

**KENDALL BROOK MASTER ASSOCIATION**

**FY2006 BUDGET**

Ratified  
November 29, 2005

This budget is based on assessments remaining the same at \$36.00 per unit per month

**Assessments are paid monthly.**

Prepared by  
**MANAGEMENT SPECIALISTS, INC.**

**KENDALL BROOK MASTER ASSOCIATION  
FY2006 BUDGET**

**INCOME**

Assessments (Homeowners)		81,180
Assessments (Declarant)		-
Working Capital		8,136
Interest		17
DRR fees		4,000
Declarant Deficit Billing		if needed
Total Income		93,333

**EXPENSES**

Total Expenses		90,519
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**NET**

		<b>2,814</b>
Anticipated Cash Balance 12/31/05		-
Anticipated Cash Balance 12/31/06		<b>2,814</b>

**RESERVES SUMMARY**

Anticipated Cash Balance 12/31/05		9,886
Add in FY2006	11,160	
Interest	198	
Total Additions		11,358
Other Contingency	3,278	
Total Expenditures		3,278
Anticipated Cash Balance 12/31/05		<b>17,966</b>
Total Anticipated Cash Assets 12/31/05		<b>20,780</b>

Operating Budget Detail

FY 2006 Budget

Cash Balance Est 12/31/2005 0.00

Account	January	February	March	April	May	June	July	August	September	October	November	December	Yr To Date	Over/Under	Total Budget
Water/Sewer	120.00	120.00	120.00	120.00	3,500.00	4,450.00	5,150.00	5,440.00	2,110.00	1,000.00	120.00	120.00	22,370.00	0 00	22,370.00
Electricity	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	25.00	256.00	0 00	256.00
Management	600.00	600.00	600.00	623.00	623.00	648.00	691.00	695.00	767.00	806.00	817.00	860.00	8,330.00	0 00	8,330.00
A/R Processing Fee	10.00	10.00	10.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	210.00	0 00	210.00
Lien Fees	0.00	0.00	0.00	75.00	0.00	0.00	0.00	75.00	0.00	0.00	75.00	0.00	225.00	0 00	225.00
Postage	30.00	40.00	60.00	35.00	60.00	30.00	40.00	30.00	40.00	60.00	40.00	40.00	505.00	0 00	505.00
Administrative	411.00	161.00	161.00	161.00	161.00	161.00	161.00	161.00	161.00	161.00	161.00	157.00	2,178.00	0 00	2,178.00
Audit/Tax Prep	0.00	0.00	0.00	0.00	200.00	0.00	0.00	0.00	800.00	0.00	0.00	0.00	1,000.00	0 00	1,000.00
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,670.00	0.00	0.00	0.00	6,670.00	0 00	6,670.00
Grounds Maintenanc	458.00	458.00	2,518.00	2,518.00	2,518.00	2,518.00	2,518.00	2,518.00	2,518.00	2,518.00	1,373.00	458.00	22,891.00	0 00	22,891.00
Grounds Improvemen	0.00	0.00	0.00	0.00	0.00	375.00	375.00	375.00	375.00	0.00	0.00	0.00	1,500.00	0 00	1,500.00
Fert/Weed/Insect	0.00	0.00	420.00	420.00	420.00	420.00	419.00	419.00	419.00	419.00	0.00	0.00	3,356.00	0 00	3,356.00
Grds Rpr - Sprinkl	0.00	0.00	0.00	0.00	160.00	160.00	160.00	160.00	160.00	0.00	0.00	0.00	800.00	0 00	800.00
Grds Rpr - Other	0.00	0.00	0.00	100.00	0.00	100.00	0.00	100.00	0.00	100.00	0.00	0.00	400.00	0 00	400.00
Snow Removal	380.00	380.00	190.00	0.00	0.00	0.00	0.00	0.00	0.00	380.00	380.00	380.00	2,090.00	0 00	2,090.00
Legal Fees - Gener	0.00	0.00	50.00	0.00	50.00	50.00	0.00	50.00	50.00	0.00	0.00	50.00	300.00	0 00	300.00
DRR Review Fees	0.00	0.00	1,000.00	0.00	0.00	1,000.00	0.00	0.00	1,000.00	0.00	0.00	1,000.00	4,000.00	0 00	4,000.00

Operating Budget Detail

FY 2006 Budget

Cash Balance Est 12/31/2005

0.00

Account	January	February	March	April	May	June	July	August	September	October	November	December	Yr To Date	Over/Under	Total Budget		
Transfer to Reserv	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	1,079.00	12,948.00	0 00	12,948.00		
Miscellaneous	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	120.00	0 00	120.00		
Bad Debt	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	29.00	370.00	0 00	370.00		

