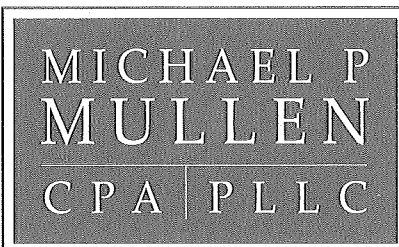


THE JONATHAN ASSOCIATION, INC.

CHASKA, MINNESOTA

**INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

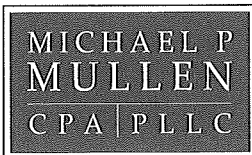
FOR THE YEAR ENDED SEPTEMBER 30, 2010



THE JONATHAN ASSOCIATION, INC.
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Jonathan Association, Inc.
Chaska, Minnesota

We have audited the accompanying balance sheet of The Jonathan Association, Inc. as of September 30, 2010, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jonathan Association, Inc. as of September 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information on future major repairs and replacements on page 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.


Michael P. Mullen, CPA, PLLC

Minneapolis, Minnesota
September 19, 2011

CERTIFIED PUBLIC ACCOUNTANTS | LICENSED IN MINNESOTA, WISCONSIN AND FLORIDA

Member of The American Institute of Certified Public Accountants
The Minnesota Society of Certified Public Accountants and Community Associations Institute

THE JONATHAN ASSOCIATION, INC.

BALANCE SHEET

SEPTEMBER 30, 2010

| | <u>OPERATING FUND</u> | <u>REPLACEMENT FUND</u> | <u>TOTAL</u> |
|---|---------------------------|-----------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 59,353 | \$ 212,403 | \$ 271,756 |
| Assessments receivable | 272,713 | | 272,713 |
| Promissory note receivable | 12,836 | | 12,836 |
| Prepaid insurance | 43 | | 43 |
| Property and equipment-net | <u>248,563</u> | | <u>248,563</u> |
| TOTAL ASSETS | \$ <u>593,508</u> | \$ <u>212,403</u> | \$ <u>805,911</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 35,315 | | \$ 35,315 |
| Prepaid assessments | <u>143,386</u> | | <u>143,386</u> |
| TOTAL LIABILITIES | 178,701 | | 178,701 |
| FUND BALANCE | <u>414,807</u> | \$ <u>212,403</u> | <u>627,210</u> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ <u>593,508</u> | \$ <u>212,403</u> | \$ <u>805,911</u> |

The accompanying notes are an integral part of these financial statements

THE JONATHAN ASSOCIATION, INC.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

| | OPERATING FUND | REPLACEMENT FUND | TOTAL |
|---|-------------------|---------------------|-------------------|
| REVENUE | | | |
| Assessments | \$ 530,845 | \$ 151,901 | \$ 682,746 |
| Other | 38,208 | | 38,208 |
| Interest | 391 | 238 | 629 |
| Total Revenue | <u>569,444</u> | <u>152,139</u> | <u>721,583</u> |
| EXPENSES | | | |
| Management fees | 35,460 | | 35,460 |
| Depreciation | 10,638 | | 10,638 |
| Rubbish removal | 2,996 | | 2,996 |
| Bad debts | 6,155 | | 6,155 |
| Insurance | 45,939 | | 45,939 |
| Utilities | 10,865 | | 10,865 |
| Professional fees | 24,467 | | 24,467 |
| Labor and related | 114,203 | | 114,203 |
| Property taxes | 12,308 | | 12,308 |
| Office and administrative | 82,498 | | 82,498 |
| Lawn care and snow removal | 143,031 | | 143,031 |
| Repair and maintenance | 78,755 | | 78,755 |
| Replacement expenses | | 15,178 | 15,178 |
| Total Expenses | <u>567,315</u> | <u>15,178</u> | <u>582,493</u> |
| EXCESS OF REVENUE OVER EXPENSES | 2,129 | 136,961 | 139,090 |
| RESTATEd FUND BALANCE (DEFICIT) AT 9/30/09 | 493,331 | (5,211) | 488,120 |
| INTERFUND TRANSFER | <u>(80,653)</u> | <u>80,653</u> | <u>-</u> |
| FUND BALANCE AT 9/30/10 | <u>\$ 414,807</u> | <u>\$ 212,403</u> | <u>\$ 627,210</u> |

