

**REGENCY HOUSE CONDOMINIUM  
ASSOCIATION**

**FINANCIAL STATEMENTS**

**Year Ended July 31, 2018**

REGENCY HOUSE CONDOMINIUM ASSOCIATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Regency House Condominium Association  
Milwaukee, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Regency House Condominium Association (the Association), which comprise the balance sheet as of July 31, 2018, and the related statements of revenues, expenses, and changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regency House Condominium Association, Inc. as of July 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information contained on pages 12-15, which is the responsibility of the Association's management, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements taken as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on common property on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants

Milwaukee, Wisconsin  
November 5, 2018

REGENCY HOUSE CONDOMINIUM ASSOCIATION

BALANCE SHEET

July 31, 2018

(With Summarized Comparative Financial Information as of July 31, 2017)

ASSETS

	Operating Fund	Reserve Fund	2018 Total	2017 Total
<b><u>Current assets</u></b>				
Cash and cash equivalents	\$ 361,774	\$ 818,081	\$ 1,179,855	\$ 1,169,504
Accounts receivable	4,647	-	4,647	28,221
Special assessment receivable	-	34,135	34,135	34,134
Prepaid insurance	23,588	-	23,588	24,334
Due from operating fund	-	241,978	241,978	280,815
Prepaid expenses	-	-	-	5,395
<b>Total current assets</b>	<b>390,009</b>	<b>1,094,194</b>	<b>1,484,203</b>	<b>1,542,403</b>
<b><u>Property and equipment</u></b>				
Land	-	194,893	194,893	190,943
Parking lot	-	101,928	101,928	101,928
Building improvements	-	2,698,260	2,698,260	2,587,272
Garage improvements	-	933,748	933,748	933,748
Office furniture and fixtures	-	15,109	15,109	15,109
Equipment	-	230,491	230,491	230,491
<b>Total property and equipment</b>	<b>-</b>	<b>4,174,429</b>	<b>4,174,429</b>	<b>4,059,491</b>
<b>Accumulated depreciation</b>	<b>-</b>	<b>(2,399,438)</b>	<b>(2,399,438)</b>	<b>(2,272,287)</b>
<b>Net property and equipment</b>	<b>-</b>	<b>1,774,991</b>	<b>1,774,991</b>	<b>1,787,204</b>
<b><u>Other assets</u></b>				
Special assessment receivable	-	22,433	22,433	71,976
	<b>\$ 390,009</b>	<b>\$ 2,891,618</b>	<b>\$ 3,281,627</b>	<b>\$ 3,401,583</b>

See notes to financial statements

REGENCY HOUSE CONDOMINIUM ASSOCIATION

BALANCE SHEET

July 31, 2018

(With Summarized Comparative Financial Information as of July 31, 2017)

LIABILITIES AND MEMBERS' EQUITY

	Operating Fund	Reserve Fund	2018 Total	2017 Total
<u>Current liabilities</u>				
Accounts payable	\$ 54,529	\$ -	\$ 54,529	\$ 83,132
Accrued wages and benefits	18,816	-	18,816	20,217
Due to reserve funds	241,978	-	241,978	280,815
Current portion of long-term debt	-	30,613	30,613	47,830
Members' deposits	20,595	-	20,595	20,075
Total current liabilities	335,918	30,613	366,531	452,069
<u>Other liabilities</u>				
Long-term debt	-	38,761	38,761	74,110
Total liabilities	335,918	69,374	405,292	526,179
<u>Members' equity</u>				
Unrestricted	54,091	-	54,091	54,091
Restricted:				
Property and equipment	-	1,774,991	1,774,991	1,787,204
Reserve for future replacement of major systems	-	1,047,253	1,047,253	1,034,109
Total members' equity	54,091	2,822,244	2,876,335	2,875,404
	<u>\$ 390,009</u>	<u>\$ 2,891,618</u>	<u>\$ 3,281,627</u>	<u>\$ 3,401,583</u>

See notes to financial statements

REGENCY HOUSE CONDOMINIUM ASSOCIATION

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN MEMBERS' EQUITY  
Year Ended July 31, 2018

(With Summarized Comparative Financial Information for the Year Ended July 31, 2017)

