

A decorative graphic on the left side of the page. It features a thick green line that starts horizontally from the left, curves 90 degrees down, then curves 90 degrees right. A thick blue line starts horizontally from the right, curves 90 degrees up, then curves 90 degrees left. A thick red line starts horizontally from the right, curves 90 degrees up. A solid orange circle is positioned to the left of the green line's first curve. Two small black dots are placed on the green line: one at the top of the first curve and one at the end of the horizontal segment on the right.

Board Synergy Club

Reserve Funding

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Reserve Analysis Tool

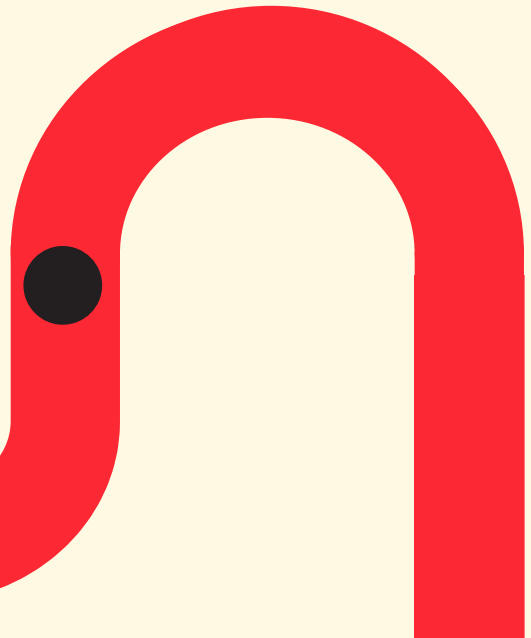
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Disclaimers

- **I am not an attorney.**
- **I am not an accountant or financial expert.**
- **This presentation should not replace professional services.**
- **If you require financial advice, please consult a financial advisor.**
- **If you require legal advice, please consult an attorney.**



Board Synergy Club

Thursdays 1:30pm in the Clubhouse

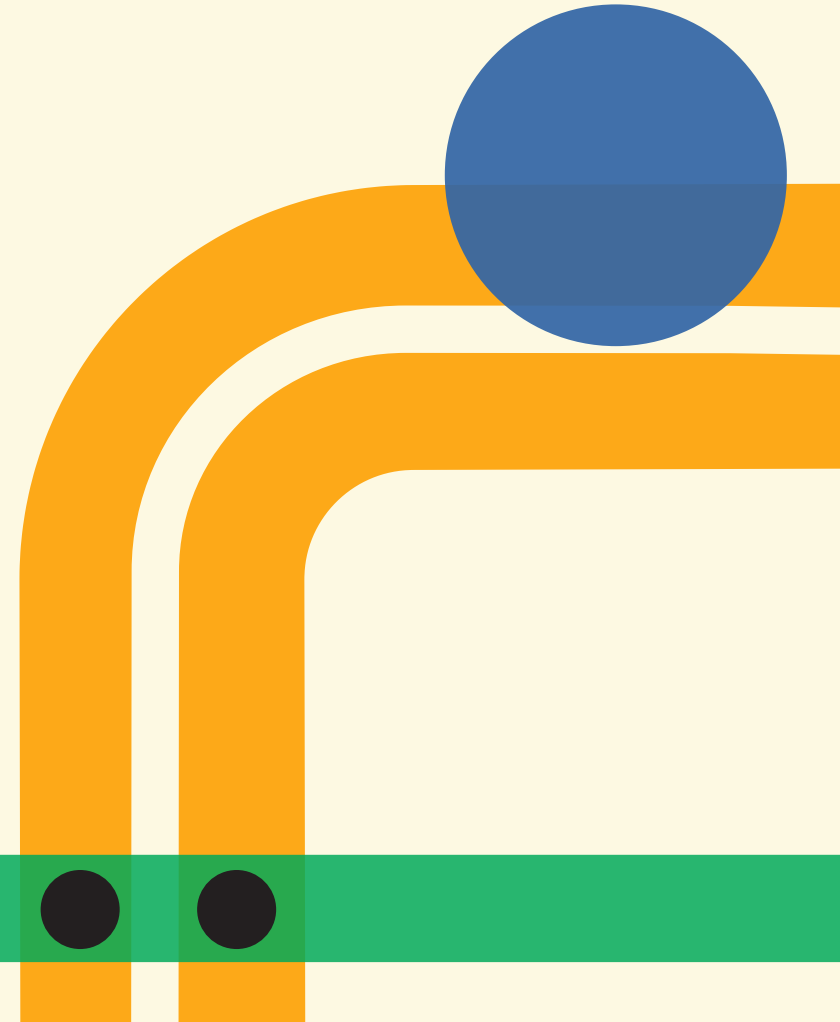
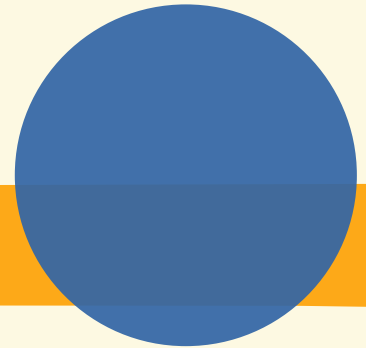