The accompanying notes are an integral part of these financial statements

THE JONATHAN ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

| | OPERATING FUND | REPLACEMENT FUND | TOTAL |
|---|-------------------|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from owners | \$ 541,733 | \$ 151,901 | \$ 693,634 |
| Cash paid to providers | (554,286) | (44,019) | (598,305) |
| Interest received | 391 | 238 | 629 |
| Net cash provided by (used in) operating activities | <u>(12,162)</u> | <u>108,120</u> | <u>95,958</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Interfund transfer | <u>(80,653)</u> | <u>80,653</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH | (92,815) | 188,773 | 95,958 |
| CASH AT BEGINNING OF YEAR | <u>152,168</u> | <u>23,630</u> | <u>175,798</u> |
| CASH AT END OF YEAR | <u>\$ 59,353</u> | <u>\$ 212,403</u> | <u>\$ 271,756</u> |

The following schedule reconciles the excess of revenue over expenses to net cash provided by (used in) operating activities:

| | | | |
|---|--------------------|-------------------|------------------|
| Excess of revenue over expenses | \$ 2,129 | \$ 136,961 | \$ 139,090 |
| Depreciation | 10,638 | | 10,638 |
| Bad debts | 6,155 | | 6,155 |
| (Increase) in assessments receivable | (27,791) | | (27,791) |
| Decrease in prepaid insurance | 1,193 | | 1,193 |
| (Decrease) in accounts payable | (4,958) | (28,841) | (33,799) |
| (Decrease) in prepaid assessments | 472 | | 472 |
| Total adjustments | <u>(14,291)</u> | <u>(28,841)</u> | <u>(43,132)</u> |
| Net cash provided by (used in) operating activities | <u>\$ (12,162)</u> | <u>\$ 108,120</u> | <u>\$ 95,958</u> |

The accompanying notes are an integral part of these financial statements

THE JONATHAN ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - ORGANIZATION

The Jonathan Association, Inc. (Association) is a Minnesota nonprofit corporation legally organized as a homeowners association. The Association was incorporated on June 2, 1971 and is responsible for maintaining and preserving the common property within the Jonathan New Town development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The Association's governing documents provide certain guidelines regarding its financial activities. Therefore, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds:

Operating Fund - This fund is used to account for the financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Interest earned

The Board's policy is for interest to remain in the fund in which it is earned.

Member Assessments

Association members are subject to annual and monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Any excess assessments at year-end are retained by the Association for use in future years.

THE JONATHAN ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Cash

The Association maintains cash in checking and money market savings accounts. Separate cash bank accounts are maintained for each fund. The Association considers all highly liquid investments with an original maturity of three months or less as cash.

Assessments Receivable

Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to charge a late fee and place liens on the property of accounts that are past due. This may ultimately involve foreclosure on the property after other attempts of collection have failed. The Board believes they will collect the past due assessments and has not established an allowance for uncollectible accounts.

Property and Equipment

The Association's policy is to capitalize all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units.

Examples of capitalized property and equipment consists of common personal property and common real property to which it has title and that it can dispose of for cash while retaining the proceeds or that is used to generate significant cash flows from members on the basis of usage or from nonmembers.

Examples of property not capitalized consist of sidewalks, access roads, and greenbelts. Property and equipment acquired by the Association are recorded at cost and property contributed to the Association by the developer is recorded at estimated fair value at the date of contribution.

Depreciation expense for the year ended September 30, 2010 totaled \$10,638.

NOTE 3 - PROMISSORY NOTE RECEIVABLE

In 2006, the Association obtained a promissory note from Genesis Homes & Associates, LLC. The amount is due to the Association from the down payment of the garage construction that did not occur. The note accrued interest at a rate of 10% through March 15, 2008. Monthly payments are \$1,149. The balance of the promissory note as of September 30, 2006 was \$12,836, including accrued interest of \$779. The Association did not receive any payments nor accrue any interest on the note during the year ended September 30, 2010.

THE JONATHAN ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - INCOME TAXES

The Association is an exempt organization under Section 501(c)(4) of the Internal Revenue Code. Under that code the Association pays income taxes only on income generated from unrelated business activities. During the year, the Association did not have income from such activities.