	Operating Fund	Reserve Fund	2018 Total	2017 Total
<b>Revenues</b>				
Maintenance assessments	\$ 1,103,837	\$ 245,447	\$ 1,349,284	\$ 2,108,457
Garage rent	184,311	-	184,311	188,749
Laundry income	8,277	-	8,277	8,718
Parking lot rent	26,446	-	26,446	21,875
Investment income	6,828	963	7,791	1,592
Guest parking fees	11,280	-	11,280	8,146
Miscellaneous	30,007	-	30,007	22,823
Total revenues	<u>1,370,986</u>	<u>246,410</u>	<u>1,617,396</u>	<u>2,360,360</u>
<b>Expenses</b>				
Operating	1,036,451	-	1,036,451	1,033,282
Administrative	111,902	9,804	121,706	68,345
Maintenance and repairs	222,633	108,525	331,158	1,169,311
Depreciation expense	-	127,150	127,150	115,692
Total expenses	<u>1,370,986</u>	<u>245,479</u>	<u>1,616,465</u>	<u>2,386,630</u>
Excess revenues (expenses)	-	931	931	(26,270)
Members' equity at beginning of year	<u>54,091</u>	<u>2,821,313</u>	<u>2,875,404</u>	<u>2,901,674</u>
Members' equity at end of year	<u>\$ 54,091</u>	<u>\$ 2,822,244</u>	<u>\$ 2,876,335</u>	<u>\$ 2,875,404</u>

See notes to financial statements

REGENCY HOUSE CONDOMINIUM ASSOCIATION

STATEMENT OF CASH FLOWS

Year Ended July 31, 2018

(With Summarized Comparative Financial Information for the Year Ended July 31, 2017)

	Operating Fund	Reserve Fund	2018 Total	2017 Total
<b><u>Cash flows from operating activities</u></b>				
Excess revenues (expenses)	\$ -	\$ 931	\$ 931	\$ (26,270)
Adjustments to reconcile excess revenues (expenses) to net cash provided by (used in) operating activities:				
Depreciation expense	-	127,150	127,150	115,692
(Increase) decrease in:				
Accounts receivable	23,574	-	23,574	(16,623)
Special assessment receivable	-	49,542	49,542	133,287
Prepaid insurance	746	-	746	(24,334)
Other	5,395	-	5,395	(5,395)
Increase (decrease) in:				
Accounts payable	14,060	(42,663)	(28,603)	9,796
Deferred special assessment revenue	-	-	-	(814,388)
Accrued wages and benefits	(1,401)	-	(1,401)	(5,526)
Members' deposits	520	-	520	950
Net cash provided by (used in) operating activities	<u>42,894</u>	<u>134,960</u>	<u>177,854</u>	<u>(632,811)</u>
<b><u>Cash flows from investing activities</u></b>				
Purchase of property and equipment	-	(114,937)	(114,937)	(49,953)
<b><u>Cash flows from financing activities</u></b>				
Payments on note payable	-	(52,566)	(52,566)	(169,050)
Net increase (decrease) in cash	42,894	(32,543)	10,351	(851,814)
Interfund transfer	(38,837)	38,837	-	-
Cash and cash equivalents at beginning of year	<u>357,717</u>	<u>811,787</u>	<u>1,169,504</u>	<u>2,021,318</u>
Cash and cash equivalents at end of year	<u>\$ 361,774</u>	<u>\$ 818,081</u>	<u>\$ 1,179,855</u>	<u>\$ 1,169,504</u>

See notes to financial statements

REGENCY HOUSE CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
July 31, 2018

NOTE 1 - Summary of significant accounting policies

A. Nature of activities

Regency House Condominium Association (the Association) is a statutory condominium association incorporated in the State of Wisconsin in 1974. The Association is responsible for the operation and maintenance of the common property of Regency House Condominium. Regency House Condominium consists of 200 residential units occupying a 27-story high rise at 929 North Astor Street in Milwaukee, Wisconsin.

B. Basis of presentation

The financial statements of the Association are presented on the accrual basis of accounting.

C. Statement of cash flows

For purposes of the Statement of Cash Flows, the Association considers all petty cash, savings, checking, money market and certificates of deposit to be cash. No cash was paid for income taxes for the year ended July 31, 2018 and minimal cash was paid for interest for the year ended July 31, 2018 (See Note 7).

D. Fund accounting

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. The financial statements are reported in two self-balancing funds. The two funds are as follows:

*Operating Fund* - The operating fund, which includes unrestricted resources, represents the portion of expendable funds that are available for support of the Association's operation.

*Reserve Fund* - The reserve fund represents resources that are restricted or designated for major repairs and replacements. This fund includes general reserve fund resources.

E. Concentration of credit risk

The Association maintains cash balances at a number of financial institutions, which, at times, may exceed federally insured limits. The Association has not experienced any losses with these accounts. Management believes the Association is not exposed to any significant credit risk on cash.

F. Revenue recognition

The Association recognizes dues and assessments as revenue in the accounting period that corresponds to the period for which it is billed.

