

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC ("the Association") was incorporated in the State of Texas as a not-for-profit corporation on January 22, 2008.

The Association is the governing body for the homeowners of AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC, a sixty-eight (68) single-family subdivision in Harris County, Texas. The purposes of the Association are to operate, manage, maintain, and administer the affairs of the townhome complex and common areas.

The affairs of the Association are managed and controlled by its Board of Directors. These Directors are empowered to exercise, on behalf of the Association, all of the powers, duties, and authorities vested or delegated to it by virtue of the Association's By-Laws, Articles of Incorporation, Declarations and Covenants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING

The Association is a not-for-profit organization, which employs the fund method of accounting on an accrual basis in order to properly account for restrictions on the expenditures resulting from actions of the Board or the homeowners. These financial statements segregate the accounting for such funds into operating and capital reserve or replacement funds.

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association. The disbursements from the operating fund are generally at the discretion of the Board and property managers and are used for operating expenses.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements. The disbursements from the capital reserve or replacement fund generally may only be utilized in accordance with the purposes established.

OWNERS ASSESSMENTS

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The assessments or maintenance fees assessed are based on an annual budget as adopted by the Board pursuant to the governing documents of the Association.

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For the purposes of reporting cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less as cash and cash equivalents in the accompanying balance sheet. The Association has interest bearing deposits in financial institutions that maintained FDIC insurance in full for all accounts and limited coverage up to \$250,000 per financial institution. The portion of deposits in excess of this amount is not subject to such insurance and represents a credit risk to the Association. At times, balances held at each financial institution may exceed \$250,000 which represents a credit risk to the Association.

CAPITALIZATION POLICY

The replacements and improvements to the real property and common areas are expensed in the year incurred.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DATE OF MANAGEMENT REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 6, 2017 the date that the financial statements were available to be issued.

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2016 and 2015

3. ACCOUNTS RECEIVABLE

The Association's accounts receivable represents payments due from delinquent homeowners. The balances are from a few homeowners, some of whom are seriously delinquent. The Association anticipates collecting these balances through its collection efforts, including filing liens and legal actions against these homeowners. The collection of these amounts will be affected by the foreclosure of liens superior to the lien by the homeowner's association such as mortgage lien holders, delinquent property tax liens, and/or bankruptcies by the homeowners.

When the assessments are deemed not collectible, as result of foreclosure, bankruptcy, etc., the Association writes off the account as bad debts. Generally accepted accounting principles require that the management estimate the accounts that may have to be written off and provide an allowance for doubtful accounts and include that as bad debt expense each year.

As of December 31, 2016, and 2015, the Association had assessments receivable of \$6,752 and \$4,940, respectively.

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents required funds to be accumulated for future major repairs and replacements on common property such as roofs, fences, hardy plank siding, irrigation systems, concrete driveways and common area landscape. Accumulated funds, which aggregate approximately \$70,482 at December 31, 2016, are held in separate accounts and are generally not used for normal operating expenses.

The Association engaged an independent engineer, RESERVE & PROJECT SPECIALISTS, LLC, who conducted a study on December 17, 2015 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments or it may delay major repairs and replacements until funds are available.

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2016 and 2015

5. FEDERAL INCOME TAXES

Homeowners' Associations may be taxed either as Homeowners' Associations under Section 528 of the Internal Revenue Code or regular Corporations as a membership organization under Section 277 of the Internal Revenue Code.

As a Homeowners' Association, under Section 528 of the Internal Revenue Code, exempt function income, which consists primarily of amounts received from its members, are not taxable. The non-exempt income (income received from other than members such as interest earnings), net of any applicable deductions in excess of \$100 are taxed at a flat rate of 30%.

As a membership organization under Section 277, the Association is taxed as a regular corporation on both membership income and non-membership income at regular federal corporate income tax rates, which range from a minimum of 15% to a maximum rate of 39%. Net membership income can be deferred by electing under the provisions of Revenue Ruling 70-604.

The Association elected to file its tax return as a Homeowners' Association for the years ended December 31, 2016 and 2015.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2016, 2015, and 2014 remain open to examination by the Internal Revenue Service; state franchise returns for 2017, 2016, and 2015 are open to examination. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate, and there will not be any significant tax liability resulting from any audits by taxing authorities.

SUPPLEMENTAL SCHEDULES

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AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
ANALYSIS OF ASSESSMENTS, REVENUES AND EXPENSES
PER HOMEOWNER AND AS PERCENTAGE OF ASSESSMENTS
For The Year Ended December 31, 2016

	Amount	Average Per Year Per Home	Average Per Month Per Home	%age of Assessments
Assessments and revenues				
Maintenance fees	\$146,880	\$2,160.00	\$180.00	100.00%
Capitalization fees	1,080	15.88	1.32	0.74%
Late fees and penalties	2,830	41.62	3.47	1.93%
Interest income	236	3.47	0.29	0.16%
Legal fees - recovery	865	12.72	1.06	0.59%
Other income	1,110	16.32	1.36	0.76%
Total assessments and revenues	153,001	2,250.01	187.50	104.17%
Administrative expenses				
Legal fees - corporate	1,379	20.28	1.69	0.94%
Legal fees - individual	831	12.22	1.02	0.57%
Professional fees - audit and tax	3,025	44.49	3.71	2.06%
Administrative expenses	4,827	70.99	5.92	3.29%
Total administrative expenses	10,062	147.97	12.33	6.85%
Contract services				
Management services	12,000	176.47	14.71	8.17%
Landscape contract	35,483	521.81	43.48	24.16%
Total contract expenses	47,483	698.28	58.19	32.33%
Utilities				
Electricity	500	7.35	0.61	0.34%
Water	2,251	33.10	2.76	1.53%
Total utilities	2,751	40.46	3.37	1.87%
Maintenance and repairs				
General repairs	9,123	134.16	11.18	6.21%
Driveways	7,120	104.71	8.73	4.85%
Gutters	4,560	67.06	5.59	3.10%
Landscaping	9,783	143.87	11.99	6.66%
Fences	2,310	33.97	2.83	1.57%
Roofs	7,596	111.71	9.31	5.17%
Sprinkler	6,268	92.18	7.68	4.27%
Total maintenance and repairs	46,760	687.65	57.30	31.84%
Insurance	54,374	799.62	66.63	37.02%
Total expenses	161,430	2,373.97	197.83	109.91%
Net assessments and revenues over (under) expenses	(\$8,429)	(\$123.96)	(\$10.33)	-5.74%