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents contain provisions to accumulate funds for future major repairs and replacements. Accumulated funds, which aggregate \$212,403 at September 30, 2010, are generally not available for operating purposes.

In 2009, the Board updated the study, which estimates the remaining useful lives for all of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. Estimates were determined based on industry information available to the Management Company, prior experience and knowledge of the property.

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to pass special assessments or delay replacement or maintenance until funds are available. Special assessments require assent of two-thirds of the vote of each class of members. The effect on future assessments has not been determined at this time.

NOTE 6 - PRIOR PERIOD ADJUSTMENT

The September 30, 2009 financial statements, which were audited by another CPA firm, contained several errors. Fund balance on the Balance Sheet did not agree with the Fund Balance on the Changes in Membership Equity. Operating and Replacement Funds were not properly segregated on the financial statements. Property and Equipment was incorrectly reported in the Retained Earnings Restricted for Future Replacement and contained items that should not have been capitalized, resulting in an overstated Replacement Fund Balance in the amount of \$527,134 and overstated Property and Equipment in the amount of \$207,385. The correction has been made in these financial statements as shown in the Statement of Revenues, Expenses and Changes in Fund Balance.

SUPPLEMENTARY INFORMATION

THE JONATHAN ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

In 2009, the Board updated the study, which estimates the remaining useful lives for all of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. Estimates were determined based on industry information available to the management company, prior experience and knowledge of the property.

Estimated current replacement costs and estimated remaining useful lives have not been revised since the date of the study and do not take into account the effects of any expenditures or differences in the estimates.

The total replacement fund balance at September 30, 2010 is \$212,403. The board has not allocated the replacement fund balance to each component.

The following information is based on the study and presents significant information about the components of common property.

Reserve Advisors, Inc.

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

The Jonathan
Association
Chaska, Minnesota

Individual Reserve Budgets & Cash Flows for the Next 30 Years

| FY2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
| N/A | 183,931 | 182,777 | 66,915 | 84,860 | 48,713 | 61,000 | 123,421 | 283,386 | 411,961 | 583,166 | 662,294 | 807,384 | 964,845 | 1,104,842 | 1,192,970 |
| Total Recommended Reserve Contributions (Note 2) | | | | | | | | | | | | | | | |
| N/A | 240,744 | 210,700 | 215,700 | 220,700 | 183,000 | 149,200 | 193,800 | 303,300 | 249,200 | 216,300 | 223,700 | 231,900 | 239,200 | 247,300 | 251,700 |
| Plus Estimated Interest Earned, During Year (Note 3) | | | | | | | | | | | | | | | |
| N/A | 3,601 | 2,838 | 1,725 | 1,484 | 1,213 | 2,037 | 4,398 | 7,678 | 11,314 | 14,180 | 16,700 | 20,146 | 23,531 | 26,124 | 28,688 |
| Less Anticipated Expenditures, By Year | | | | | | | | | | | | | | | |
| N/A | (155,489) | (328,401) | (189,480) | (261,321) | (168,925) | (123,876) | (60,023) | (61,413) | (49,309) | (151,332) | (95,339) | (93,969) | (122,734) | (185,296) | (148,735) |
| \$193,991 | 182,777 | 66,915 | 84,860 | 48,713 | 61,000 | 123,421 | 283,386 | 411,961 | 583,166 | 662,294 | 807,384 | 964,845 | 1,104,842 | 1,192,970 | 1,228,692 |
| Anticipated Reserves at Year End | | | | | | | | | | | | | | | |
| 0 | 201,000 | 402,000 | 603,000 | 804,000 | 1,005,000 | 1,206,000 | 1,407,000 | 1,608,000 | 1,809,000 | 2,010,000 | 2,211,000 | 2,412,000 | 2,613,000 | 2,814,000 | 3,015,000 |
| Predicted Reserves based on 2009 funding level of: \$200,744 | | | | | | | | | | | | | | | |

(NOTE 4)

