

BERKSHIRE ON THE OCEAN
Replacement Reserve Budget
For the Year: January 1 - December 31, 2020

	Estimated Useful Life	Estimated Replacement Cost	Estimated Average Remaining Life	2019 Estimated Funds Existing	2020 Funding Calculation
RESERVE CALCULATIONS					
A/C & Hot Water Heaters	12.1	87,700	5	32,751	10,990
Doors & Windows	30.5	113,700	6	58,654	9,174
Fence & Railing	25.0	50,000	23	14,009	1,565
Hskp & Guest Laundry	11.8	9,850	3	2,570	2,427
Office	17.3	24,500	3	22,698	601
Outdoor Furniture	8.6	38,260	4	20,275	4,496
Painting	7.7	40,350	2	32,562	3,894
Pavement	20.5	54,500	5	31,322	4,636
Pool & Equipment	20.1	32,500	7	8,387	3,445
Roofing	24.7	175,000	1	173,202	1,798
Structures	12.6	50,000	5	14,530	7,094
Unit Furnishings	21.2	580,508	12	127,676	37,736
Storm Reserves	20.0	90,000	7	51,645	5,479
TOTAL RESERVE FUNDING		1,346,868		590,281	93,334

It is the policy of your Board of Directors and a requirement of Florida Statute 718.113(2)(f)2 to set aside funds each year for the future replacement of major items that are part of the project and that will wear out during the useful life of the facilities. These funds are commonly referred to as 'replacement reserves'. Major items include all tangible property that will be replaced during the project's estimated useful life. Therefore, replacement reserves do not provide for tearing down and rebuilding structures, but do provide, for example, for recovering roofs as many times as may be necessary while the buildings last.

Funds to be set aside each year are included in each owners annual assessment. Therefore, your full and prompt payment of assessments each year will help to insure the future condition and value of your property.

Each year, the Board must determine the amount of replacement reserves to be assessed for the following year. In order to make this estimate, a calculation of the current replacement cost of the reserve items is made. Then, using a formula based on these figures, the estimated useful life, the estimated remaining life, and the amount currently set aside, a calculation is made to determine the amount which should be added to reserves annually based on the facts and assumptions at the time the calculations are made. Interest is assumed to equal inflation and will therefore remain in the reserve account as earned.

Recommendations made by Vacation Resorts International have been incorporated into the