

Beyond the Spreadsheet

The Professional Judgment Behind a Reserve Fund Study

A Reserve Fund Study is more than a 30-year spreadsheet. It requires technical knowledge, experience and professional judgment.



AN EFFECTIVE RESERVE FUND STUDY INVOLVES:



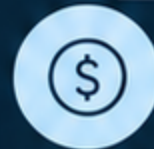
Understanding the property and the corporation's responsibilities



Identifying and inventorying major building and site components



Assessing actual physical condition



Estimating realistic costs and timing



Recognizing risks, prioritizing capital expenditures and developing practical funding strategies

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SWIPE TO CONTINUE →

Beyond the Spreadsheet

Executive Summary

A Reserve Fund Study is much more than a 30-year spreadsheet. It is a comprehensive analysis that combines technical knowledge, field experience and professional judgment to develop a realistic, defensible plan for the future. The process begins with a clear understanding of the property and the corporation's responsibilities, followed by identifying and inventorying major building and site components.

Each component is assessed to determine its actual physical condition, effective age and remaining service life. Realistic cost estimates are then developed, and projects are prioritized based on risk, timing and the corporation's objectives. The result is a funding strategy that supports long-term financial stability, helps avoid surprises and gives the board and owners confidence in the path forward.



A mathematically accurate financial projection based on incorrect assumptions can produce a **fundamentally unreliable Reserve Fund Study.**

A RESERVE FUND STUDY BRINGS TOGETHER:



20 considerations

Multiple factors inform professional judgment.



Long-term planning

A 30-year view to support financial stability.



Condition assessment

On-site evaluation to determine actual building condition.



Funding strategy

Prioritized projects and realistic funding recommendations.

KEY CONSIDERATIONS IN A RESERVE FUND STUDY

THE FOLLOWING ARE THE FIRST FIVE OF TWENTY KEY CONSIDERATIONS THAT INFORM A RESERVE FUND STUDY.

1

Understanding the Property and Corporation Responsibilities



A clear understanding of the property's characteristics and the corporation's obligations is essential to define the scope of the study and what components are included.

2

Identifying and Inventorying Major Components



All major building and site components must be identified, inventoried and properly categorized to ensure nothing significant is overlooked in the analysis.

3

Assessing Actual Physical Condition



On-site review and professional assessment determine the actual physical condition of each component, which directly influences its remaining service life and timing of work.

4

Establishing Effective Age and Remaining Service Life



The effective age and remaining service life are estimated based on condition, historical information and professional judgment — not simply the original installation date.

5

Establishing Accurate Component Quantities



Accurate measurement and quantity verification ensure realistic cost estimates and help avoid under- or over-estimating the scope of future projects.

Building Performance, Costing and Project Strategy

A reliable reserve fund study goes beyond a long-term spreadsheet. It evaluates how the building performs today, what work is needed, what it will cost, and how to plan strategically for the future.

Real insight today. A stronger building tomorrow.



6 **Developing Realistic Repair and Replacement Cost Estimates**
Accurate costing is essential. We use current market pricing, industry experience and component-specific factors to develop realistic, defensible estimates for repair and replacement work.

7 **Determining Appropriate Repair Versus Replacement Strategies**
Not every component needs to be replaced. We assess the condition, performance and remaining useful life to determine whether to repair, extend or replace, based on long-term value and risk.

8 **Reviewing Maintenance History and Previously Completed Capital Work**
We analyze available records, maintenance history and past capital projects to understand what has been done, how components have performed, and what may be needed next.

9 **Understanding Relationships Between Building Systems**
Building components work together. We consider how systems interact — for example, how roofing, walls, windows and waterproofing are connected — to identify the most effective and coordinated approach to future work.

10 **Prioritizing Building Protection and Preventing Water Infiltration**
Preventing water infiltration is critical to avoiding costly damage. We prioritize building envelope elements such as roofs, walls, windows, balconies and below-grade waterproofing to protect the building and its assets.

Why this matters

Avoids costly omissions
A thorough, professional review helps ensure all major components are identified and properly planned for.

Coordinates projects effectively
Understanding how building systems work together helps align timing and reduce overall costs.

Protects the building envelope
A proactive focus on water infiltration and building protection helps prevent damage and supports a longer service life.

Risk, Scope and Long-Term Planning

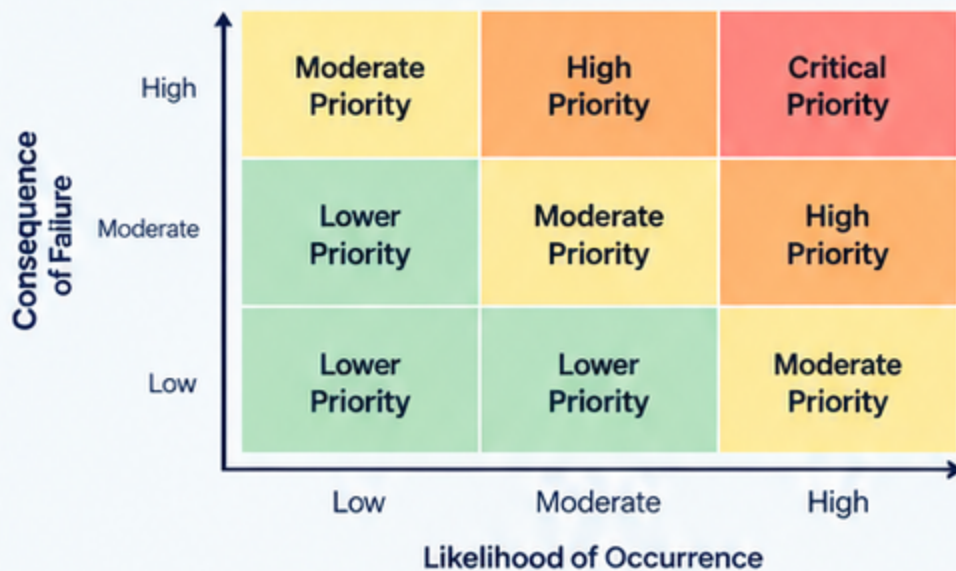
A reliable Reserve Fund Study looks beyond the spreadsheet. It requires a careful assessment of risks, a well-defined scope, and long-term financial planning based on professional judgment.