*The foregoing notes are an integral
part of these financial statements.*

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
COMPARATIVE OF ASSESSMENTS, REVENUES AND EXPENSES
For The Years Ended December 31, 2016 and 2015

	31-Dec-16	Memo 31-Dec-15
Assessments and revenues		
Maintenance fees	\$146,880	\$146,880
Capitalization fees	1,080	2,880
Late fees and penalties	2,830	2,255
Interest income	236	86
Legal fees - recovery	865	1,644
Other income	1,110	400
Total assessments and revenues	153,001	154,145
Administrative expenses		
Legal fees - corporate	1,379	5,778
Legal fees - individual	831	641
Professional fees - audit and tax	3,025	600
Administrative expenses	4,827	3,309
Total administrative expenses	10,062	10,328
Contract services		
Management services	12,000	10,900
Landscape contract	35,483	28,911
Total contract expenses	47,483	39,811
Utilities		
Electricity	500	339
Water	2,251	2,292
Total utilities	2,751	2,631
Maintenance and repairs		
General repairs	9,123	5,603
Driveways	7,120	-
Gutters	4,560	8,568
Landscaping	9,783	8,071
Fences	2,310	-
Roofs	7,596	-
Sprinkler	6,268	7,746
Total maintenance and repairs	46,760	29,988
Insurance	54,374	58,022
Total expenses	161,430	140,780
Net assessments and revenues over (under) expenses	(\$8,429)	\$13,365

*The foregoing notes are an integral
part of these financial statements.*

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC
ANALYSIS OF CAPITAL IMPROVEMENTS AND REPLACEMENT EXPENSES
For The Years Ended December 31, 2016 and 2015

	31-Dec-16	31-Dec-15
Replacement fund balance, beginning of the year	\$65,293	-
Additions to fund balance		
Transfers from operating fund	4,953	\$65,207
Investment income	236	86
Total additions	5,189	65,293
Replacement fund balance, end of the year	\$70,482	\$65,293

*The foregoing notes are an integral
part of these financial statements.*

AMBER WOOD AT FALL CREEK HOMEOWNERS ASSOCIATION, INC

Supplementary Information on Future Repairs and Replacements

THINGS TO KNOW ABOUT YOUR RESERVE STUDY

- **This Reserve Study is a “Full-Detailed” Reserve study.** All of the information regarding the on-site components has been established from visual observations by a field inspector during a visit to your community on **November 13, 2015**.
- Your Reserve Study has been approved by **Clayton Taylor**, an accredited Reserve Specialist, designation **RS #271**.
- Reserve & Project Specialists Report provides several funding Scenarios:
 - **Current Assessment Funding:** This report model shows what your Reserve Fund Projections would be if the current contribution remains unchanged.
 - **Threshold Funding:** Reserve & Project Specialists develop a report with a minimum funding threshold of \$10,000. This means that the funding model does not allow the reserve balance to dip below \$10,000.
 - **Component Model Funding:** This is the most fiscally conservative of the three funding options. This report model is designed to gradually reach, and maintain a reserve balance as close to 100% funded as possible.
- The costs of assets are determined by a few different methods:
 - The use of **RS Means**, which is an up to date library of unit, labor and material cost estimates for residential and commercial applications.
 - Historical data for actual replacement costs of known components
 - Asset costs are updated with a yearly 3% inflationary assumption
- Your starting Reserve Fund Balance was obtained from the supporting documents provided to Reserve & Project Specialists from **James Hughes, Treasurer**. The accuracy of this data is crucial in establishing a report that reflects your community's true Reserve Fund strength.
- To determine your current funding position, we evaluate the current components in your community and establish what is known as your “Fully Funded Balance”. Your existing balance is then divided by this “Fully Funded Balance”, resulting in your current funding percentage.



**Amber Wood at Fall Creek
Current Assessment Funding Model Summary**

		Report Parameters	
Report Date	December 17, 2015	Inflation	0.00%
Account Number	2015-0101	Annual Assessment Increase	0.00%
Budget Year Beginning	January 01, 2016	Interest Rate on Reserve Deposit	0.00%
Budget Year Ending	December 31, 2016		
Total Units	68	2016 Beginning Balance	\$60,000.00

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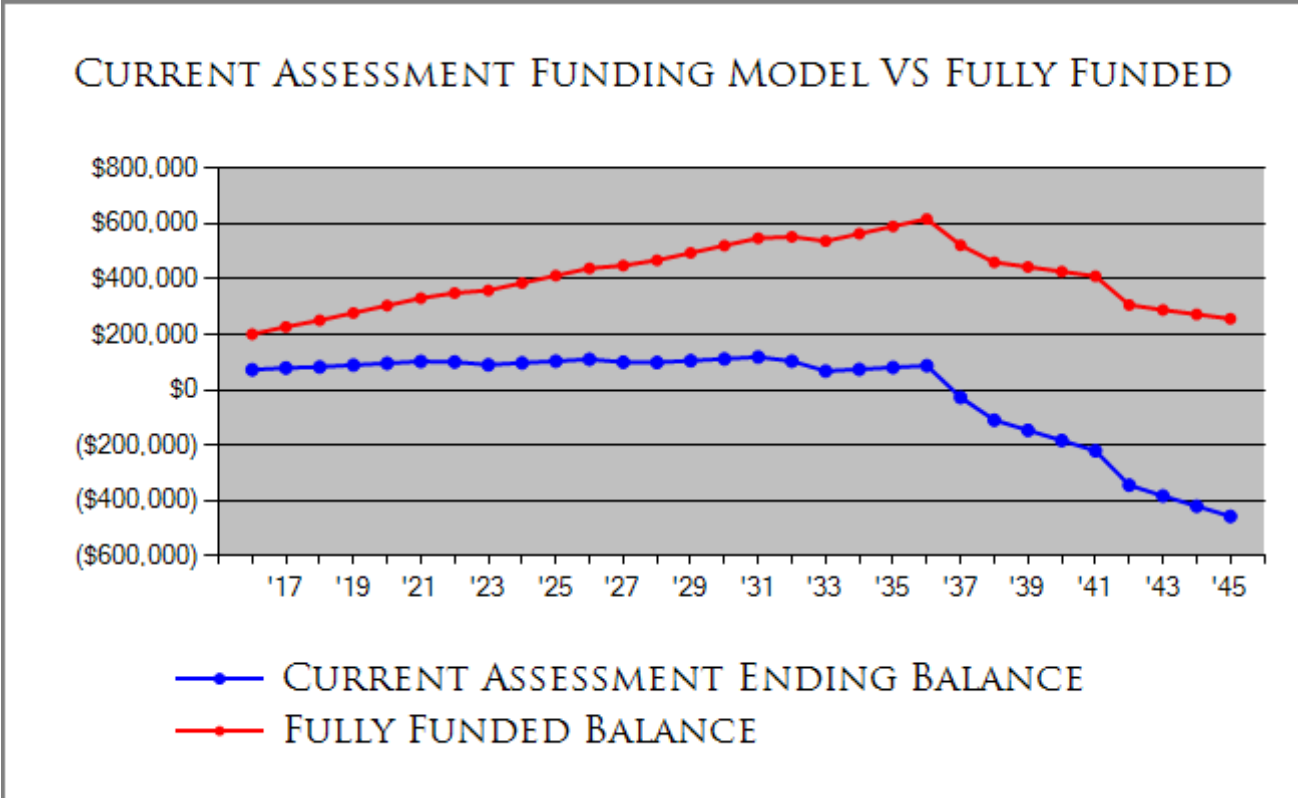
Current Assessment Funding Model Summary of Calculations	
Required Annual Contribution	\$6,528.00
<i>\$96.00 per unit annually</i>	
Average Net Annual Interest Earned	
Total Annual Allocation to Reserves	\$6,528.00
<i>\$96.00 per unit annually</i>	

