

The ParkShore
Condominium Association
Garage Operations
Financial Statements
For the Years Ended
December 31, 2009 and 2008

THE PARKSHORE CONDOMINIUM ASSOCIATION
GARAGE OPERATIONS

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Independent Auditors' Report

To the Board of Directors
The ParkShore Condominium
Association
Chicago, Illinois

We have audited the accompanying balance sheets of The ParkShore Condominium Association Garage Operations as of December 31, 2009 and 2008, and the related statements of revenue, expenses and changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Association. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the accompanying statements were prepared to present the financial position and the results of operations and cash flows for the ParkShore Condominium Association's garage operations, and is not intended to be a complete presentation of the Association's financial position, results of operations and cash flows. In addition, the budget information on page 3 was compiled without audit or review from information that is the representation of management, on which we do not express an opinion or any other form of assurance.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parkshore Condominium Association Garage Operations as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Picker & Associates

April 5, 2010

THE PARKSHORE CONDOMINIUM ASSOCIATION
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Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash	\$71,568	\$16,398
Petty cash	455	460
Accounts receivable - parkers	<u>60</u>	<u>3,099</u>
 Total current assets	 <u>\$72,083</u>	 <u>\$19,957</u>
 <u>Liabilities and Fund Balance (Deficit)</u>		
Accounts payable - Standard Parking	\$11,465	\$54,598
Parking tax payable	1,542	1,542
Accrued expenses	<u>16,462</u>	<u>12,564</u>
 Total current liabilities	 <u>29,469</u>	 <u>68,704</u>
 Fund balance (deficit)	 <u>42,614</u>	 <u>(48,747)</u>
 Total liabilities and fund balance (deficit)	 <u>\$72,083</u>	 <u>\$19,957</u>

The accompanying notes are an integral part of these financial statements

THE PARKSHORE CONDOMINIUM ASSOCIATION
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Statements of Revenue and Expenses and Changes in Fund Balance
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>		<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Parking garage revenue			
Transient parking	\$141,100	\$161,598	\$139,306
Car wash income	16,300	13,923	14,875
Garage valet assessments	147,000	147,000	147,340
Parking tax refund		<u>40,980</u>	
Total parking garage revenue	<u>304,400</u>	<u>363,501</u>	<u>301,521</u>
Parking garage expenses			
Salaries and wages	370,700	385,907	358,538
Payroll taxes	39,500	39,475	37,905
Health, welfare and pension	107,000	107,807	98,942
Workers compensation insurance	30,000	32,524	28,861
Uniforms	7,200	7,361	6,833
Supplies	3,800	3,849	1,991
Printing	3,000	2,613	3,037
Repairs and maintenance	4,500	7,416	2,700
Liability insurance	3,680	600	2,458
Telephone	3,100	3,634	3,557
Licenses and permits	2,300	2,341	
Data processing and postage	2,100	2,100	2,077
Accounting fees	1,800	1,800	1,800
Auto damages	7,000	6,811	7,844
Management fees	15,870	15,870	15,408
Bank charges	800	809	664
Garage remotes			3,237
General expenses	<u>500</u>	<u>2,949</u>	<u>529</u>
Total parking garage expenses	<u>602,850</u>	<u>623,866</u>	<u>576,381</u>
Excess (deficit) of revenue over expenses	<u>(\$298,450)</u>	<u>(260,365)</u>	<u>(274,860)</u>
Fund balance (deficit), beginning of year		(48,747)	(36,329)
Advances from the Association, net		<u>351,726</u>	<u>262,442</u>
Fund balance (deficit), end of year		<u>\$ 42,614</u>	<u>(\$ 48,747)</u>