REGENCY HOUSE CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
July 31, 2018

NOTE 1 - Summary of significant accounting policies (continued)

G. Accounts receivable

Accounts receivable are stated as the amount the Association expects to collect from outstanding balances that are due from unit owners for normal assessments as well as other charges. Based upon the Association's assessment, it has concluded that realization losses on the remaining balances outstanding at year-end will be immaterial.

H. Property and equipment

In accordance with prevalent industry practice, the original commonly-owned real and personal property acquired by the unit owners from the developer is not recognized in the Association's financial statements because the property is owned by the individual Association members. Common property and equipment are stated at cost and are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation. Major improvements to existing property and equipment are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable asset are charged to expense. Depreciation expense for the year ended July 31, 2018 was \$127,150.

I. Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

J. Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended July 31, 2017, from which the summarized information was derived.

K. Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 5, 2018, the date on which the financial statements were available to be issued.

NOTE 2 - Maintenance assessment revenue

By resolution of the Association, excess revenues over expenses from the operating fund are refunded to Association members at the end of each fiscal year. Concurrent with this resolution, the Board of Directors is authorized to propose a reserve assessment which is equal to the amount of the refund previously approved. This reserve assessment is reported as maintenance assessments in the Reserve Fund. The reserve assessment is based on a vote of the members for the year ended July 31, 2018.

REGENCY HOUSE CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
July 31, 2018

**NOTE 3 - Reserve for future replacement of major systems (unaudited)**

The Association's by-laws require that a reserve fund be maintained for contingencies. The Board of Directors has maintained such a fund and has accumulated funds for future major repairs and replacements.

Reserve Advisors, Inc. conducted a study as of January 13, 2015 to estimate the remaining useful lives and the future replacement costs of the components of common property.

The Association's Board of Directors, in funding for major repairs and replacements, gives consideration to the study's estimates of future replacement costs, and considers amounts previously accumulated in the reserve fund, when establishing current funding levels. Accordingly, a funding requirement has been included in the fiscal 2018 budget. To date, the Association's funding level for future major repairs and replacements has been less than determined in the reserve study.

Funds are being accumulated in the major repair and replacement fund after taking into account, but not necessarily fully funding for, estimated future costs for repairs and replacements of common property components. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

**NOTE 4 - Income taxes**

The Association has received a determination letter from the State of Wisconsin indicating that it is not subject to state income or franchise taxes.

For federal income tax purposes, the Association can elect to be taxed as a corporation or a homeowner's association each year. For the year ended July 31, 2017, the Association filed as a corporation and intends to do so for the year ended July 31, 2018. When the Association files as a corporation, it is required to pay taxes if maintenance assessments allocated to the operating fund exceed expenses. Maintenance assessments have not exceeded operating expenses in fiscal 2018 for financial reporting purposes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association, and has concluded that as of July 31, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2015.

REGENCY HOUSE CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
July 31, 2018

**NOTE 5** - Fair Value Disclosures

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted process in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

**Level 2** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The major categories of investments reported at fair value as of July 31, 2018 are as follows:

	Level 1	Level 2	Total
Cash and cash equivalents	\$ -	\$ 1,179,855	\$ 1,179,855
Total	\$ -	\$ 1,179,855	\$ 1,179,855

REGENCY HOUSE CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
July 31, 2018

NOTE 6 - Special assessments

\$2,600,000 special assessment:

The Association is required by law to repair common elements of the condominium. The Board identifies certain capital projects which must be undertaken to maintain the quality of the condominium building. The window units were identified as a significant area in need of replacement. The window project cost is estimated to be \$5,000,000.

The project was funded as follows:

Accumulated Reserve Funds	\$ 2,400,000
Special Assessment	2,600,000
	<u><u>\$ 5,000,000</u></u>

The special assessments were due in full by July 31, 2015. Owners were able to finance the entire amount or a portion of the special assessment over a 5-year period through the Association. The Association is charging interest at a rate of 4.25%. As of July 31, 2018, \$56,568 of the special assessment was still outstanding as a receivable as this is the outstanding amount that was financed.

The following is a maturity schedule of the special assessment amounts financed:

<u>Year ended July 31,</u>		
2019	\$	34,135
2020		22,433

The special assessment is recorded as deferred income and recognized as revenue when the related expenses are incurred. During the current year, the Association utilized accumulated reserve funds to pay for project costs first, so these costs were expensed as incurred. The entire accumulated reserve funds of \$2,400,000 were spent during the prior year as well as a majority of the special assessments funds.