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

| 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|--|------------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1,328,603 | 1,540,545 | 1,371,314 | 806,300 | 682,375 | 66,324 | 221,190 | 364,191 | 363,538 | 533,983 | 574,281 | 517,974 | 696,046 | 862,541 | 839,043 |
| Reserves at Beginning of Year | | | | | | | | | | | | | | |
| 264,400 | 213,408 | 282,730 | 292,300 | 302,200 | 175,900 | 181,008 | 187,200 | 193,600 | 200,200 | 207,300 | 214,500 | 221,900 | 229,600 | 236,500 |
| Total Recommended Reserve Contributions | | | | | | | | | | | | | | |
| 32,620 | 33,106 | 24,798 | 16,925 | 8,548 | 3,303 | 6,655 | 8,274 | 10,204 | 12,600 | 12,416 | 12,676 | 14,319 | 17,061 | 19,988 |
| Plus Estimated Interest Earned, During Year | | | | | | | | | | | | | | |
| (85,078) | (475,737) | (872,472) | (433,150) | (923,797) | (26,437) | (44,684) | (196,127) | (33,359) | (172,492) | (275,735) | (147,704) | (170,024) | (70,359) | (174,501) |
| 1,540,545 | 1,371,314 | 806,300 | 682,375 | 66,324 | 221,190 | 364,191 | 363,538 | 533,983 | 574,281 | 517,974 | 696,046 | 862,541 | 839,043 | 820,131 |
| Anticipated Reserves at Year End | | | | | | | | | | | | | | |
| 1,223,000 | 973,000 | 316,000 | 88,000 | (641,000) | (473,000) | (641,000) | (473,000) | (473,000) | (473,000) | (473,000) | (473,000) | (473,000) | (473,000) | (473,000) |
| Predicted Reserves based on 2010 funding level of: \$200,744 | | | | | | | | | | | | | | |

(NOTE 5)

Explanatory Notes:

- 1) Year 2009 starting reserves are as of October 31, 2009 and ends September 30, 2010.
- 2) Reserve Contributions for 2010 are budgeted; 2011 is the first year of recommended contributions.
- 3) 2.3% is the estimated annual rate of return on invested reserves.
- 4) Threshold Funding Year (reserve balance at critical point).
- 5) Accumulated year 2039 ending reserves consider the need to fund for subsequent walking path replacements and the age, size, overall condition and complexity of the property.

Reserve Advisors, Inc.

RESERVE EXPENDITURES

The Jordanian
Association
Cairo, Minnesota

Engineer's Report
1) 2.0% Annual Escalation Rate for ordinary reserve replacement costs.
2) FY 2010 is Fiscal Year beginning October 1, 2009 and ending September 30, 2010.