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About Board Synergy Club

- **Started in July.**
- **We meet Thursdays @ 1:30 pm in the Club House.**
- **Vision: Every association has a well-informed and capable board.**
- **Actively working on:**
 - **Website**
 - **Monthly Presentations**
 - **Welcome Materials**





www.boardsynergyclub.com

BOARD SYNERGY CLUB *at Century Village WPB*

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Upcoming Events
In the News
Dealing with Difficult People

Upcoming Events

Board Members

2023-11-08: Condominium Association Meeting Documents

This webinar will provide clarity and guidance on the varying Condominium Association Meeting Documents from featured guests; Nicole Price, Esq., Icard Merrill, and Jonathan M. Mofsky, Esq., Siegfried Rivera

When: Wednesday - November 8, 2023 @ 12:00PM

To register, click [here](#).

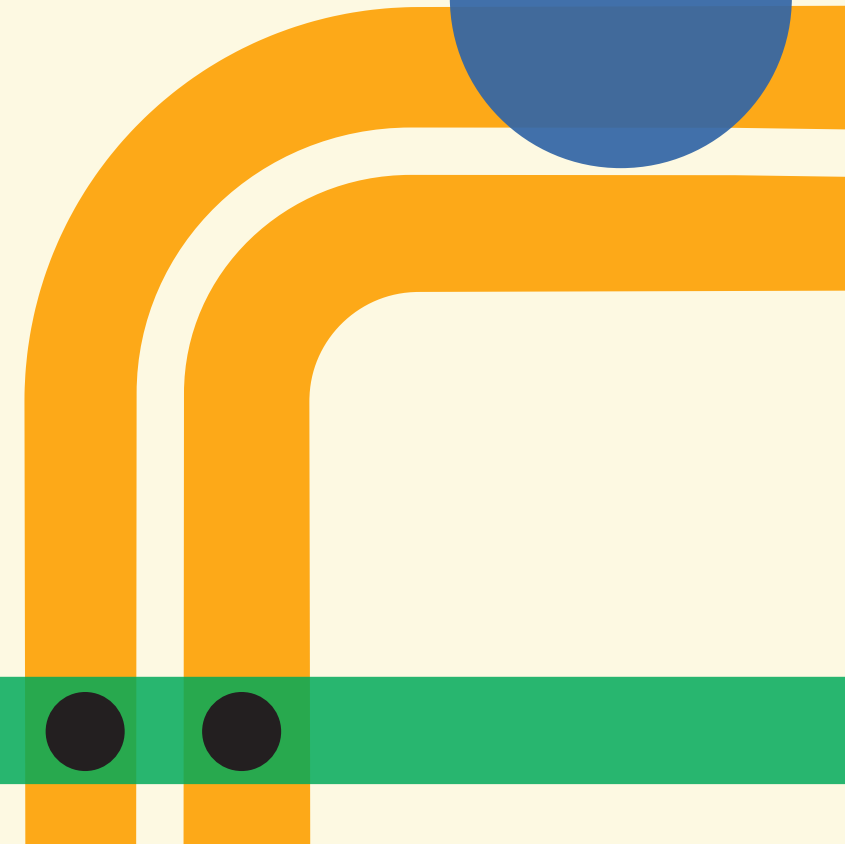
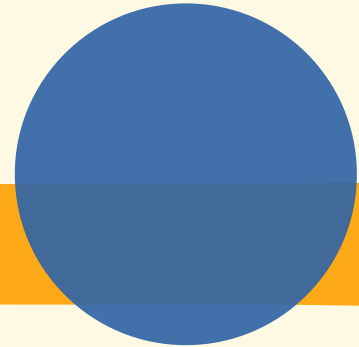
2023-11-09: Reserve Funding Education

