

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Audited Financial Statements
Year Ended July 31, 2021

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Balance Sheet - Assets	3
Balance Sheet – Liabilities and Members' Equity	4
Statement of Revenues, Expenses and Changes in Members' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Other Supplementary Information	
Schedule of Revenue and Expense Comparison with Budget	13 - 14
Required Supplementary Information	
Future Major Repairs and Replacements (unaudited)	16



Independent Auditors' Report

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

We have audited the accompanying financial statements of Regency House Condominium Association, which comprise the balance sheet as of July 31, 2021, 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. These financial statements are the responsibility of the Association's management.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 auditor considers internal control relevant to the entity'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 entity'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 as of July 31, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Regency House Condominium Association's July 31, 2020 financial statements, and our report dated October 6, 2020 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplementary information contained on pages 13-14, which is the responsibility of the Association's management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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.

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.

Rally, Pomeroy & Benfey LLP

November 3, 2021
Milwaukee, Wisconsin

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Balance Sheet - Assets

July 31, 2021

(With Summarized Comparative Financial Information as of July 31, 2020)

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>2021 Total</u>	<u>2020 Total</u>
Current Assets:				
Cash and cash equivalents	\$ 959,869	\$ 1,985,160	\$ 2,945,029	\$ 1,815,593
Accounts receivable	6,989	---	6,989	6,139
Special assessment receivable	---	24,662	24,662	267
Prepaid expenses	29,180	---	29,180	25,290
Deposit on property improvements	75,393	---	75,393	42,272
Due from other funds	---	922,481	922,481	313,408
Total current assets	<u>1,071,431</u>	<u>2,932,303</u>	<u>4,003,734</u>	<u>2,202,969</u>
Capital Assets:				
Land	---	190,943	190,943	190,943
Land improvements	---	3,950	3,950	3,950
Parking lot	---	101,928	101,928	101,928
Building improvements	---	2,810,417	2,810,417	2,769,636
Garage improvements	---	948,877	948,877	945,191
Office furniture and fixtures	---	15,109	15,109	15,109
Equipment	---	378,628	378,628	372,332
Accumulated depreciation	---	(2,803,769)	(2,803,769)	(2,661,832)
Net capital assets	<u>---</u>	<u>1,646,083</u>	<u>1,646,083</u>	<u>1,737,257</u>
Other Assets:				
Special assessments receivable	---	142,040	142,040	---
Total Assets	<u>\$ 1,071,431</u>	<u>\$ 4,720,426</u>	<u>\$ 5,791,857</u>	<u>\$ 3,940,226</u>

The accompanying notes to the financial statements are an integral part of these statements.

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Balance Sheet - Liabilities and Members' Equity

July 31, 2021

(With Summarized Comparative Financial Information as of July 31, 2020)

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>2021 Total</u>	<u>2020 Total</u>
Current Liabilities:				
Accounts payable	\$ 33,934	\$ ---	\$ 33,934	\$ 63,969
Insurance claims payable for water damage	---	---	---	378,215
Accrued wages and benefits	29,926	---	29,926	42,664
Due to other funds	922,481	---	922,481	313,408
Prepaid charges	3,399	---	3,399	---
Members' deposits	27,600	---	27,600	26,110
Deferred revenue - special assessment	---	990,000	990,000	---
Total current liabilities	<u>1,017,340</u>	<u>990,000</u>	<u>2,007,340</u>	<u>824,366</u>
Members' Equity:				
Unrestricted	54,091	---	54,091	54,091
Restricted				
Property and Equipment	---	1,646,083	1,646,083	1,737,257
Reserve for future replacement of major systems	---	2,084,343	2,084,343	1,324,512
Total members' equity	<u>54,091</u>	<u>3,730,426</u>	<u>3,784,517</u>	<u>3,115,860</u>
Total Liabilities and Members' Equity	<u>\$ 1,071,431</u>	<u>\$ 4,720,426</u>	<u>\$ 5,791,857</u>	<u>\$ 3,940,226</u>

The accompanying notes to the financial statements are an integral part of these statements.