NOTE 7 - Long-Term Debt

The Association entered into a non-revolving loan agreement with Barrington Bank and Trust Company, N.A. to fund the owners who chose to finance their portion of the special assessment discussed in Note 6. Principal and interest payments are due monthly and interest is charged at the bank's prime rate (4.125% at July 31, 2018) with a minimum rate of 3.25%. The loan is secured by all existing and future special assessments by the Association. The balance of the loan at July 31, 2018 is \$69,374 and was subsequently paid in full in 2018.

## **SUPPLEMENTARY INFORMATION**

REGENCY HOUSE CONDOMINIUM ASSOCIATION

REVENUE COMPARISON WITH BUDGET

Year Ended July 31, 2018

Schedule 1	Actual			Budget (Unaudited)	Over (Under) Budget (Unaudited)
	Operating	Reserve	Total		
<b>Revenues</b>					
Association dues/maint. assess.	\$ 1,103,837	245,447	\$ 1,349,284	\$ 1,345,800	\$ 3,484
Garage rent	184,311	-	184,311	196,680	(12,369)
Parking lot rent	26,446	-	26,446	22,620	3,826
Motorcycle parking	3,702	-	3,702	2,880	822
Bike parking	3,913	-	3,913	3,780	133
Guest parking charges	11,280	-	11,280	13,200	(1,920)
Laundry income	8,277	-	8,277	8,825	(548)
Staff services to owners-materials	3,104	-	3,104	3,360	(256)
Staff services to owners-labor	6,099	-	6,099	7,200	(1,101)
Investment income	6,828	963	7,791	415	7,376
Late fees and penalties	1,689	-	1,689	775	914
Pet charges	2,550	-	2,550	2,625	(75)
Club Room Rental	475	-	475	1,000	(525)
Processing Fees	1,200	-	1,200	1,200	-
Security Deposit Income	425	-	425	600	(175)
Miscellaneous	6,850	-	6,850	250	6,600
<b>Total schedule 1</b>	<b>\$ 1,370,986</b>	<b>\$ 246,410</b>	<b>\$ 1,617,396</b>	<b>\$ 1,611,210</b>	<b>\$ 6,186</b>

## REGENCY HOUSE CONDOMINIUM ASSOCIATION

OPERATING EXPENSE COMPARISON WITH BUDGET  
Year Ended July 31, 2018

Schedule 2	Actual			Budget (Unaudited)	Over (Under) Budget (Unaudited)
	Operating	Reserve	Total		
<u>Operating expenses</u>					
Wages	\$ 507,870	\$ -	\$ 507,870	\$ 527,741	\$ (19,871)
Payroll taxes-social security	34,816	-	34,816	40,372	(5,556)
Payroll taxes-unemployment	1,385	-	1,385	1,385	-
401(k)	10,481	-	10,481	17,479	(6,998)
Health insurance	66,040	-	66,040	68,589	(2,549)
Steam	122,284	-	122,284	113,356	8,928
Water and sewer	47,025	-	47,025	56,755	(9,730)
Electric	130,164	-	130,164	129,226	938
Telephone	7,599	-	7,599	7,940	(341)
Insurance	106,302	-	106,302	110,888	(4,586)
Uniforms	2,485	-	2,485	1,775	710
Total operating expenses	<u>\$ 1,036,451</u>	<u>\$ -</u>	<u>\$ 1,036,451</u>	<u>\$ 1,075,506</u>	<u>\$ (39,055)</u>

REGENCY HOUSE CONDOMINIUM ASSOCIATION

ADMINISTRATIVE EXPENSE COMPARISON WITH BUDGET  
Year Ended July 31, 2018

Schedule 3	Actual			Budget (Unaudited)	Over (Under) Budget (Unaudited)
	Operating	Reserve	Total		
<u>Administrative expenses</u>					
Legal	\$ 5,986	\$ -	\$ 5,986	\$ 2,500	\$ 3,486
Accounting services	47,925	-	47,925	41,750	6,175
Income taxes	-	-	-	500	(500)
Office supplies	7,286	-	7,286	6,475	811
Paper, printing, etc.	-	-	-	925	(925)
Photocopier maintenance/usage	910	-	910	695	215
Professional dues, consultant	31,052	-	31,052	4,090	26,962
Courier services	1,521	-	1,521	1,415	106
Membership functions	2,085	-	2,085	2,500	(415)
Other membership expenses	371	-	371	480	(109)
Bank charges	992	-	992	672	320
Sales taxes	12,039	-	12,039	13,425	(1,386)
Fees, permits and inspections	635	-	635	125	510
Employment related expenses	1,100	-	1,100	925	175
Bad Debt Expense	-	9,804	9,804	-	9,804
Total administrative expenses	<u>\$ 111,902</u>	<u>\$ 9,804</u>	<u>\$ 121,706</u>	<u>\$ 76,477</u>	<u>\$ 45,229</u>