The accompanying notes are an integral part of these financial statements

THE PARKSHORE CONDOMINIUM ASSOCIATION
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Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Excess (deficit) of revenue over expenses	(\$260,365)	(\$274,860)
Adjustments to reconcile (deficit) of revenue over expenses to net cash (used in) operating activities		
(Increase) decrease in assets:		
Accounts receivable - parkers	3,039	(3,099)
Increase (decrease) in liabilities:		
Accounts payable	(43,133)	11,092
Parking tax payable		736
Accrued expenses	<u>3,898</u>	<u>(7,288)</u>
Net cash (used in) operating activities	<u>(296,561)</u>	<u>(273,419)</u>
Cash flows from financing activities		
Transfers from The Parkshore Condominium Association (net)	<u>351,726</u>	<u>262,442</u>
Net increase (decrease) in cash	55,165	(10,977)
Cash, beginning of year	<u>16,858</u>	<u>27,835</u>
Cash, end of year	<u>\$ 72,023</u>	<u>\$ 16,858</u>
<u>Cash breakdown</u>		
Cash	\$ 71,568	\$ 16,398
Petty cash	<u>455</u>	<u>460</u>
Total cash, end of year	<u>\$ 72,023</u>	<u>\$ 16,858</u>

The accompanying notes are an integral part of these financial statements

THE PARKSHORE CONDOMINIUM ASSOCIATION
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Notes to Financial Statements

Note 1 - Note of activities

The Parkshore Condominium Association, incorporated on June 28, 1995, is a not-for-profit corporation organized under the laws of the State of Illinois as provided in the Illinois Condominium Property Act. Its operation is subject to the terms and conditions of the bylaws and Declaration of Condominium Ownership. The Association serves as a means through which unit owners collectively administer, manage, operate and control the common area condominium property. The property, located in Chicago, Illinois, consists of 483 residential units.

The parking garage facility consists of 610 parking rights located in Chicago, Illinois. For each parking right assigned to a unit in accordance with the Declaration, the unit owner of that unit will own one valet parking right. For each parking right assigned to a unit in accordance with the Declaration, the unit owner of that unit will own one and one-half self-park parking rights. A total of 366 parking rights are represented by the 244 self-park spaces owned by individual unit owners.

The parking garage facility is adjacent to a neighboring association's parking facility. Although each garage facility has a separate entrance, the associations share a common exit. Any repairs or maintenance associated directly with the exit are shared by the associations.

Note 2 - Summary of significant accounting policies

Basis of accounting

These financial statements reflect the assets, liabilities, revenue and expenses of the Association's Garage Operations on the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when incurred. The assets, liabilities, revenue and expenses of this garage facility have been included in the operating fund in the financial statements of The Parkshore Condominium Association for the years ended December 31, 2009 and 2008.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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Notes to Financial Statements

Note 2 - Summary of significant accounting policies, cont'd

Cash

Cash consists of funds included in The Parkshore Condominium Association's checking account operated by the garage management company and petty cash on hand.

Advances

The ParkShore Condominium Association bills, collects, and records monthly garage assessments and credit card transient and car wash credit card charges. The garage operator collects and records all cash amounts (transient parking and car wash revenue). Since the monthly budgeted garage assessments and credit card transient and car wash charges are collected by the Association, the Association is required to advance funds to the garage cash account for operations. Advances from the Association, net (per the schedules of revenue and expenses and changes in fund balance) represent amounts transferred from the Association's operating account to the garage account during the year in excess to the amounts collected by the Association to fund the garage's operating deficit.

Date of management's review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 5, 2010, the date that the financial statements were available to be issued.

Note 3 - Income taxes

All revenue and expenses of the Association's garage operations are included in The ParkShore Condominium Association's records. Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The ParkShore Condominium Association elected to be taxed as a homeowners' association for the years ended December 31, 2009 and 2008. Pursuant thereto, the Association's "exempt function income" (consisting of the excess of common area maintenance assessments over related expenses) is not subject to income tax, and nonexempt income (garage income, interest income, etc., net of related expenses) is subject to income taxes. There was no income tax due for the years ended December 31, 2009 and 2008, due to losses for income tax purposes.

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Notes to Financial Statements

Note 4 - Future major repairs and replacements

The ParkShore Condominium Association is funding the reserve fund for future major repairs and replacements. Any future major repairs or replacements necessary to the garage facility may be funded from such reserves. In 2006, the Association obtained an independent capital reserve study to estimate the remaining useful lives of property and estimates of future costs of major repairs and replacements that may be required in the future. The study estimated future replacement costs for parking garage services in the total amount of \$350,000 from 2010 through 2025. The study did not segregate other specific parking garage common elements. Management believes reserve funds are adequate to meet future parking garage needs.