Operating Budget Detail

FY 2006 Budget

Cash Balance Est 12/31/2005 0.00

Account	January	February	March	April	May	June	July	August	September	October	November	December	Yr To Date	Over/Under	Total Budget		
Inflow	6,048.00	5,149.00	8,130.00	7,166.00	6,230.00	7,987.00	7,779.00	7,024.00	10,108.00	8,856.00	8,388.00	10,468.00	93,333.00	0.00	93,333.00		
Expense	3,150.00	2,910.00	6,270.00	5,213.00	8,853.00	11,073.00	10,675.00	11,184.00	16,231.00	6,605.00	4,127.00	4,228.00	90,519.00	-90,519.00	90,519.00		
Net	2,898.00	2,239.00	1,860.00	1,953.00	-2,623.00	-3,086.00	-2,896.00	-4,160.00	-6,123.00	2,251.00	4,261.00	6,240.00					
Gain/Loss	2,898.00	5,137.00	6,997.00	8,950.00	6,327.00	3,241.00	345.00	-3,815.00	-9,938.00	-7,687.00	-3,426.00	2,814.00					
Cash Balance	2,898.00	5,137.00	6,997.00	8,950.00	6,327.00	3,241.00	345.00	-3,815.00	-9,938.00	-7,687.00	-3,426.00	2,814.00					

**KENDALL BROOK MASTER ASSOCIATION  
FY2006 BUDGET**

**INCOME ACCOUNTS**

**Assessment (Homeowners)**

This is based on assessments remaining the same at \$36.00 per unit per month.

**Working Capital**

Each homeowner must pay a Working Capital contribution when they close, equal to two months assessments. This cash is used by the Association to help meet expenses. See growth projection.

**Interest**

This is based on the current interest rate of .25% earned on the Operating bank account.

**EXPENSE ACCOUNTS**

**Water**

This is based on FY2005 actual expense with an estimated increase of 25% increase to account for newly installed common areas in phases II and III and a 5% increase in rates.

**Electricity**

This is based on FY2005 actual expense with an estimated increase of 25% based on projected growth figures for the common grounds areas and an estimated increase 9% for rates.

**Management**

This is based on the current management contract.

**A/R Processing Fees**

This is an allowance based on the FY2005 actual expenses and a 20% increase for projected growth. A fee of \$10.00 per delinquent account per month will be charged for processing delinquent accounts, chargeable the month in which the account becomes one month or more delinquent. The charge is added to the homeowner account, but initially paid by the Association. Reimbursement to the Association occurs when payment from the delinquent homeowners result in resolution of the account.

**Lien Fees**

This is based on FY2005 actual expenses with an increase based on projected growth figures. This occurs when liens are placed and released as necessary in the delinquent process. A \$75.00 fee is charged, which includes preparing the lien and lien release. This charge is added to the homeowner's account, but initially paid by the

**Postage**

This is an allowance based on actual FY2005 expenses, with a 45% increase based on project growth figures and a 5% increase for postal rates.

**Administrative**

This is an allowance based on actual FY2005 expenses, with an increase based on projected growth figures. This is for copies, faxes, files, other similar administrative expenses, as well as the website setup and monthly website maintenance fee.

**Audit/Tax Prep.**

This is for a review/audit and/or tax preparation of FY2005. This estimate is based on FY2005 actual expense and any significant changes that have occurred in FY2005. The audit/tax prep expense in 2005 was for the previous year.

**Insurance**

This is the premium for hazard insurance, liability insurance and Directors and Officers liability insurance. This estimate is based on the current premium with an estimated increase of 20% upon renewal on September 17, 2006.

**Grounds Maintenance**

This is for Grounds Maintenance contract payments. This estimate is based on the grounds contract.

**Grounds Improvements**

This is an allowance based on FY2005 actual expenses. This is for flowers, replacement or addition of trees and shrubs, or other improvements to the grounds.

**Fertilization/Weed/Insect Control**

This is for contract payments for chemical applications. This includes fertilization of turf, trees, and shrubs and insect spray for routine pests and disease. This estimate is based on the grounds contract.

**Grounds Repairs (Sprinkler)**

This is an allowance based on actual expenses for FY2005 for repairs to the sprinkler system with no anticipated increase. Additional grounds in phase III will be under warranty. Examples include broken heads or lines.

**Grounds Repairs (Other)**

This is based on an allowance based on FY2005 actual expenses. This is for repair to the grounds, other than the sprinkler system. Examples are drainage repair or stump removal.