| Line No. | Year | Unit | Description | Estimate | 1st Year of Replacement | 2nd Year of Replacement | 3rd Year of Replacement | 4th Year of Replacement | 5th Year of Replacement | 6th Year of Replacement | 7th Year of Replacement | 8th Year of Replacement | 9th Year of Replacement | 10th Year of Replacement | 11th Year of Replacement | 12th Year of Replacement | 13th Year of Replacement | 14th Year of Replacement | 15th Year of Replacement | 16th Year of Replacement | 17th Year of Replacement | 18th Year of Replacement | 19th Year of Replacement | 20th Year of Replacement | | |
|----------|--------|-------|-------------|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|--|
| 35 | 4 | 2 | Each | Signal Cabinet, Wood | 2010 | 15,000 | 7 | 3,000 | 4,000 | 11,250 | | | | | | | | | | | | | | | | |
| 36 | 4,400 | 7,400 | Lower Feed | Applied Payment, Working Poles, Check Repair and Patch | 2011 | 15 15 | 2 | 1.00 | 7,400 | 21,715 | | | | | | | | | | | | | | | | |
| 37 | 14,000 | 7,400 | Lower Feed | Applied Payment, Working Poles, Total Replacement | 2011 | 15 15 | 2 | 1.00 | 11,240 | 21,432 | | | | | | | | | | | | | | | | |
| 38 | 6 | 2 | Each | Mid Section, Wood, Reinforced | 2017 | 15 25 | 15 | 1,000.00 | 15,000 | 22,432 | | | | | | | | | | | | | | | | |
| 39 | 10 | 2 | Each | Mid Section, Metal, Reinforced | 2018 | 15 25 | 6 | 1,000.00 | 27,000 | 28,398 | | | | | | | | | | | | | | | | |
| 40 | 10 | 1 | Each | Proposed Equipment, Metal | 2018 | 15 25 | 20 | 500,000 | 500,000 | 57,744 | | | | | | | | | | | | | | | | |
| 41 | 2 | 1 | Each | Proposed Equipment, Wood | 2011 | 15 25 | 4 | 2,000.00 | 2,000 | 2,294 | | | | | | | | | | | | | | | | |
| 42 | 6 | 4 | Each | Spring, Electric, Wood | 2015 | 15 25 | 7 | 2,500.00 | 10,000 | 25,715 | | | | | | | | | | | | | | | | |
| 43 | 10,000 | 2,000 | Lower Feed | Applied Payment, Working Poles, Check Repair and Patch | 2017 | 15 25 | 4 | 1.00 | 2,000 | 23,274 | | | | | | | | | | | | | | | | |
| 44 | 2,000 | 2,000 | Lower Feed | Applied Payment, Working Poles, Total Replacement | 2017 | 15 25 | 4 | 1.00 | 2,000 | 23,274 | | | | | | | | | | | | | | | | |
| 45 | 2 | 1 | Each | Mid Section, Wood, Reinforced | 2017 | 15 25 | 15 | 1,000.00 | 15,000 | 18,751 | | | | | | | | | | | | | | | | |
| 46 | 2 | 1 | Each | Mid Section, Metal, Reinforced | 2017 | 15 25 | 15 | 1,000.00 | 15,000 | 18,751 | | | | | | | | | | | | | | | | |
| 47 | 7 | 1 | Each | Mid Section, Wood, Reinforced | 2019 | 15 25 | 10 | 1,000.00 | 10,000 | 14,448 | | | | | | | | | | | | | | | | |
| 48 | 7 | 1 | Each | Mid Section, Metal, Reinforced | 2019 | 15 25 | 10 | 1,000.00 | 10,000 | 14,448 | | | | | | | | | | | | | | | | |
| 49 | 400 | 400 | Lower Feed | Reaching Mid, Storm Heavy (Engine with Manufacturing warning) | 2014 | 15 25 | 5 | 40.00 | 16,000 | 13,711 | | | | | | | | | | | | | | | | |
| 50 | 2 | 1 | Each | Spring, Electric, Wood | 2018 | 15 25 | 7 | 2,500.00 | 10,000 | 25,715 | | | | | | | | | | | | | | | | |
| 51 | 10,000 | 3,000 | Lower Feed | Applied Payment, Working Poles, Check Repair and Patch | 2012 | 15 25 | 7 | 1.00 | 3,000 | 24,925 | | | | | | | | | | | | | | | | |