**Amber Wood at Fall Creek
Current Assessment Funding Model Projection**

Beginning Balance: \$60,000

Year	Current Cost	Annual Contribution	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2016	751,150	6,528	4,000	62,528	199,765	31%
2017	751,150	6,528		69,056	226,782	30%
2018	751,150	6,528	2,901	72,683	250,897	29%
2019	751,150	6,528		79,211	277,913	29%
2020	751,150	6,528		85,739	304,930	28%
2021	751,150	6,528		92,267	331,946	28%
2022	751,150	6,528	12,058	86,737	346,904	25%
2023	751,150	6,528	16,896	76,369	357,024	21%
2024	751,150	6,528		82,897	384,041	22%
2025	751,150	6,528		89,425	411,057	22%
2026	751,150	6,528		95,953	438,073	22%
2027	751,150	6,528	16,770	85,711	448,320	19%
2028	751,150	6,528	11,629	80,610	463,707	17%
2029	751,150	6,528		87,138	490,723	18%
2030	751,150	6,528		93,666	517,740	18%
2031	751,150	6,528		100,194	544,756	18%
2032	751,150	6,528	21,415	85,307	550,358	16%
2033	751,150	6,528	42,208	49,628	535,166	9%
2034	751,150	6,528	4,000	52,156	558,182	9%
2035	751,150	6,528		58,684	585,199	10%
2036	751,150	6,528		65,212	612,215	11%
2037	751,150	6,528	120,941	-49,201	518,291	-9%
2038	751,150	6,528	88,320	-130,994	456,987	-29%
2039	751,150	6,528	43,365	-167,831	440,685	-38%
2040	751,150	6,528	47,365	-208,668	420,473	-50%
2041	751,150	6,528	43,365	-245,505	404,393	-61%
2042	751,150	6,528	130,676	-369,653	301,171	-123%
2043	751,150	6,528	43,365	-406,490	285,467	-142%
2044	751,150	6,528	43,365	-443,327	270,004	-164%
2045	751,150	6,528	43,365	-480,164	254,815	-188%

Amber Wood at Fall Creek
Current Assessment Funding Model VS Fully Funded Chart



The Current Assessment Funding Model is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

Amber Wood at Fall Creek
\$10,000 Funding Model Summary

Report Date	December 17, 2015
Account Number	2015-0101
Budget Year Beginning	January 01, 2016
Budget Year Ending	December 31, 2016
Total Units	68

Report Parameters	
Inflation	0.00%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	0.00%
2016 Beginning Balance	\$60,000.00

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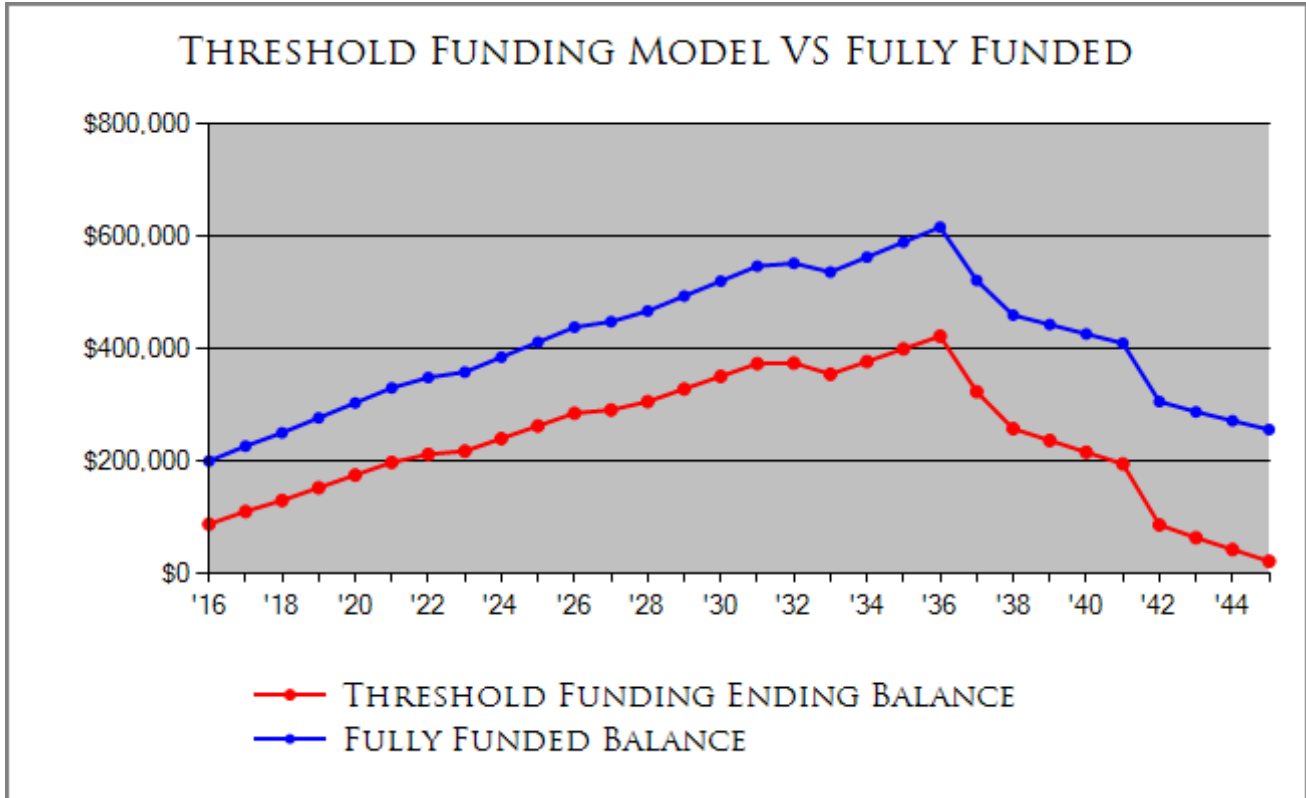
Threshold Funding Model Summary of Calculations	
Required Annual Contribution	\$24,272.97
<i>\$356.96 per unit annually</i>	
Average Net Annual Interest Earned	
Total Annual Allocation to Reserves	\$24,272.97
<i>\$356.96 per unit annually</i>	

