



## Correctly Calculating Percent Funded in Facilities 7

Most of our competitors can't even tell you HOW they calculate percent funded. For the record, there are three methods; current cost, future cost, and inflation adjusted cost. Only inflation adjusted cost will generate an accurate picture of where you stand on funding. But, several states have adopted statutes that REQUIRE either current cost or future cost in their disclosures. F7 is the ONLY software product that allows you to calculate all three methods.

It is assumed that the user has a conceptual understanding of percent funded – it is resources available for future reserve expenditures (generally limited to cash and investments) (the numerator) divided by the ideal reserve balance at the analysis date (the denominator). However, the ideal balance can be calculated using current, future, or inflation adjusted cost. Using inflation adjusted cost is the generally accepted method adopted by the International Capital Budgeting Institute.

Select “Global Parameters” from the main menu, select calculation method and choose either current or future, then select current, future, or time valued form the Percent Funded / Allocation Reports drop down menu.

The screenshot displays the F7 Facilities7 software interface for a 'Sample Condominium Association'. The main window shows 'Analysis Information' with a table of financial and system parameters. A 'Global Parameters' dialog box is open, allowing users to configure calculation methods and reports. Red arrows highlight the 'Global Parameters' menu item in the main menu and the 'Current Cost-Straight Line' option in the 'Percent Funded/Allocation Reports' dropdown.

Property	Financial	System
Number of Phases	4	Analysis Date 01/01/2015
Number of Units	200	Inflation Compounded Annually
Number of Models	3	Beginning Balance 143,500
Common Area Component		Ownership Format Wholly Owned
Unit Components		Inflation Rate 1.00
		Analysis Format Analysis

**Global Parameters**

**Property Criteria**

- Inflation Compounded: Annually
- Ownership Format: Wholly Owned
- Allocation Format: Fixed
- Weeks In Year: 52.00
- Minimum Life: 2: 0
- Analysis Format: Analysis
- Calculation Method: Future Cost
- Percent Funded/Allocation Reports: Current Cost-Straight Line