When: Thursday - November 9, 2023 @ 1:30PM
Where: Clubhouse Classroom C
Learn: What are reserves? how are they calculated?
See: Reserve Funding Analysis Tool

2023-11-14: Becker's Board Member Boot Camp

Board Member Boot Camp is a fun and interactive military-themed Board certification course designed to assist volunteer board members in carrying out the often rigorous duties

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Dealing with Difficult People

Dealing with Difficult People

WHEN: THURSDAY - DECEMBER 7, 2023 @ 1:30PM

WHERE: CLUBHOUSE CLASSROOM C

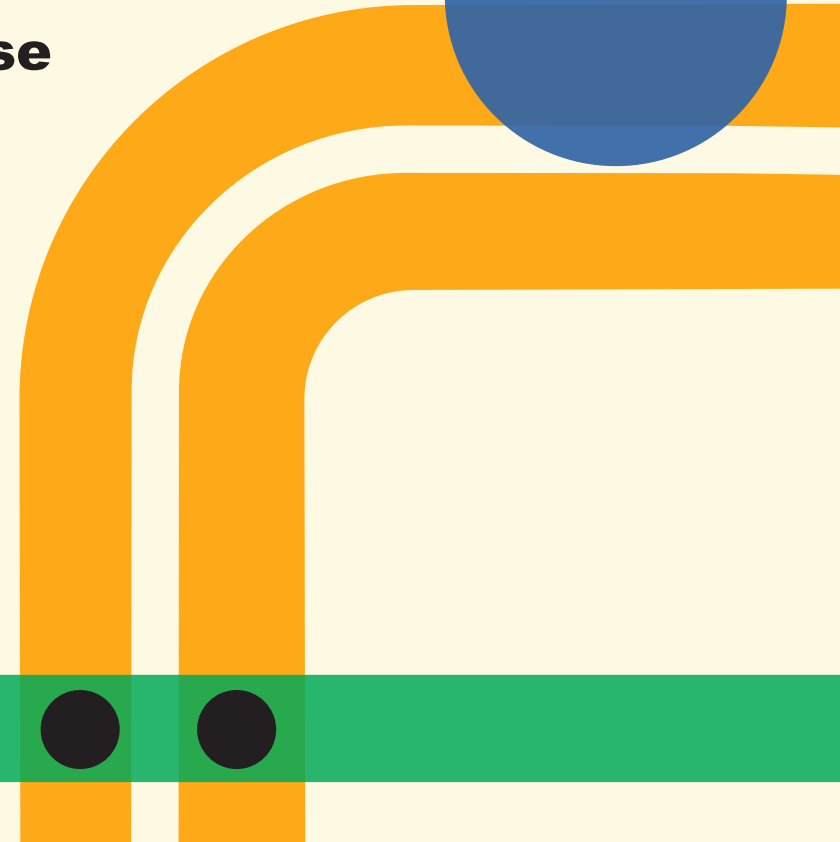
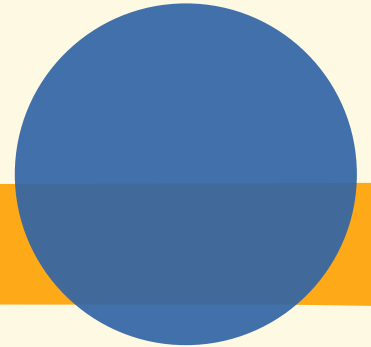


LEARN WHY ARE PEOPLE MORALLY GROUNDED TO DIVERSE OPINIONS.
LEARN HOW TO FIND COMMON GROUND WITH ALMOST ANYBODY.