Amber Wood at Fall Creek
\$10,000 Funding Model Projection

Beginning Balance: \$60,000

Year	Current Cost	Annual Contribution	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2016	751,150	24,273	4,000	80,273	199,765	40%
2017	751,150	24,273		104,546	226,782	46%
2018	751,150	24,273	2,901	125,918	250,897	50%
2019	751,150	24,273		150,191	277,913	54%
2020	751,150	24,273		174,464	304,930	57%
2021	751,150	24,273		198,737	331,946	60%
2022	751,150	24,273	12,058	210,952	346,904	61%
2023	751,150	24,273	16,896	218,329	357,024	61%
2024	751,150	24,273		242,602	384,041	63%
2025	751,150	24,273		266,875	411,057	65%
2026	751,150	24,273		291,148	438,073	66%
2027	751,150	24,273	16,770	298,650	448,320	67%
2028	751,150	24,273	11,629	311,295	463,707	67%
2029	751,150	24,273		335,568	490,723	68%
2030	751,150	24,273		359,840	517,740	70%
2031	751,150	24,273		384,113	544,756	71%
2032	751,150	24,273	21,415	386,972	550,358	70%
2033	751,150	24,273	42,208	369,037	535,166	69%
2034	751,150	24,273	4,000	389,310	558,182	70%
2035	751,150	24,273		413,583	585,199	71%
2036	751,150	24,273		437,856	612,215	72%
2037	751,150	24,273	120,941	341,188	518,291	66%
2038	751,150	24,273	88,320	277,141	456,987	61%
2039	751,150	24,273	43,365	258,049	440,685	59%
2040	751,150	24,273	47,365	234,957	420,473	56%
2041	751,150	24,273	43,365	215,865	404,393	53%
2042	751,150	24,273	130,676	109,461	301,171	36%
2043	751,150	24,273	43,365	90,369	285,467	32%
2044	751,150	24,273	43,365	71,277	270,004	26%
2045	751,150	24,273	43,365	52,185	254,815	20%

Amber Wood at Fall Creek
\$10,000 Funding Model VS Fully Funded Chart



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$10,000. All funds for planned reserve expenditures will be available on the first day of each fiscal year.

**Amber Wood at Fall Creek
Component Funding Model Summary**

		Report Parameters	
Report Date	December 17, 2015	Inflation	0.00%
Account Number	2015-0101	Interest Rate on Reserve Deposit	0.00%
Budget Year Beginning	January 01, 2016		
Budget Year Ending	December 31, 2016		
Total Units	68	2016 Beginning Balance	\$60,000.00

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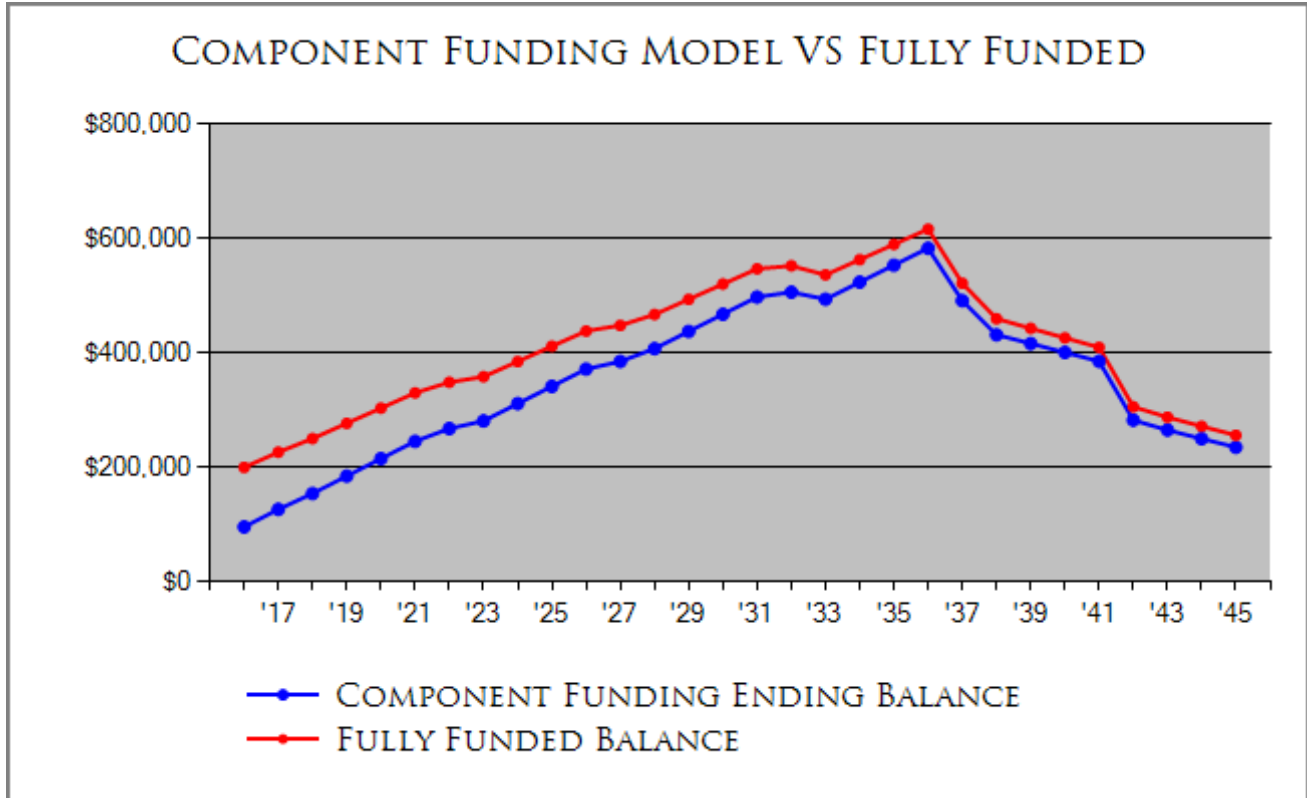
Component Funding Model Summary of Calculations	
Required Initial Contribution	\$33,775.29
<i>\$496.70 per unit annually</i>	
Average Net Annual Interest Earned	
Total Initial Allocation to Reserves	\$33,775.29
<i>\$496.70 per unit annually</i>	