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Statement of Revenues, Expenses and Changes In Members' Equity
Year Ended July 31, 2021
(With Summarized Comparative Financial Information as of July 31, 2020)

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues:				
Association dues/maintenance assessments	\$ 715,556	\$ 866,341	\$ 1,581,897	1,454,604
Garage rent	181,582	---	181,582	198,346
Laundry income	7,082	---	7,082	10,380
Resident parking	34,697	---	34,697	34,428
Guest parking	10,253	---	10,253	7,207
Investment income	2,106	1,387	3,493	11,724
Miscellaneous revenue	32,004	---	32,004	22,710
Total revenues	<u>983,280</u>	<u>867,728</u>	<u>1,851,008</u>	<u>1,739,399</u>
Expenses:				
Operating	1,088,024	---	1,088,024	1,137,966
Administrative	87,299	---	87,299	92,208
Maintenance and repairs	186,172	52,914	239,086	242,913
Depreciation expense	---	146,157	146,157	133,928
Total expenses	<u>1,361,495</u>	<u>199,071</u>	<u>1,560,566</u>	<u>1,607,015</u>
Excess (deficit) of revenues over (under) expenses	(378,215)	668,657	290,442	132,384
Special Items:				
Insurance proceeds for water damages	378,215	---	378,215	---
Change in Members' Equity	---	668,657	668,657	132,384
Members' Equity - beginning of year	<u>54,091</u>	<u>3,061,769</u>	<u>3,115,860</u>	<u>2,983,476</u>
Members' Equity - end of year	<u>\$ 54,091</u>	<u>\$ 3,730,426</u>	<u>\$ 3,784,517</u>	<u>\$ 3,115,860</u>

The accompanying notes to the financial statements are an integral part of these statements.

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Statement of Cash Flows
Year Ended July 31, 2021
(With Summarized Comparative Financial Information as of July 31, 2020)

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>2021 Total</u>	<u>2020 Total</u>
Cash Flows from Operating Activities:				
Change in members' equity	\$ ---	\$ 668,657	\$ 668,657	\$ 132,384
Adjustments to reconcile change in members' equity to net cash provided by operating activities:				
Depreciation	---	146,157	146,157	133,928
Interfund transfers	609,073	(609,073)	---	---
Change in operating assets/liabilities:				
Accounts receivable	(850)	---	(850)	(932)
Special assessments receivable	---	(166,435)	(166,435)	18,334
Prepaid expenses	(3,890)	---	(3,890)	2,514
Deposit on property improvements	(33,121)	---	(33,121)	(27,726)
Accounts payable	(30,035)	---	(30,035)	(23,334)
Accrued wages and benefits	(12,738)	---	(12,738)	20,761
Insurance claims payable	(378,215)	---	(378,215)	3,255
Prepaid charges	3,399	---	3,399	(13,965)
Members' deposits	1,490	---	1,490	585
Deferred revenue - special assessment	---	990,000	990,000	---
Net cash provided by operating activities	<u>155,113</u>	<u>1,029,306</u>	<u>1,184,419</u>	<u>245,804</u>
Cash Flow from Investing Activities:				
Purchase of property and equipment	---	(54,983)	(54,983)	(198,527)
Net increase in cash and cash equivalents	155,113	974,323	1,129,436	47,277
Cash and cash equivalents - beginning of year	<u>804,756</u>	<u>1,010,837</u>	<u>1,815,593</u>	<u>1,768,316</u>
Cash and cash equivalents - end of year	<u>\$ 959,869</u>	<u>\$ 1,985,160</u>	<u>\$ 2,945,029</u>	<u>\$ 1,815,593</u>

The accompanying notes to the financial statements are an integral part of these statements.

REGENCY HOUSE CONDOMINIUM ASSOCIATION

Milwaukee, Wisconsin

Notes to Financial Statements

July 31, 2021

1. General

The Regency House Condominium Association ("Association") was incorporated in 1974 in the state of Wisconsin. The Association is responsible for operating and maintaining the common property of Regency House Condominium. Regency House Condominium Association consists of 200 residential units occupying a 27-story high rise at 929 North Astor Street in Milwaukee, Wisconsin.