PRESENTED BY
BOARD SYNERGY CLUB

★ Next Presentation ★

- **Thursday December 7th**
- **1:30pm in the Clubhouse**



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About Reserve Funding



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What is Reserve Funding

- **Reserve Funding is essentially a savings account for your association.**
- **Some reserve categories are mandatory.**
- **Florida Statutes §718.112(2)(f).**



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Budget

- **The board must present a proposed budget to the community assuming full reserve funding.**
- **Florida Statute §718.112(2)(f)2a states: “In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance.**



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Waiving Reserve Funding

- **In my opinion, reserves should never be underfunded or waived.**
- **What happens if once presented with a fully funded reserve account the association becomes interested in waiving or reducing all or specific reserve items? A vote must occur.**
- **Should a majority of the quorum of members not agree to waive or reduce the reserve account, then the association is responsible for fully funding the account.**



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Underfunding Reserves

- **When you collect less than is really needed to fully fund Reserves, monthly assessments due from each owner magically become lower.**
- **Many Boards and owners take this dangerously short-term financial view.**
- **Consequences**



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Straight-line vs Pooled

- **Straight-line (non-pooled)**
 - **This is the traditional method.**
 - **Each deferred maintenance item has a separate reserve account.**
 - **Monies can be transferred to other accounts only by an owner vote.**
- **Pooled**
 - **Allows greater flexibility.**
 - **All deferred maintenance item are kept in a single reserve account.**
 - **Best prepared by Reserve specialists.**



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Buying and Selling Units

- **In purchasing a condominium unit, it is critical that the buyer examine the association budget and learn what reserves, if any, are on deposit.**
- **Part of what is being bought and sold is the reserve “bank account”.**

The image features a light cream background with several abstract, thick, rounded lines in green, blue, and red. A green line starts from the left, curves down, and then continues horizontally. A blue line starts from the bottom, curves up, and then continues horizontally, overlapping the green line. A red line starts from the top right and curves down. There are two small black dots: one on the green line and one on the blue line. A large orange circle is positioned on the left side of the image.

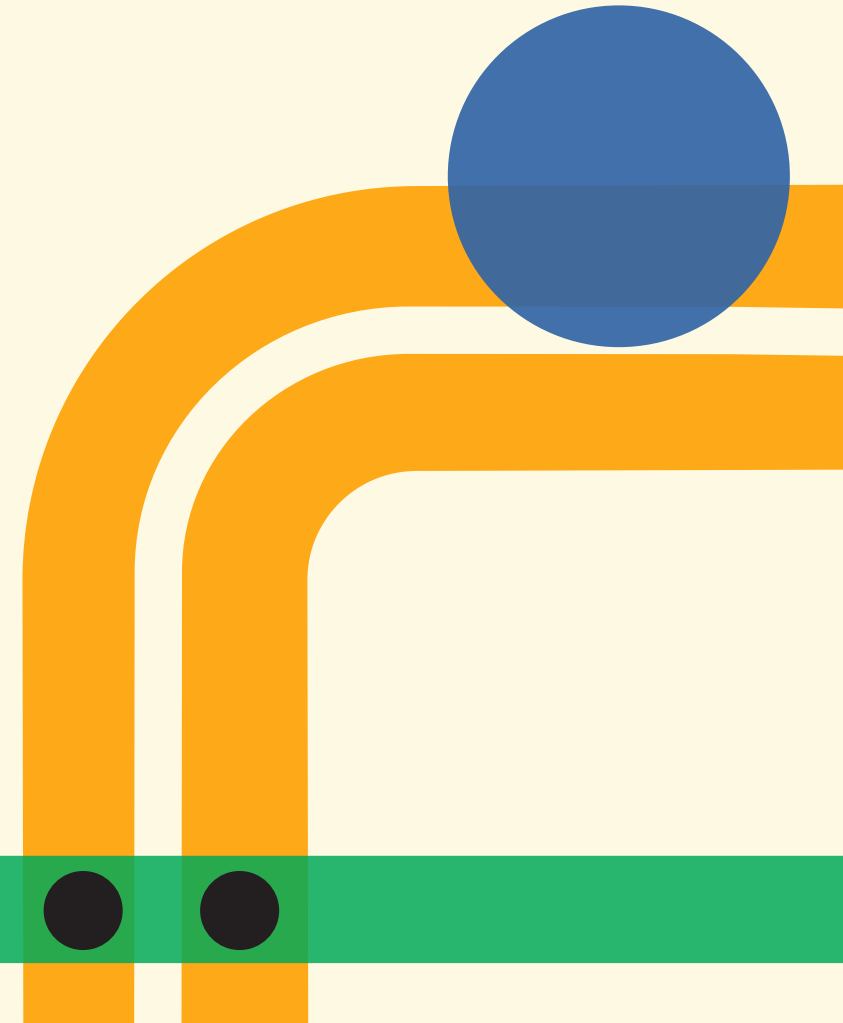
Determine Reserve Funding



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Determine Reserve Funds

- **Determine reserve categories.**
- **All categories should have an Expected Useful Life (EUL) expressed in years, as well as an Estimated Replacement Cost (ERC) for the work required at the end of its EUL.**
- **Annual Reserve Contribution = Estimated Replacement Cost ÷ Expected Useful Life**