**Amber Wood at Fall Creek
Component Funding Model Projection**

Beginning Balance: \$60,000

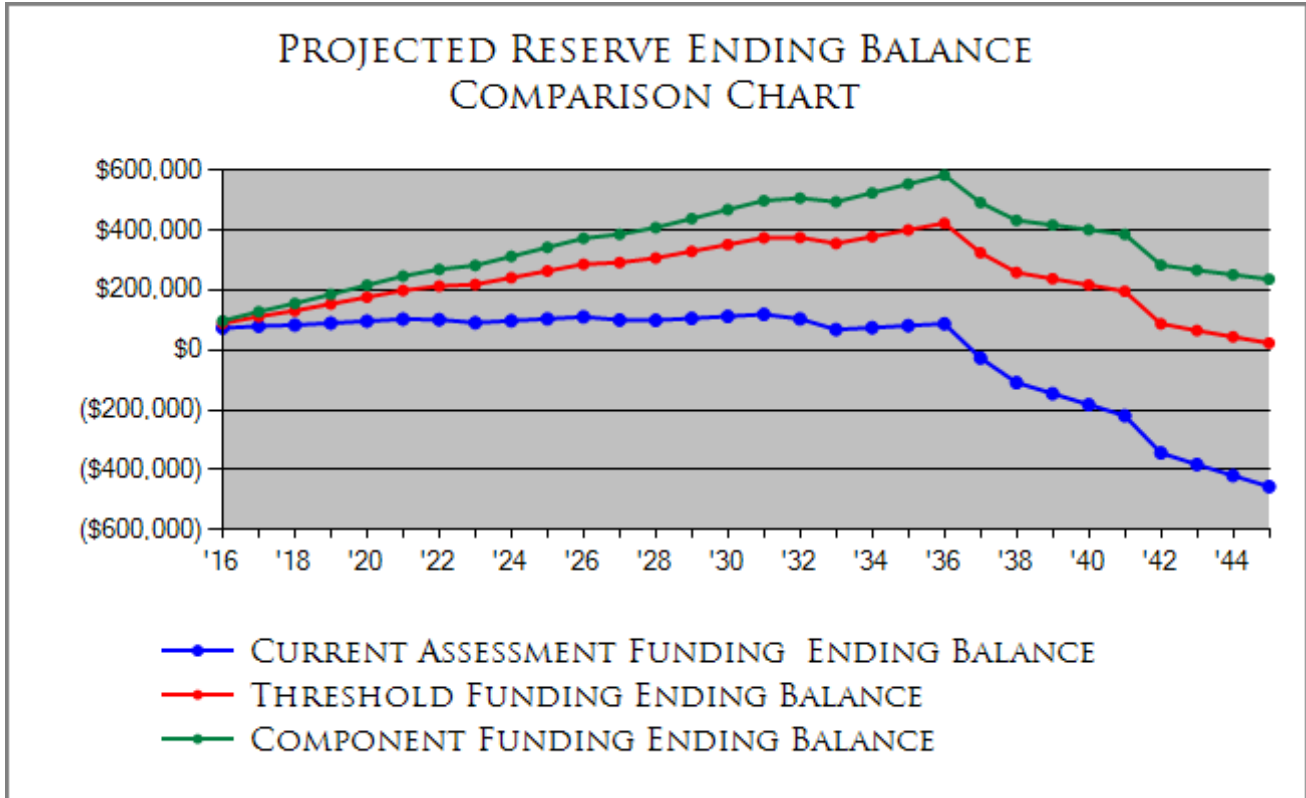
Year	Current Cost	Annual Contribution	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2016	751,150	33,775	4,000	89,775	199,765	45%
2017	751,150	33,494		123,269	226,782	54%
2018	751,150	33,294	2,901	153,662	250,897	61%
2019	751,150	33,107		186,769	277,913	67%
2020	751,150	32,946		219,715	304,930	72%
2021	751,150	32,680		252,395	331,946	76%
2022	751,150	32,542	12,058	272,878	346,904	79%
2023	751,150	32,468	16,896	288,450	357,024	81%
2024	751,150	32,315		320,765	384,041	84%
2025	751,150	32,166		352,931	411,057	86%
2026	751,150	31,937		384,868	438,073	88%
2027	751,150	31,793	16,770	399,892	448,320	89%
2028	751,150	31,728	11,629	419,991	463,707	91%
2029	751,150	31,576		451,567	490,723	92%
2030	751,150	31,426		482,993	517,740	93%
2031	751,150	31,163		514,156	544,756	94%
2032	751,150	30,983	21,415	523,724	550,358	95%
2033	751,150	30,877	42,208	512,393	535,166	96%
2034	751,150	30,679	4,000	539,073	558,182	97%
2035	751,150	30,404		569,476	585,199	97%
2036	751,150	29,755		599,232	612,215	98%
2037	751,150	29,519	120,941	507,810	518,291	98%
2038	751,150	29,327	88,320	448,817	456,987	98%
2039	751,150	29,174	43,365	434,626	440,685	99%
2040	751,150	29,192	47,365	416,453	420,473	99%
2041	751,150	28,977	43,365	402,065	404,393	99%
2042	751,150	29,377	130,676	300,765	301,171	100%
2043	751,150	29,528	43,365	286,928	285,467	101%
2044	751,150	28,447	43,365	272,010	270,004	101%
2045	751,150	28,108	43,365	256,753	254,815	101%