The purpose of the Association is to execute, on behalf of all unit owners, the rights, powers, and obligations vested in the Association pursuant to the Declaration of Condominium, including electing the Board of Directors, managing and maintaining all of the common areas and other structural elements, collecting the fees and assessments and enforcing lien rights, and general operating and management of the condominium property.

The individual condominium owners each have an undivided interest in the general common areas commensurate with their interest. Regency House Condominium Association has no property transferred to it.

2. Significant Accounting Policies

A. Basis of Presentation

The accounts of the Association are maintained, and the accompanying financial statements have been prepared using the accrual basis of accounting.

B. Fund Accounting

The Association's governing documents present certain guidelines for governing its financial activities. To ensure recognition of restrictions and limitations on the use of financial resources, the Association maintains its accounts using fund accounting. Fund accounting 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

This fund is used to account for financial resources used in the general operations of the Association.

Reserve Fund

This fund is used to account for financial resources that are restricted or designated for major repairs and replacements. This fund includes general reserve fund resources.

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 and cash equivalents.

REGENCY HOUSE CONDOMINIUM ASSOCIATION

Milwaukee, Wisconsin

Notes to Financial Statements

July 31, 2021

(Continued)

2. Significant Accounting Policies (continued)

D. 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 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, 2021 was \$146,157.

E. Revenue Recognition

Most of the revenue in the operating fund is from assessments received from condominium owners. The Association recognizes revenue over time by providing garage rental and resident parking. Revenue is recognized at a point in time by providing laundry services and guest parking.

Association dues/maintenance assessments revenue in the reserve fund is based on transfers of funds from the operating fund. The revenue is recognized at the time of the transfer as the performance obligation is to save funds for future repairs and replacements. Special assessments are recognized as expenses are incurred.

In the following table, assessment revenue is disaggregated by timing of satisfaction or performance obligations for the year ended July 31, 2021:

Satisfied over time:

Association dues/maintenance assessments (operating fund)	\$	715,556
Garage rent		181,582
Resident parking		34,697
Total satisfied over time	\$	<u>931,835</u>

Satisfied at a point in time:

Association dues/maintenance assessments (reserve fund)	\$	866,341
Laundry		7,082
Guest parking		10,253
Investment income		3,493
Miscellaneous revenue		32,004
Insurance proceeds		378,215
Total satisfied at a point in time	\$	<u>1,297,388</u>

F. 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. The Association has determined that realization losses on the remaining balances outstanding at year-end will be immaterial.

G. Use of Estimates

The preparation of financial statements 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Notes to Financial Statements
July 31, 2021
(Continued)

2. Significant Accounting Policies (continued)

H. 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended July 31, 2020, from which the summarized information was derived.

I. Subsequent Events

Management of the Association has evaluated all subsequent events through November 3, 2021, for possible inclusion as a disclosure in the notes to the financial statements. The Association has identified no subsequent events that require disclosure in the notes to the financial statements.

3. 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, 2021.

4. Reserve for Future Replacement of Major Systems

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 September 6, 2017 to estimate the remaining useful lives and 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 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.

5. Income Taxes

The Association 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, 2020, the Association filed as a corporation and intends to do so for the year ended July 31, 2021. 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 2021 for financial reporting purposes.

REGENCY HOUSE CONDOMINIUM ASSOCIATION

Milwaukee, Wisconsin

Notes to Financial Statements

July 31, 2021

(Continued)

5. Income Taxes (Continued)

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, 2021, 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 has determined that it is no longer subject to income tax examinations for years prior to 2017.

6. Concentrations of Credit Risk

The Association maintains its 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 has determined that the Association is not exposed to any significant credit risk on cash.

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing and noninterest bearing accounts.

7. Special Assessments

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. In February 2021, the members of the Association approved an improvement project that includes upgrades and replacement to the common hallways and other common elements. The project is being funded with a \$990,000 special assessment.