Reserve Funding Analysis Tool

Using Microsoft Excel





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Reserve Funding Analysis Tool

- **Record your current Reserve Funds and Annual Reserve Contribution.**
- **Determine your Reserve Categories.**
- **For each Reserve Category, determine the Expected Useful Life and Estimated Replacement Cost in today's dollars.**
- **Open the Reserve Funding Analysis Tool**

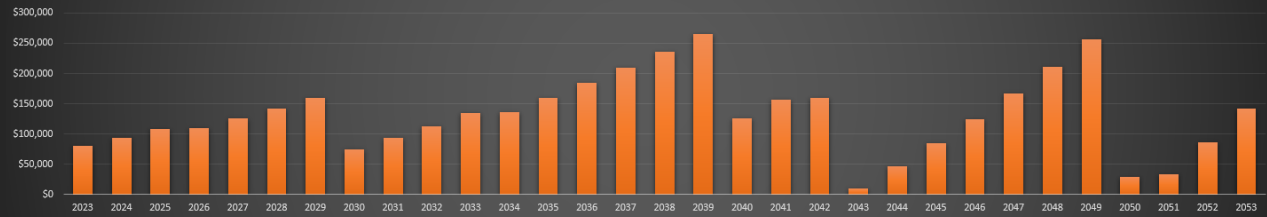




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Demonstration

Reserve Funding Analysis Tool - 30 Year Cash Flow Analysis



	Reserves	Contribution	Roofing	Concrete	Painting	Other1	Other2	Deductible	Avg \$ Unit
2023	\$ 80,636	\$ 13,000	y \$ 69,000	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 41.67
2024	\$ 94,286	\$ 13,650	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 43.75
2025	\$ 108,619	\$ 14,333	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 45.94
2026	\$ 109,776	\$ 15,049	n \$ -	n \$ -	y \$ 13,892	n \$ -	n \$ -	n \$ -	\$ 48.23
2027	\$ 125,578	\$ 15,802	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 50.65
2028	\$ 142,169	\$ 16,592	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 53.18
2029	\$ 159,591	\$ 17,421	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 55.84
2030	\$ 73,757	\$ 18,292	n \$ -	y \$ 90,054	n \$ -	n \$ -	n \$ -	y \$ 14,071	\$ 58.63
2031	\$ 92,964	\$ 19,207	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 61.56
2032	\$ 113,132	\$ 20,167	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 64.64
2033	\$ 134,307	\$ 21,176	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 67.87
2034	\$ 136,018	\$ 22,234	n \$ -	n \$ -	y \$ 20,524	n \$ -	n \$ -	n \$ -	\$ 71.26
2035	\$ 159,364	\$ 23,346	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 74.83
2036	\$ 183,877	\$ 24,513	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 78.57
2037	\$ 209,616	\$ 25,739	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 82.50
2038	\$ 236,642	\$ 27,026	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 86.62
2039	\$ 265,020	\$ 28,377	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 90.95
2040	\$ 125,207	\$ 29,796	n \$ -	y \$ 146,689	n \$ -	n \$ -	n \$ -	y \$ 22,920	\$ 95.50
2041	\$ 156,493	\$ 31,286	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 100.28
2042	\$ 159,020	\$ 32,850	n \$ -	n \$ -	y \$ 30,323	n \$ -	n \$ -	n \$ -	\$ 105.29
2043	\$ 10,435	\$ 34,493	y \$ 183,078	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 110.55
2044	\$ 46,652	\$ 36,218	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 116.08
2045	\$ 84,681	\$ 38,028	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 121.89
2046	\$ 124,611	\$ 39,930	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 127.98
2047	\$ 166,537	\$ 41,926	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 134.38
2048	\$ 210,560	\$ 44,023	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 141.10
2049	\$ 256,783	\$ 46,224	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 148.15
2050	\$ 29,043	\$ 48,535	n \$ -	y \$ 238,941	n \$ -	n \$ -	n \$ -	y \$ 37,335	\$ 155.56
2051	\$ 32,963	\$ 50,962	n \$ -	n \$ -	y \$ 47,042	n \$ -	n \$ -	n \$ -	\$ 163.34
2052	\$ 86,472	\$ 53,510	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 171.51
2053	\$ 142,658	\$ 56,185	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	n \$ -	\$ 180.08