Amber Wood at Fall Creek
Component Funding Model VS Fully Funded Chart



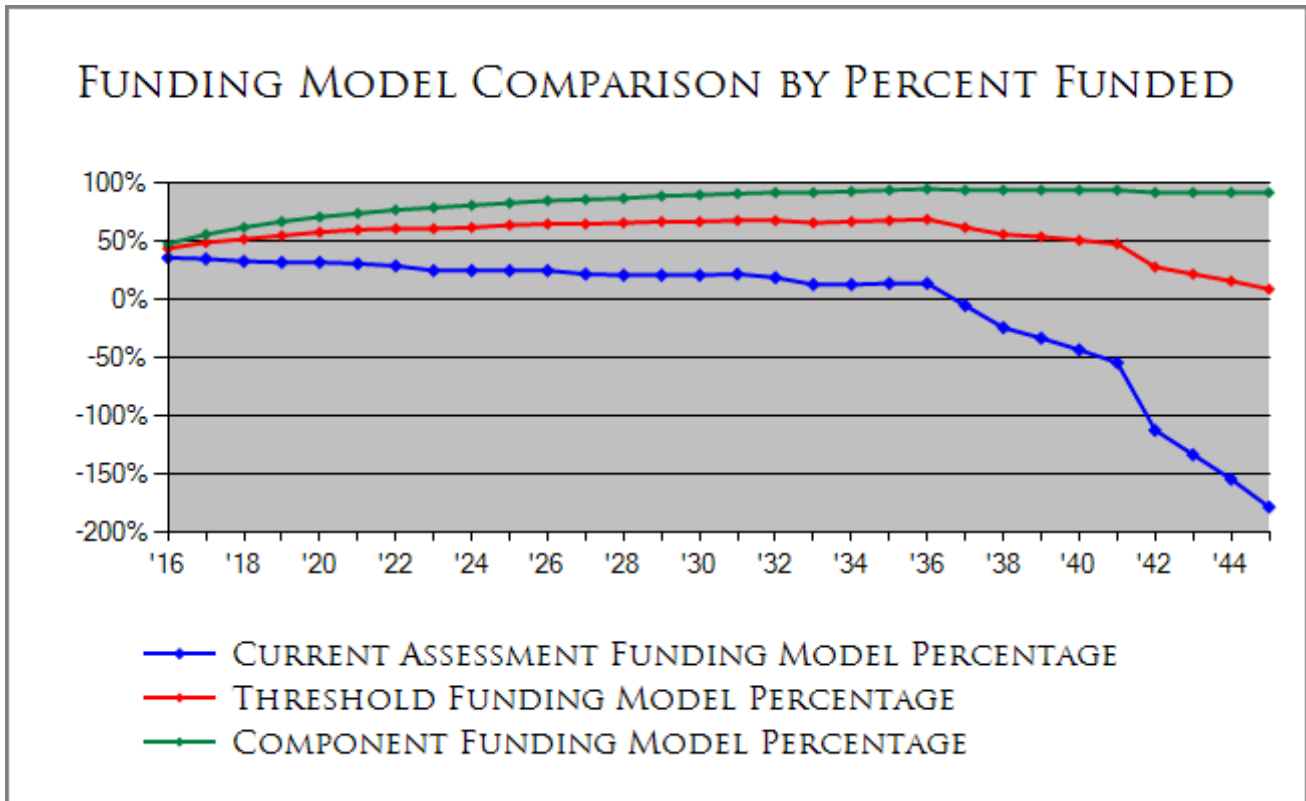
The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

Amber Wood at Fall Creek
Funding Model Reserve Ending Balance Comparison Chart



The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

Amber Wood at Fall Creek
Funding Model Comparison by Percent Funded



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community's needs.

Amber Wood at Fall Creek
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment Life	Remaining Current Cost	Assigned Reserves	Fully Funded	
Roofing							
Asphalt Roofs - Phase 1	2038	30	0	22	43,365	0	11,564
Asphalt Roofs - Phase 2	2039	30	1	23	43,365	0	11,564
Asphalt Roofs - Phase 3	2040	30	2	24	43,365	0	11,564
Asphalt Roofs - Phase 4	2041	30	3	25	43,365	0	11,564
Asphalt Roofs - Phase 5	2042	30	4	26	43,365	0	11,564
Asphalt Roofs - Phase 6	2043	30	5	27	43,365	0	11,564
Asphalt Roofs - Phase 7	2044	30	6	28	43,365	0	11,564
Asphalt Roofs - Phase 8	2045	30	7	29	43,365	0	11,564
Asphalt Roofs - Phase 9	2046	30	8	30	43,365	0	11,564
Asphalt Roofs - Phase 10	2047	30	9	31	43,365	0	11,564
Roofing - Total					\$433,650		\$115,640
Painting							
Front & Rear Entry Doors Painting	2018	10	0	2	903	722	722
Front & Rear Entry Doors Painting	2022	10	0	6	2,508	1,003	1,003
Garage Door Painting	2022	10	0	6	5,550	2,220	2,220
Garage Doors Painting	2018	10	0	2	1,998	1,598	1,598
Painting - Total					\$10,959	\$5,544	\$5,544
Fencing/Security							
Metal Patio Fencing	2028	20	0	12	4,728	1,891	1,891
Metal Patio Fencing	2032	20	0	16	13,357	2,671	2,671
Rear Wood Partitions	2023	15	0	7	6,240	3,328	3,328
Rear Wood Partitions	2027	15	0	11	16,770	4,472	4,472
Rear Wood Perimeter Fence	2023	15	0	7	10,656	5,683	5,683
Fencing/Security - Total					\$51,751	\$18,046	\$18,046
Building Components							
Hardy Plank Siding	2038	30	0	22	10,000	0	2,667
Hardy Plank Siding	2042	30	0	26	28,233	0	3,764
Stone & Brick Re-Pointing	2033	25	0	17	27,142	8,685	8,685
Stone & Brick Re-Pointing	2037	25	0	21	79,612	12,738	12,738
Window Shutters	2033	25	0	17	1,610	515	515
Window Shutters	2037	25	0	21	5,303	402	849
Building Components - Total					\$151,901	\$22,340	\$29,218
Grounds Components							
Irrigation Controllers	2016	6	0	0	4,000	4,000	4,000
Grounds Components - Total					\$4,000	\$4,000	\$4,000
Gutters and Downspouts							
Gutters & Downspouts	2033	25	0	17	13,456	4,306	4,306
Gutters & Downspouts	2037	25	0	21	36,025	5,764	5,764
Gutters and Downspouts - Total					\$49,481	\$10,070	\$10,070