The special assessments were due in full by May 1, 2021. Owners were able to finance the entire amount or a portion of the special assessment over a 5-year or 10-year period through the Association. The Association is charging interest at a rate of 3.75%. As of July 31, 2021, the financed portion of the special assessment that was outstanding was \$166,702. The following is a maturity schedule of the special assessment amounts financed for the years ended July 31:

2022	\$	24,662
2023		25,602
2024		26,579
2025		27,593
2026		24,980
2027 -2031		37,284
Total	\$	166,702

8. Special Item - Insurance Claim

During the year ended July 31, 2019 the building sustained losses due to water damage to members units. The Association received proceeds from the insurance carrier in the amount of \$975,849. Unit owners had two years to claim damages. At the expiration date in January 2021, the Association had paid out \$597,634 to members for damages sustained to individual units. The remaining \$378,215 is going to be used by the Association for the common area improvements.

REGENCY HOUSE CONDOMINIUM ASSOCIATION

Milwaukee, Wisconsin

Notes to Financial Statements

July 31, 2021

(Continued)

9. Worldwide Pandemic

On March 11, 2020, the World Health Organization declared the spread of Coronavirus ("COVID-19") a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Association is taking appropriate actions to mitigate any potential negative impact.

OTHER SUPPLEMENTARY INFORMATION

REGENCY HOUSE CONDOMINIUM ASSOCIATION

Milwaukee, Wisconsin

Schedule of Revenue and Expense - Comparison with Budget

Year Ended July 31, 2021

	<u>Actual</u>				<u>Over (Under)</u>
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Budget</u>	<u>Budget</u>
Revenue:					
Association dues/maintenance assessments	\$ 715,556	\$ 866,341	\$ 1,581,897	\$ 1,585,497	\$ (3,600)
Garage rent	181,582	---	181,582	183,600	(2,018)
Laundry income	7,082	---	7,082	7,800	(718)
Resident parking	34,697	---	34,697	35,280	(583)
Guest parking	10,253	---	10,253	7,345	2,908
Investment income	2,106	1,387	3,493	600	2,893
Miscellaneous revenue	32,004	---	32,004	21,924	10,080
Total revenue	983,280	867,728	1,851,008	1,842,046	8,962
Operating expense:					
Wages	533,221	---	533,221	580,002	(46,781)
Payroll taxes	42,008	---	42,008	47,258	(5,250)
401(k)	11,529	---	11,529	10,379	1,150
Health insurance	73,764	---	73,764	79,569	(5,805)
Steam	116,422	---	116,422	104,514	11,908
Water and sewer	56,785	---	56,785	60,510	(3,725)
Electric	125,037	---	125,037	133,651	(8,614)
Telephone	5,992	---	5,992	5,400	592
Insurance	113,639	---	113,639	115,750	(2,111)
Uniforms	2,320	---	2,320	2,400	(80)
Employee benefits	4,481	---	4,481	3,250	1,231
Office contractors	2,826	---	2,826	---	2,826
Total operating expense	1,088,024	---	1,088,024	1,142,683	(54,659)
Administrative expense:					
Legal fees	14,704	---	14,704	7,200	7,504
Accounting services	33,659	---	33,659	28,050	5,609
Office supplies	3,328	---	3,328	3,000	328
Paper, printing and publishing	---	---	---	---	---
Photocopier maintenance and usage	3,378	---	3,378	2,600	778
Professional dues and consultants	1,577	---	1,577	3,360	(1,783)
Membership functions	2,541	---	2,541	2,400	141
Other membership expenses	47	---	47	350	(303)
Bank charges	2,049	---	2,049	3,000	(951)
Sales tax	12,449	---	12,449	14,117	(1,668)
Fees, permits and inspections	2,203	---	2,203	2,587	(384)
Employment related expenses	1,282	---	1,282	1,620	(338)
Postage and mailing supplies	482	---	482	400	82
Computer and internet services	9,586	---	9,586	6,552	3,034
Contributions	---	---	---	400	(400)
Travel	14	---	14	---	14
Total administrative expense	87,299	---	87,299	75,636	11,663

See Independent Auditors' Report.

