



MEMORANDUM

To: Jonathan Association Members

From: Stephen G. Wolff, President

Date: February 16, 2016

Subject: Annual Equitable Financial Report

The board of directors hired Reserve Advisors in 2013 to conduct a study that estimates the remaining useful lives for all of the components of common property within the association hereby known as the 2043 plan. The board and management team uses the 2043 plan as a both a planning tool and guide in the allocation of reserve funds deposited and expended. For the fiscal year ending 12/31/2015, the association had a balance of \$413,286 compared to a recommended amount of \$114,000.

In 2015, the board approved capital expenditures of \$217,628. These expenses included website design, radon mitigation at the Karen house, mailbox replacement in Clover Ridge and Haverhill, tree replacement in Clover Ridge, sign replacement throughout Jonathan, and 102,898 square feet of sealcoating and 36,803 square feet of overlay to the Jonathan trail system.

The 2043 plan indicated the following replacements may be needed in 2015:

Location	Item	Anticipated cost	Status
Neighborhood 6	Basketball court, total replacement	\$14,952	Deferred
Neighborhood 7	Mailboxes	\$28,036	Deferred
Neighborhood 9	Mailboxes	\$6,230	Deferred
Karen House	Interior renovations (Phased)	\$6,749	Deferred
Karen House	Light poles and fixtures (Phased)	\$4,361	Deferred
Property site elements	Asphalt, crack repair and patch	\$5,327	Partial
Property site elements	Ash tree replacement (phased)	\$249,207	Deferred
	Reserve study update	\$4,500	Deferred
		\$319,362	

The board evaluated these items individually based on condition and determined that deferred replacement was in the best interest of all members. Ash tree replacement was due to the threat of a non-native insect, Emerald Ash Borer. According to the Minnesota



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Capital Expenditures - 2015

Expenditure	G/L Code	Vendor	Description	Amount
Website	3328	Clarity 11	Website Design	\$6,500.00

Radon Mitigation	3328	S.W.A.T.	Karen House	\$7,944.00
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Mailboxes	3345	Mailboxes, Etc.	Clover Ridge	\$2,926.95
	3345	Mailboxes, Etc.	Haverhill	\$2,775.70

Karen House Beam	3352	All Star	Basement	\$4,100.00
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Signs	3355	Elements	K. House Signs	\$2,299.95
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Trees	3355	Hartmann	Clover Ridge	\$7,070.00
	3355	Hartmann	Clover Ridge	\$9,030.00

Trails	3374	Asphalt Assoc.	Seal Coat/Overlay	\$4,700.00
		37,012 Sq. ft. Overlay	Seal Coat/Overlay	\$87,635.00
			Seal Coat/Overlay	\$70,224.38
			Seal Coat/Overlay	\$12,422.10

Total				\$217,628.08
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Department of Natural Resources, Jonathan Association common property is not currently under quarantine and there has been no positive finds (<http://gis.mda.state.mn.us/eab/>). Research by the board is published on the Jonathan website and alternative treatment options are continually being evaluated. A thorough mailbox assessment was conducted and it was determined that two mailbox replacements needed to be accelerated and two deferred. The event of deferring Ash tree replacement caused the board to accelerate asphalt repair, patch, and overlayment. The reserve study is planned to be updated in fall of 2016.

Each year the

Respectfully,

Stephen G. Wolff
President, Jonathan Association