Current Year	2023
Current Reserves	\$136,636
Current Contribution	\$ 13,000
Annual Inflation	5%
Current Roof Cost	\$ 69,000
Current Concrete Cost	\$ 64,000
Current Painting Cost	\$ 12,000
Current Other1 Cost	\$ 25,000
Current Other2 Cost	\$ 50,000
Current Deductible Cost	\$ 10,000
Annual Reserve Increase	5%
Number Units	26

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Sources

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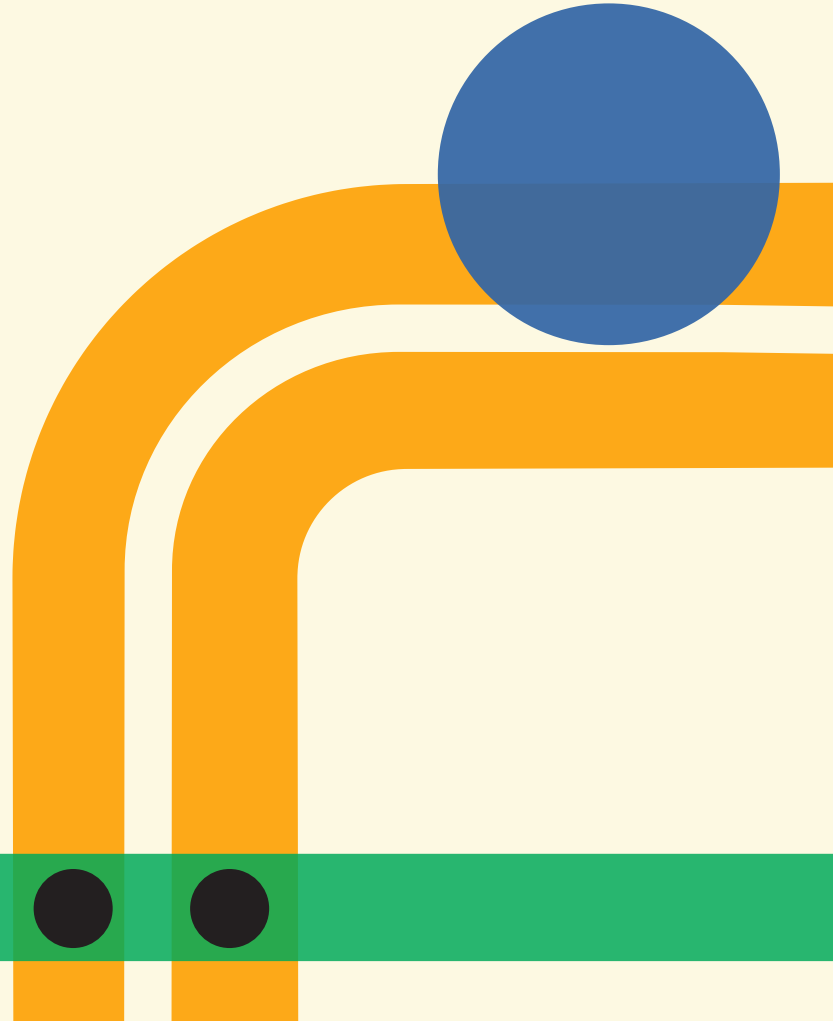
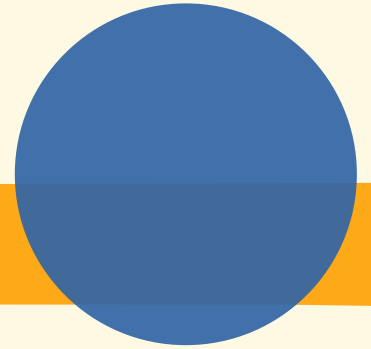
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Thank You

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