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Schedule of Revenues and Expenses - Comparison with Budget
Year Ended July 31, 2021
(Continued)

	<u>Actual</u>				<u>Over (Under)</u>
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Budget</u>	<u>Budget</u>
Maintenance and Repair Expense:					
Electrical repairs, maintenance and supplies	\$ 609	\$ ---	\$ 609	\$ 3,000	\$ (2,391)
Light bulbs	2,955	---	2,955	3,000	(45)
Elevator maintenance and interior	24,494	---	24,494	29,642	(5,148)
Asbestos	---	---	---	---	---
Equipment repairs and maintenance	5,855	---	5,855	14,400	(8,545)
Filter replacements	3,190	---	3,190	4,000	(810)
HVAC repairs and maintenance	17,819	---	17,819	24,200	(6,381)
Preventative maintenance contract	15,559	---	15,559	17,698	(2,139)
Exterminating	588	---	588	1,500	(912)
Fire monitor, repairs and inspections	5,336	---	5,336	5,759	(423)
Flowers and holiday decorations	1,380	---	1,380	1,860	(480)
Garage repairs and maintenance	5,365	---	5,365	4,300	1,065
Garage claims and damages	7,230	---	7,230	8,400	(1,170)
Furniture and accessories	690	---	690	1,500	(810)
Landscaping service	41,049	---	41,049	38,000	3,049
Plumbing	4,732	---	4,732	8,000	(3,268)
Pool maintenance and inspection	6,582	---	6,582	4,420	2,162
Window cleaning	6,100	---	6,100	6,030	70
Snow removal	2,339	---	2,339	2,400	(61)
Cleaning supplies and carpet cleaning	12,015	---	12,015	15,400	(3,385)
Paint supplies	134	---	134	700	(566)
Refuse removal	9,964	---	9,964	9,000	964
Security equipment	2,315	---	2,315	3,000	(685)
Hardware and supplies	5,183	---	5,183	7,000	(1,817)
Hardware for resale to owners	2,852	---	2,852	1,800	1,052
Miscellaneous administrative expense	807	---	807	---	807
Exterior building, roof and grounds repair	1,030	---	1,030	1,500	(470)
Total maintenance and repair expenses	186,172	---	186,172	216,509	(30,337)
Other Operating Expense:					
Depreciation expense	---	146,157	146,157	---	146,157
Total other operating expense	---	146,157	146,157	---	146,157
Total Budgeted Expense	1,361,495	146,157	1,507,652	1,434,828	72,824
Revenue over (under) budgeted expense	\$ (378,215)	\$ 721,571	\$ 343,356	\$ 407,218	\$ (63,862)
Total Expense:					
Total budgeted expense (above)	\$ 1,361,495	\$ 146,157	\$ 1,507,652		
Project Maintenance Expense:					
Window system replacement project	---	9,228	9,228		
HVAC and pumps	---	4,029	4,029		
Other repairs	---	39,314	39,314		
Phone system	---	343	343		
Total project maintenance expenses	---	52,914	52,914		
Total Expense	\$ 1,361,495	\$ 199,071	\$ 1,560,566		

See Independent Auditors' Report.

REQUIRED SUPPLEMENTARY INFORMATION

REGENCY HOUSE CONDOMINIUM ASSOCIATION
Milwaukee, Wisconsin

Future Major Repairs and Replacements (Unaudited)
Year Ended July 31, 2021

Reserve Advisors, Inc. conducted a study as of September 6, 2017 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 1.6% and a 1.2% annual rate of return on invested reserves for future major repairs and replacements.

The following table is based on the September 6, 2017 reserve study and presents significant information about the components of common property, estimated for 30 years.

<u>Components</u>	<u>Estimated Remaining Useful Lives (until repair/replacement)</u>	<u>Estimated Future Repair or Replacement Costs</u>
Balconies	2 to 9	\$ 962,759
Façade	2 to 15	1,246,289
Roof	12	359,320
Windows/Doors	5 to 23	1,411,251
Interior (Floor, Paint, Lights, etc.)	2 to 20	2,099,546
Building Services (HVAC, Electrical, Security, etc.)	1 to 22	8,654,285
Property Site Elements (Concrete, Lights Landscape, Plaza Deck)	2 to 30	1,631,519
Pool Elements	1 to 16	566,375
Garage Elements	7 to 30	1,415,018

See Independent Auditors' Report.