11 Recognizing Risks and Establishing Capital Expenditure Priorities



A Reserve Fund Study identifies the key risks to the property and helps prioritize capital expenditures based on their potential impact, urgency and consequence of failure. Not all components carry the same level of risk, and higher-risk items often require earlier attention.

EXAMPLE RISK PRIORITY MATRIX



12 Recognizing Professional Limitations and Knowing When to Recommend Other Professionals



A Reserve Fund Study is not a building condition assessment or an engineering report. When specialized expertise is needed — such as structural, environmental, mechanical or legal advice — the consultant should recommend appropriate qualified professionals.



Professional Judgment in Practice

The spreadsheet does not decide urgency, scope, or assumptions. A Reserve Fund Study relies on the consultant's technical knowledge, experience and professional judgment to interpret information, assess risks, and develop a practical and defensible plan for the future.

13 Establishing a Logical and Coordinated Replacement Schedule



Capital projects should be scheduled in a logical and coordinated manner, taking into account building systems, lifecycle timing, and potential efficiencies. Coordinating work can reduce disruption and cost, and help the corporation plan more effectively over the long term.

EXAMPLE COORDINATED REPLACEMENT SCHEDULE



14 Reviewing the Corporation's Financial Position



The study considers the corporation's current financial position, including reserve fund balance, contributions, and other financial resources, to ensure the plan is realistic and achievable within the corporation's circumstances.

15 Selecting Reasonable Inflation and Interest Assumptions



Future costs are estimated using reasonable inflation and interest assumptions based on current economic conditions and long-term forecasts. These assumptions are reviewed carefully, as they can significantly affect the projected funding needs.

Funding, Communication and Ongoing Reserve Fund Management

16 Developing Sustainable Reserve Fund Contribution Strategies

A key outcome of a Reserve Fund Study is a recommended contribution strategy that balances long-term funding needs with affordability. The strategy considers the corporation's financial position, risk tolerance, expected inflation and the timing of major expenditures.

A SUSTAINABLE FUNDING STRATEGY:



18 Maintaining Communication with Boards and Property Managers

Ongoing communication is essential to the success of a Reserve Fund Study. We work closely with boards and property managers throughout the process, providing clear updates, answering questions and ensuring the findings are practical and easy to understand.

EFFECTIVE COMMUNICATION HELPS TO:



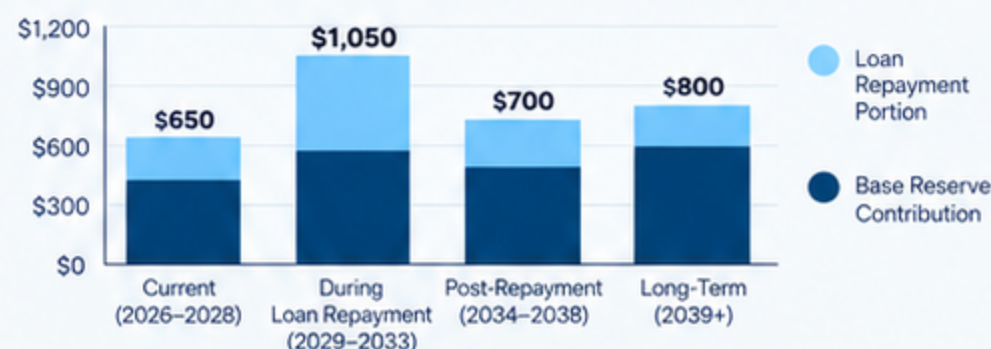
“Clear communication turns a complex study into confident decisions for a stronger tomorrow.”



17 Evaluating Loan Repayment and Future Funding Requirements

Many corporations use loans to fund major projects. A Reserve Fund Study evaluates existing loan terms, repayment schedules and the impact on future contributions. We model different scenarios to understand how loan repayment and upcoming expenditures affect long-term funding.

ILLUSTRATIVE IMPACT OF LOAN REPAYMENT ON MONTHLY CONTRIBUTIONS



19 Presenting Findings and Financial Recommendations to Boards and Owners

We present the study results in a clear, professional report and walk through the key findings with the board and, when requested, owners. Our presentations focus on the physical condition of the property, anticipated costs, funding recommendations and practical next steps.

20 Supporting Ongoing Reserve Fund Management and Updating Financial Projections

A Reserve Fund Study is a starting point, not a one-time event. We recommend regular updates (typically every 3–5 years) to reflect changes in the property, completed work, inflation and new information. Ongoing updates help ensure the corporation stays on track and can respond to changing circumstances.

THE ONGOING RESERVE FUND MANAGEMENT CYCLE



Conclusion

A reliable Reserve Fund Study combines **physical assessment, cost estimating, risk-based prioritization, financial analysis, and clear communication.**

Together, these elements provide a sound foundation for informed decision-making and the long-term financial health of the corporation.