



RESERVE STUDY
Member Distribution Materials

Incline Pines HOA

Full Study

Third Draft

Published - February 13, 2023

Prepared for the 2022/2023 Fiscal Year

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February 13, 2023

This is a summary of the Reserve Study that has been performed for Incline Pines HOA, (the "Association"). This study was conducted in compliance with Nevada *NRS 116.31151* and *NRS 116.31152* and is being provided to you as a member of the Association. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group, LLC prepared this Full Study for the July 1, 2022 - June 30, 2023 fiscal year.

Incline Pines HOA is a Condominium with a total of 40 Units.

At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

This reserve study was produced under the responsible charge of Robert W Browning who, pursuant to Nevada regulation R145-06, is a Nevada Reserve Study Specialist (RSS #5).

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves are **inadequately funded** as the reserve fund ending balances may fail to remain positive throughout the replacement of all major components during the next 30 years. **Additional reserve funding including some combination of increased contributions, special assessments and loans may be necessary to meet all reserve obligations.**

Nevada statute imposes no reserve funding level requirements nor does it address funding level adequacy.

The board of directors does not anticipate any special reserve assessment will be required during the current 30-year life of the reserve study to repair, replace, maintain or restore any major component or to provide adequate reserves. (*NAC 116.430 8*)

Large reserve contribution increases are needed until 2030/2031. All percentages and balances are dependent upon these additional funds being collected as indicated.

Incline Pines HOA
Nevada Member Summary
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<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2022/2023 Fully Funded Balance</i>	<i>2022/2023 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	292,289	3-25	2-9	178,664	201,856	10,508
02000 - Concrete	1,541	5-5	2-2	924	1,263	159
03000 - Painting: Exterior	180,738	5-6	0-4	132,839	102,495	15,606
04000 - Structural Repairs	47,246	5-25	3-5	20,297	28,850	4,201
05000 - Roofing	959,000	3-40	1-17	659,821	718,529	24,568
18000 - Landscaping	25,500	1-5	1-2	15,150	21,218	2,858
19500 - Retaining Wall	13,410	5-5	4-4	2,682	5,498	1,456
20000 - Lighting	24,650	12-20	6-10	12,325	13,924	789
21000 - Signage	13,200	5-15	3-8	5,733	7,380	819
26000 - Outdoor Equipment	35,000	10-10	5-5	17,500	21,525	1,947
29000 - Infrastructure	4,000	5-5	2-2	2,400	3,280	413
30000 - Miscellaneous	5,650	10-10	4-4	3,390	4,054	307
31000 - Reserve Study	2,600	5-5	0-0	2,600	533	256
32000 - Undesignated	1,000	1-1	1-1	500	1,025	252
Totals	\$1,605,824			\$1,054,826	\$1,131,429	\$64,139
Estimated Ending Balance				\$278,662	\$264,981	\$133.62
Percent Funded				26.4%	23.4%	/Unit/month @ 40

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Beginning Balance	238,663	278,662	264,981	154,490	67,815	74,709	51,640	145,189	269,720	337,711
Inflated Expenditures @ 2.5%	65,960	81,867	233,614	219,130	136,740	179,412	77,305	63,191	137,782	416,286
Reserve Contribution	102,108	64,139 ¹	120,000	130,800	142,572	155,403	169,389	184,634	201,251	219,364
<i>Units/month @ 40</i>	212.73	133.62	250.00	272.50	297.02	323.76	352.89	384.65	419.27	457.01
<i>Percentage Increase</i>		-37.2%	87.1%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	3,851	4,047	3,123	1,655	1,061	941	1,465	3,089	4,522	3,589
Ending Balance	278,662	264,981	154,490	67,815	74,709	51,640	145,189	269,720	337,711	144,377

¹) Per association, not BRG recommendation. Large reserve contribution increases are needed until 2030/2031. All percentages and balances are dependent upon these additional funds being collected as indicated.

	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Beginning Balance	144,377	315,233	506,604	616,042	777,026	879,954	1,006,240	1,241,660	651,381	752,508
Inflated Expenditures @ 2.5%	55,220	40,740	128,303	82,212	145,723	127,617	24,773	851,484	160,143	173,112
Reserve Contribution	222,654	225,994	229,384	232,825	236,317	239,862	243,460	247,112	250,819	254,581
<i>Units/month @ 40</i>	463.86	470.82	477.88	485.05	492.33	499.71	507.21	514.82	522.54	530.38
<i>Percentage Increase</i>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	3,421	6,118	8,357	10,370	12,335	14,041	16,734	14,092	10,451	11,899
Ending Balance	315,233	506,604	616,042	777,026	879,954	1,006,240	1,241,660	651,381	752,508	845,876

	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51
Beginning Balance	845,876	796,289	789,094	862,119	883,816	991,292	1,159,569	1,329,398	1,494,514	1,704,184
Inflated Expenditures @ 2.5%	320,212	281,273	205,476	261,503	180,739	126,104	131,246	142,690	105,227	121,692
Reserve Contribution	258,400	262,276	266,210	270,203	274,256	278,370	282,546	286,784	291,086	295,452
<i>Units/month @ 40</i>	538.33	546.41	554.60	562.92	571.37	579.94	588.64	597.47	606.43	615.53
<i>Percentage Increase</i>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	12,225	11,802	12,292	12,997	13,959	16,011	18,528	21,022	23,812	26,866
Ending Balance	796,289	789,094	862,119	883,816	991,292	1,159,569	1,329,398	1,494,514	1,704,184	1,904,810