| 52 | 1 | 1 | Each | Mid Section, Wood, Reinforced | 2012 | 15 25 | 3 | 15.25 | 45,750 | 41,461 | | | | | | | | | | | | | | | | |
| 53 | 1 | 1 | Each | Mid Section, Metal, Reinforced | 2012 | 15 25 | 3 | 150.00 | 450 | 4,074 | | | | | | | | | | | | | | | | |
| 54 | 1 | 1 | Each | Mid Section, Wood, Reinforced | 2016 | 15 25 | 5 | 15.25 | 45,750 | 41,461 | | | | | | | | | | | | | | | | |
| 55 | 1 | 1 | Each | Mid Section, Metal, Reinforced | 2016 | 15 25 | 5 | 150.00 | 450 | 4,074 | | | | | | | | | | | | | | | | |
| 56 | 1 | 1 | Each | Spring, Electric, Wood | 2018 | 15 25 | 7 | 2,500.00 | 10,000 | 25,715 | | | | | | | | | | | | | | | | |
| 57 | 1 | 1 | Each | Spring, Electric, Wood | 2018 | 15 25 | 7 | 2,500.00 | 10,000 | 25,715 | | | | | | | | | | | | | | | | |
| 58 | 21,000 | 2,500 | Lower Feed | Applied Payment, Working Poles, Check Repair and Patch | 2017 | 15 25 | 1 | 1.00 | 2,500 | 22,359 | | | | | | | | | | | | | | | | |
| 59 | 2,500 | 2,500 | Lower Feed | Applied Payment, Working Poles, Total Replacement | 2017 | 15 25 | 1 | 1.00 | 2,500 | 22,359 | | | | | | | | | | | | | | | | |
| 60 | 3 | 1 | Each | Mid Section, Wood, Reinforced | 2017 | 15 25 | 15 | 1,000.00 | 15,000 | 18,424 | | | | | | | | | | | | | | | | |
| 61 | 3 | 1 | Each | Mid Section, Metal, Reinforced | 2017 | 15 25 | 15 | 1,000.00 | 15,000 | 18,424 | | | | | | | | | | | | | | | | |
| 62 | 4 | 2 | Each | Mid Section, Wood, Reinforced | 2012 | 15 25 | 3 | 150.00 | 450 | 4,074 | | | | | | | | | | | | | | | | |
| 63 | 4 | 2 | Each | Mid Section, Metal, Reinforced | 2012 | 15 25 | 3 | 150.00 | 450 | 4,074 | | | | | | | | | | | | | | | | |
| 64 | 1 | 1 | Each | Proposed Equipment, Metal | 2020 | 15 25 | 20 | 24,000.00 | 24,000 | 26,299 | | | | | | | | | | | | | | | | |
| 65 | 2 | 2 | Each | Spring, Electric, Wood, Reinforced | 2025 | 15 25 | 14 | 1,500.00 | 10,500 | 17,715 | | | | | | | | | | | | | | | | |
| 66 | 4,000 | 2,500 | Lower Feed | Applied Payment, Working Poles, Check Repair and Patch | 2017 | 15 25 | 4 | 1.00 | 2,500 | 22,359 | | | | | | | | | | | | | | | | |
| 67 | 14,000 | 2,500 | Lower Feed | Applied Payment, Working Poles, Total Replacement | 2017 | 15 25 | 4 | 1.00 | 2,500 | 22,359 | | | | | | | | | | | | | | | | |
| 68 | 4 | 4 | Each | Mid Section, Wood, Reinforced | 2027 | 15 25 | 5 | 3,000.00 | 15,000 | 18,348 | | | | | | | | | | | | | | | | |
| 69 | 4 | 4 | Each | Mid Section, Metal, Reinforced | 2027 | 15 25 | 5 | 3,000.00 | 15,000 | 18,348 | | | | | | | | | | | | | | | | |
| 70 | 1 | 1 | Each | Proposed Equipment, Metal | 2022 | 15 25 | 15 | 1,000.00 | 15,000 | 17,498 | | | | | | | | | | | | | | | | |
| 71 | 1 | 1 | Each | Proposed Equipment, Wood | 2022 | 15 25 | 15 | 1,000.00 | 15,000 | 17,498 | | | | | | | | | | | | | | | | |
| 72 | 1 | 1 | Each | Proposed Equipment, Wood | 2018 | 15 25 | 4 | 2,000.00 | 2,000 | 2,294 | | | | | | | | | | | | | | | | |
| 73 | 1 | 1 | Each | Proposed Equipment, Wood | 2018 | 15 25 | 4 | 2,000.00 | 2,000 | 2,294 | | | | | | | | | | | | | | | | |