Amber Wood at Fall Creek
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Life Remaining	Current Cost	Assigned Reserves	Fully Funded
Surface Concrete							
Concrete Driveways	2038	30	0	22	13,376	0	3,567
Concrete Driveways	2042	30	0	26	29,366	0	3,915
Concrete Sidewalks	2038	30	0	22	1,160	0	309
Concrete Sidewalks	2042	30	0	26	3,156	0	421
Rear Patios	2038	30	0	22	622	0	166
Rear Patios	2042	30	0	26	<u>1,728</u>	0	<u>230</u>
Surface Concrete - Total					\$49,408		\$8,609
Total Asset Summary					<u>\$751,150</u>	<u>\$60,000</u>	<u>\$191,127</u>

**Amber Wood at Fall Creek
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2016	
Irrigation Controllers	4,000
Total for 2016	\$4,000
<i>No Replacement in 2017</i>	
Replacement Year 2018	
Front & Rear Entry Doors Painting	903
Garage Doors Painting	1,998
Total for 2018	\$2,901
<i>No Replacement in 2019</i>	
<i>No Replacement in 2020</i>	
<i>No Replacement in 2021</i>	
Replacement Year 2022	
Front & Rear Entry Doors Painting	2,508
Garage Door Painting	5,550
Irrigation Controllers	4,000
Total for 2022	\$12,058
Replacement Year 2023	
Rear Wood Partitions	6,240
Rear Wood Perimeter Fence	10,656
Total for 2023	\$16,896
<i>No Replacement in 2024</i>	
<i>No Replacement in 2025</i>	
<i>No Replacement in 2026</i>	
Replacement Year 2027	
Rear Wood Partitions	16,770
Total for 2027	\$16,770
Replacement Year 2028	
Front & Rear Entry Doors Painting	903
Garage Doors Painting	1,998

**Amber Wood at Fall Creek
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2028 continued...</i>	
Irrigation Controllers	4,000
Metal Patio Fencing	4,728
Total for 2028	\$11,629
<i>No Replacement in 2029</i>	
<i>No Replacement in 2030</i>	
<i>No Replacement in 2031</i>	
Replacement Year 2032	
Front & Rear Entry Doors Painting	2,508
Garage Door Painting	5,550
Metal Patio Fencing	13,357
Total for 2032	\$21,415
Replacement Year 2033	
Gutters & Downspouts	13,456
Stone & Brick Re-Pointing	27,142
Window Shutters	1,610
Total for 2033	\$42,208
Replacement Year 2034	
Irrigation Controllers	4,000
Total for 2034	\$4,000
<i>No Replacement in 2035</i>	
<i>No Replacement in 2036</i>	
Replacement Year 2037	
Gutters & Downspouts	36,025
Stone & Brick Re-Pointing	79,612
Window Shutters	5,303
Total for 2037	\$120,941
Replacement Year 2038	
Asphalt Roofs - Phase 1	43,365
Concrete Driveways	13,376

**Amber Wood at Fall Creek
Annual Expenditure Detail**

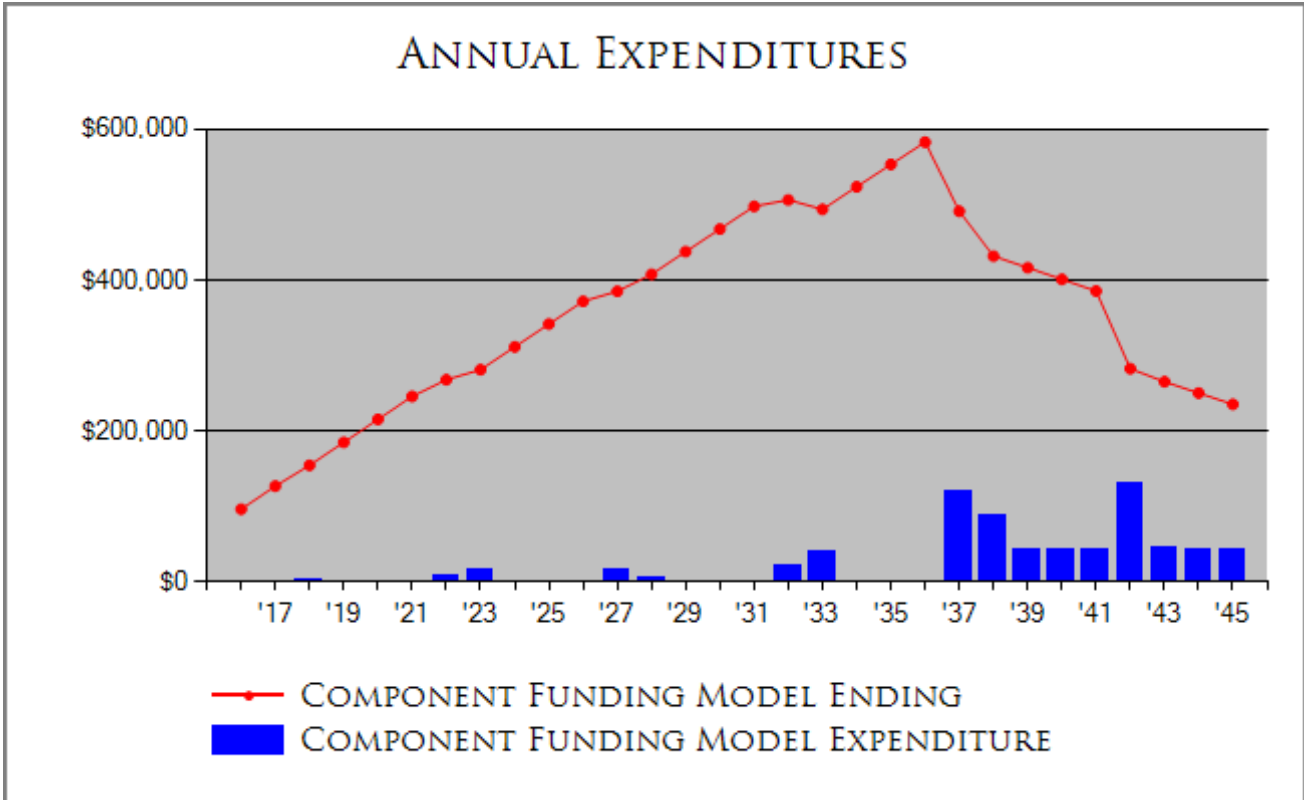
Description	Expenditures
<i>Replacement Year 2038 continued...</i>	
Concrete Sidewalks	1,160
Front & Rear Entry Doors Painting	903
Garage Doors Painting	1,998
Hardy Plank Siding	10,000
Rear Patios	622
Rear Wood Partitions	6,240
Rear Wood Perimeter Fence	10,656
Total for 2038	\$88,320
Replacement Year 2039	
Asphalt Roofs - Phase 2	43,365
Total for 2039	\$43,365
Replacement Year 2040	
Asphalt Roofs - Phase 3	43,365
Irrigation Controllers	4,000
Total for 2040	\$47,365
Replacement Year 2041	
Asphalt Roofs - Phase 4	43,365
Total for 2041	\$43,365
Replacement Year 2042	
Asphalt Roofs - Phase 5	43,365
Concrete Driveways	29,366
Concrete Sidewalks	3,156
Front & Rear Entry Doors Painting	2,508
Garage Door Painting	5,550
Hardy Plank Siding	28,233
Rear Patios	1,728
Rear Wood Partitions	16,770
Total for 2042	\$130,676
Replacement Year 2043	
Asphalt Roofs - Phase 6	43,365
Total for 2043	\$43,365