REGENCY HOUSE CONDOMINIUM ASSOCIATION

MAINTENANCE EXPENSE COMPARISON WITH BUDGET  
Year Ended July 31, 2018

Schedule 4

	Actual			Budget		Over (Under)
	Operating	Reserve	Total	(Unaudited)	(Unaudited)	Budget
<b>Maintenance and repairs</b>						
Electrical repair, maint., supply	\$ 749	\$ -	\$ 749	\$ 1,325	\$ (576)	
Light bulbs	4,018	-	4,018	1,935	2,083	
Elevator maintenance and interior	25,135	-	25,135	24,851	284	
Asbestos	-	-	-	750	(750)	
Maintenance and repairs equipment	5,068	-	5,068	8,300	(3,232)	
Filter replacements	2,903	-	2,903	3,225	(322)	
HVAC repairs and supplies	31,550	-	31,550	27,250	4,300	
Preventative maint. contract	9,076	-	9,076	12,280	(3,204)	
Exterminating	4,171	-	4,171	1,502	2,669	
Fire monitor/repair/inspection	9,304	-	9,304	6,455	2,849	
Flowers/holiday decorations	1,853	-	1,853	3,814	(1,961)	
Garage repairs and maint.	6,973	-	6,973	4,750	2,223	
Garage claims and damages	13,968	-	13,968	2,450	11,518	
Miscellaneous admin. expense, other claims	8,832	-	8,832	1,875	6,957	
Furniture and accessories	3,397	-	3,397	1,600	1,797	
Landscaping service, gas	27,136	-	27,136	21,480	5,656	
Plumbing	15,531	-	15,531	6,475	9,056	
Pool maint. and inspections	5,420	-	5,420	3,780	1,640	
Window cleaning	5,280	-	5,280	4,450	830	
Snow removal	5,196	-	5,196	3,250	1,946	
Cleaning supplies, carpet cleaning	19,983	-	19,983	14,675	5,308	
Paint supplies	959	-	959	775	184	
Refuse removal	7,940	-	7,940	7,947	(7)	
Security equipment	1,570	-	1,570	1,300	270	
Hardware and supplies	4,655	-	4,655	12,750	(8,095)	
Hardware for resale to owners	1,966	-	1,966	3,350	(1,384)	
 Total maintenance and repairs	 222,633	 -	 222,633	 <u>\$ 182,594</u>	 <u>\$ 40,039</u>	
<b>Project maintenance</b>						
Window System Replacement Project	-	70,437	70,437			
Access control system	-	5,444	5,444			
Elevator Repairs	-	4,678	4,678			
Windows and Doors	-	3,750	3,750			
Pool repairs	-	5,723	5,723			
HVAC & pumps	-	4,105	4,105			
Reserve Study	-	4,950	4,950			
Other repairs	-	9,438	9,438			
 Total project maintenance	 -	 <u>108,525</u>	 <u>108,525</u>			
 Total maintenance expenses	 <u>\$ 222,633</u>	 <u>\$ 108,525</u>	 <u>\$ 331,158</u>			
<b>Other operating expenses</b>						
Depreciation expense	\$ -	\$ 127,150	\$ 127,150	\$ -	\$ -	
 Total expenses	 <u>\$ 1,370,986</u>	 <u>\$ 245,479</u>	 <u>\$ 1,616,465</u>			

## REGENCY HOUSE CONDOMINIUM ASSOCIATION

FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
July 31, 2018

## Schedule 5

Reserve Advisors, Inc. conducted a study as of January 13, 2015 to estimate the remaining useful lives and replacement costs of components of common property. The estimates were based on future estimated replacement and/or significant repair costs. In the table below, the "Estimated Remaining Useful Lives" column indicates the projected timeframe during which significant repairs or replacements may be necessary or prudent. Funding requirements consider an annual inflation rate of 1.3% and interest at 1.1%, net of taxes, on amounts funded for future major repairs and replacements.

The following table is based on the January 13, 2015 reserve study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (until repair/replacement)	Estimated Future Repair or Replacement Costs
Balconies	1 to 8	\$ 297,886
Facade	2 to 12	319,401
Roof	12	301,019
Windows/Doors	1 to 6	143,043
Interior (Floor, Paint, Lights, etc.)	1 to 12	784,109
Building Services (HVAC, Electrical, Security, etc.)	1 to 12	1,263,065
Property Site Elements (Concrete, Lights, Landscape, Plaza Deck)	1 to 10	680,110
Pool Elements	1 to 12	405,524
Garage Elements	7 to 9	546,125