See Independent Auditor's Report

RESERVE EXPENDITURES

for
The Jonathan
Association
Church, Minnesota

Explanatory Notes:
1) 2.1% is an assumed future inflation rate for ordinary future replacement costs.
2) FY 2010 is fiscal year beginning October 1, 2009 and ending September 30, 2010.

| Line Item | Qty | Unit | Estimate | Year | Unit Cost | Total Cost | 2010 Cost | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | | | | | | | | |
|-------------------------------------|-------|------------------|----------|---------|-----------|------------|-----------|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|--|--|--|--|--|--|--|--|--|
| Reserve Component Inventory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Springs, Seals, Hoses, Replacements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 | 3 | Each | 204 | 1910-20 | 16 | 4,320.00 | 12,000 | 21,201 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Black Woodshed #2 Elements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 71 | 1,000 | 1/2" Clear Pine | 201 | 1910 | 2 | 718 | 1,237 | 5,231 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 72 | 2,700 | 1/2" Clear Pine | 201 | 1910 | 12 | 1,620 | 21,240 | 91,200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 73 | 2 | Each | 207 | 1920 | 18 | 3,600.00 | 3,600 | 10,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 74 | 6 | Each | 207 | 1920 | 18 | 1,800.00 | 1,800 | 5,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 75 | 1 | Each | 208 | 1910-25 | 20 | 2,000.00 | 2,000 | 4,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 76 | 2 | Each | 204 | 1910-20 | 16 | 3,200.00 | 3,200 | 7,680 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General Estimate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 77 | 1,000 | 1/2" Square Pine | 204 | 1910 | 5 | 1,150 | 1,150 | 4,120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 78 | 6 | Each | 207 | 1920 | 18 | 3,000.00 | 1,800 | 3,200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 79 | 27 | Each | 207 | 1920 | 78 | 1,800.00 | 4,860 | 7,200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 80 | 10 | Each | 207 | 1920 | 39 | 2,400.00 | 2,400 | 8,250 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 81 | 10 | Each | 207 | 1920 | 39 | 2,400.00 | 2,400 | 8,250 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 82 | 1 | Each | 208 | 1910-25 | 20 | 2,000.00 | 2,000 | 4,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 83 | 1 | Each | 208 | 1910-25 | 20 | 2,000.00 | 2,000 | 4,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 84 | 1 | Each | 204 | 1910-20 | 16 | 3,100.00 | 3,100 | 7,650 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 85 | 2 | Aluminum | 204 | 1910-20 | 8 | 4,000.00 | 3,200 | 1,320 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aluminum Wood Elements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 86 | 1,000 | 1/2" Clear Pine | 201 | 1910 | 5 | 1,150 | 1,150 | 4,120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 87 | 1,000 | 1/2" Clear Pine | 201 | 1910 | 5 | 1,150 | 1,150 | 4,120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 88 | 3 | Each | 207 | 1920 | 18 | 1,800.00 | 1,800 | 5,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 89 | 4 | Each | 207 | 1920 | 18 | 2,400.00 | 2,400 | 8,250 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 90 | 4 | Each | 207 | 1920 | 18 | 2,400.00 | 2,400 | 8,250 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 91 | 2 | Each | 208 | 1910-25 | 20 | 2,000.00 | 2,000 | 4,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 92 | 2 | Each | 208 | 1910-25 | 20 | 2,000.00 | 2,000 | 4,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 93 | 2 | Each | 204 | 1910-20 | 16 | 3,100.00 | 3,100 | 7,650 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 94 | 6 | Each | 204 | 1910-20 | 16 | 4,500.00 | 2,700 | 4,117 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aluminum Wood Elements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 95 | 2 | Aluminum | 204 | 1910-20 | 8 | 4,000.00 | 3,200 | 1,320 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aluminum Wood Elements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 96 | 2 | Aluminum | 204 | 1910-20 | 8 | 4,000.00 | 3,200 | 1,320 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97 | 4 | Aluminum | 204 | 1910-20 | 16 | 3,100.00 | 1,240 | 1,460 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 98 | 200 | 200 Square Feet | 204 | 1910-20 | 16 | 40.00 | 8,000 | 11,075 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exhibit Elements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 99 | 2 | Aluminum | 204 | 1910-20 | 8 | 4,000.00 | 3,200 | 1,320 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100 | 1,000 | 1/2" Clear Pine | 201 | 1910 | 5 | 1,150 | 1,150 | 4,120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 101 | 1,000 | 1/2" Clear Pine | 201 | 1910 | 5 | 1,150 | 1,150 | 4,120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 102 | 1 | Aluminum | 204 | 1910-20 | 8 | 4,000.00 | 3,200 | 1,320 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Reserve Advisors, Inc.

RESERVE EXPENDITURES

The Jackson Association
Chicago, Illinois

Estimated Value
1. 3.0% - with assumed future inflation rates for estimating future replacement costs.
2. FY 2010 is used for beginning October 1, 2010 and ending September 30, 2010.

Table with columns: Line No, Description, Unit, Quantity, Price, 30-Year Per Total Price, Estimated 14 Year of Replacement, Life Expectancy, Unit Replacement Cost, 2010 Cost of Replacement, Total Cost of Replacement, and columns 1-19. Rows include items like '1 Aluminum', '2 Brass', '3 Steel', etc., and a summary row at the bottom.

Table with columns: Line No, Description, Unit, Quantity, Price, 30-Year Per Total Price, Estimated 14 Year of Replacement, Life Expectancy, Unit Replacement Cost, 2010 Cost of Replacement, Total Cost of Replacement, and columns 1-19. Rows include items like '1 Aluminum', '2 Brass', '3 Steel', etc., and a summary row at the bottom.

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