**Snow Removal**

This estimate is based upon actual snow removal invoices received in FY2005 with a 10% increase. Snow removal is provided on walks and parking areas for snowfalls of over 2 inches for walks and 4 inches for common area drives and parking areas.

**Legal Fees - General**

This is an estimate of the amount of legal expense that is not attributable to homeowner accounts.

**DRR Review Fees**

This is an estimate of the amount payable to Chateau Development for Design Review Request Reviews.

**Transfer to Reserves**

This is based on the revised Twenty Year Reserve Plan. This plan projects future needs for capital improvements or major non-annual recurring expenses.

**Miscellaneous**

This is a nominal amount budgeted to account for minor expenses not attributable to other accounts.

**Kendall Brook Homeowners Association, Inc.**  
**Twenty Year Reserve Plan**

2006 Budget

Revised 9/7/05

Item	Previous Expense Paid	Base Cost (2003)	Estimated Frequency of Item (years)	Fiscal Year																			Year Next Event Scheduled	Amount of Next Expense		
				2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			2023	
Replace 6 Ft. Solid Wood Fence		76,239	15																30,585	31,503	32,448	33,421		2034	47,637	
																			25%	25%	25%	25%			25%	
Replace 48" Rail Wood Fence		141,263	15																56,671	58,371	60,122	61,926		2034	88,267	
																			25%	25%	25%	25%			25%	
Retaining Wall/Bridge Reserves		7,500	5						8,955					10,382					12,035						2024	14,088
Sign Reserves		3,000	5						3,582					4,153					4,814						2024	5,635
Underdrain Reserves		5,000	5						5,970					6,921					8,024						2024	9,392
Tot Lot/Pocket Park Reserves	see note	20,000	12													29,371								2028	43,546	
Major Concrete Replacement (5% per replacement cycle)		19,298	7								24,446								30,066						2025	37,336
Major Landscape Improvements		38,350	4						45,792				51,539				58,008					65,288		2025	74,196	
Other Contingency		3,000	1				3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261	5,418	2024	5,635
<b>NOTE</b>	Carryover from Previous Year			100	1,990	9,886	17,966	32,376	54,371	21,014	61,099	83,237	131,625	130,842	161,572	215,859	243,392	244,417	275,029	225,864	198,759	103,928	70,521	<b>GOALS OF PLAN</b>		
This analysis is a planning tool to determine future cash needs for reserve expenditures. The goal of the plan is to have money required at the at the time it is needed considering estimated future values. Base costs are estimates and are not based on a detailed engineering study. This plan is not based on accrual theory. It is based on "common sense" saving. The amount to be added to reserves and the projected balances cannot be broken down to apply into individual reserve items. The plan is updated annually at budget time.	Anticipated Interest Earned			-	12	198	359	648	1,087	420	1,222	1,665	2,632	2,617	3,231	4,317	4,868	4,888	5,501	4,517	3,975	2,079	1,410	1 - To have funds		
	Anticipated Expense Paid			-	-	3,278	3,377	3,478	67,882	3,690	28,247	3,914	55,571	25,608	4,277	33,776	62,546	34,740	116,944	94,833	162,966	100,608	5,418	required when needed.		
	Added to Reserves			1,890	7,884	11,160	17,428	24,825	33,437	43,355	49,162	50,637	52,156	53,721	55,333	56,993	58,703	60,464	62,278	63,212	64,160	65,122	66,099	2 - To assure that all		
	Reserve Balance at End of Year			1,990	9,886	17,966	32,376	54,371	21,014	61,099	83,237	131,625	130,842	161,572	215,859	243,392	244,417	275,029	225,864	198,759	103,928	70,521	132,612	needs have been met.		
	Estimated Number of Units			21	84	155	235	325	425	535	589	589	589	589	589	589	589	589	589	589	589	589	589	589	3 - To save at today's	
	Estimated Rate of Inflation			3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	dollars for tomorrow.	
	Estimated Rate of Interest			2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	4 - To increase saving	
	Reserves per Unit per Month			7.50	7.82	6.00	6.18	6.37	6.56	6.75	6.96	7.16	7.38	7.60	7.83	8.06	8.31	8.55	8.81	8.94	9.08	9.21	9.35	gradually each year.		
Rate of Growth in Reserve Contributions			<del>X</del>	4.29%	-23.29%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	1.50%	1.50%	1.50%	1.50%			

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Note: Original cost of the playground was \$70,000 in 2004. The base cost allotted is for periodic major maintenance/renovation to the existing structures.