Amber Wood at Fall Creek
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2044	
Asphalt Roofs - Phase 7	<u>43,365</u>
Total for 2044	\$43,365
Replacement Year 2045	
Asphalt Roofs - Phase 8	<u>43,365</u>
Total for 2045	\$43,365

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Amber Wood at Fall Creek
Annual Expenditure Chart



**Amber Wood at Fall Creek 30
Year Expenditure Projection**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Description										
Asphalt Roofs - Phase 1										
Asphalt Roofs - Phase 2										
Asphalt Roofs - Phase 3										
Asphalt Roofs - Phase 4										
Asphalt Roofs - Phase 5										
Asphalt Roofs - Phase 6										
Asphalt Roofs - Phase 7										
Asphalt Roofs - Phase 8										
Asphalt Roofs - Phase 9										
Asphalt Roofs - Phase 10										
Concrete Driveways										
Concrete Driveways										
Concrete Sidewalks										
Concrete Sidewalks										
Front & Rear Entry Doors Painting			903							
Front & Rear Entry Doors Painting							2,508			
Garage Door Painting							5,550			
Garage Doors Painting			1,998							
Gutters & Downspouts										
Gutters & Downspouts										
Hardy Plank Siding										
Hardy Plank Siding										
Irrigation Controllers	4,000						4,000			
Metal Patio Fencing										
Metal Patio Fencing										
Rear Patios										
Rear Patios										
Rear Wood Partitions								6,240		
Rear Wood Partitions										
Rear Wood Perimeter Fence								10,656		
Stone & Brick Re-Pointing										
Stone & Brick Re-Pointing										
Window Shutters										
Window Shutters										

Amber Wood at Fall Creek 30
Year Expenditure Projection

Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Year Total:	4,000		2,901				12,058	16,896		

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**Amber Wood at Fall Creek 30
Year Expenditure Projection**

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Description										
Asphalt Roofs - Phase 1										
Asphalt Roofs - Phase 2										
Asphalt Roofs - Phase 3										
Asphalt Roofs - Phase 4										
Asphalt Roofs - Phase 5										
Asphalt Roofs - Phase 6										
Asphalt Roofs - Phase 7										
Asphalt Roofs - Phase 8										
Asphalt Roofs - Phase 9										
Asphalt Roofs - Phase 10										
Concrete Driveways										
Concrete Driveways										
Concrete Sidewalks										
Concrete Sidewalks										
Front & Rear Entry Doors Painting			903							
Front & Rear Entry Doors Painting							2,508			
Garage Door Painting							5,550			
Garage Doors Painting			1,998							
Gutters & Downspouts								13,456		
Gutters & Downspouts										
Hardy Plank Siding										
Hardy Plank Siding										
Irrigation Controllers			4,000						4,000	
Metal Patio Fencing			4,728							
Metal Patio Fencing							13,357			
Rear Patios										
Rear Patios										
Rear Wood Partitions										
Rear Wood Partitions		16,770								
Rear Wood Perimeter Fence										
Stone & Brick Re-Pointing								27,142		
Stone & Brick Re-Pointing										
Window Shutters								1,610		
Window Shutters										

Amber Wood at Fall Creek 30
Year Expenditure Projection

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Year Total:		16,770	11,629				21,415	42,208	4,000	

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**Amber Wood at Fall Creek 30
Year Expenditure Projection**

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Description										
Asphalt Roofs - Phase 1			43,365							
Asphalt Roofs - Phase 2				43,365						
Asphalt Roofs - Phase 3					43,365					
Asphalt Roofs - Phase 4						43,365				
Asphalt Roofs - Phase 5							43,365			
Asphalt Roofs - Phase 6								43,365		
Asphalt Roofs - Phase 7									43,365	
Asphalt Roofs - Phase 8										43,365
Asphalt Roofs - Phase 9										
Asphalt Roofs - Phase 10										
Concrete Driveways			13,376							
Concrete Driveways							29,366			
Concrete Sidewalks			1,160							
Concrete Sidewalks							3,156			
Front & Rear Entry Doors Painting			903							
Front & Rear Entry Doors Painting							2,508			
Garage Door Painting							5,550			
Garage Doors Painting			1,998							
Gutters & Downspouts										
Gutters & Downspouts		36,025								
Hardy Plank Siding			10,000							
Hardy Plank Siding							28,233			
Irrigation Controllers					4,000					
Metal Patio Fencing										
Metal Patio Fencing										
Rear Patios			622							
Rear Patios							1,728			
Rear Wood Partitions			6,240							
Rear Wood Partitions							16,770			
Rear Wood Perimeter Fence			10,656							
Stone & Brick Re-Pointing										
Stone & Brick Re-Pointing		79,612								
Window Shutters										
Window Shutters		5,303								

Amber Wood at Fall Creek 30
Year Expenditure Projection

Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Year Total:	120,941	88,320	43,365	43,365	47,365	43,365	130,676	43,365	43,365	43,365

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