

BERKSHIRE ON THE OCEAN
Replacement Reserve Budget
For the Year: January 1 - December 31, 2022

	Estimated Useful Life	Estimated Replacement Cost	Estimated Average Remaining Life	2021 Estimated Funds Existing	2022 Funding Calculation
RESERVE CALCULATIONS					
A/C & Hot Water Heaters	7.0	87,700	4	46,534	10,292
Doors & Windows	30.0	113,700	4	68,045	11,414
Fence & Railing	25.0	50,000	21	17,415	1,552
Hskp & Guest Laundry	12.0	9,850	2	6,684	1,583
Office	15.0	24,500	4	23,882	155
Outdoor Furniture	10.0	38,260	3	28,501	3,253
Painting	7.0	40,350	2	38,213	1,069
Pavement	20.0	54,500	14	38,012	1,178
Pool & Equipment	20.0	32,500	5	8,744	4,751
Roofing	25.0	175,000	23	6,393	7,331
Structures	15.0	50,000	9	37,049	1,436
Unit Furnishings	20.0	580,508	11	74,624	45,989
Storm Reserves / Insurance Deductible	20.0	200,000	14	66,893	9,508
TOTAL RESERVE FUNDING		1,456,868		460,989	99,508

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 calculations so as to make them a useful management tool as well. The above summarizes those calculations.