

PINE FOREST COUNTRY CLUB COMMUNITY ASSOCIATION

Reserve Study

May 20, 2009

Purpose:

The Board of Directors of the Pine Forest Country Club Association Authorized a study to determine the amount of money to be placed in a Reserve Fund.

Having a reserve fund will for the most part avoid the necessity of a special assessment or an abnormal one time annual dues increase. This will allow Members to better plan for the future and for the Association to better respond to unanticipated occurrences.

Members:

The members of the Reserve Study were:

Paul J. Glazar, Vice President
William A. Russell III, CPA, Treasurer
Roberts Smithem, Civil Engineer, Resident

Methodology:

All of PFCCCA's common assets and responsibilities, 2008 expenditures and 2009 budget were considered. Major repairs or replacement in excess of normal maintenance was estimated. This was considered for a ten year timeline and staggered over the years so as not to deplete the reserve all at once. An allowance was also made for major unanticipated expenses, such as a major storm, vandalism or lawsuit.

Results:

The study concluded that the PFCCCA's Reserve Fund should contain approximately \$70,000 to comfortably maintain and/or replace the community's common property assets should unforeseen expenses be encountered. Also included in the Reserve are funds to cover expenses from the beginning of the year until dues are received.

Adding approximately \$10,000 per year to the present reserve, as currently provided for in the yearly dues as 'contingency', will allow the Association to accumulate the recommended Reserve Fund without increasing the annual dues assessment. It is recommended that the Reserve Funds be invested in CD's, with interest accruing to the fund.

The above should adequately protect the Members from unanticipated expenses and allow the Association to function in a planned, orderly manner. This plan should be reviewed and updated every 5 years or whenever an extraordinary event occurs.