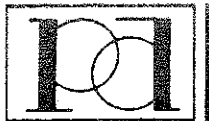


The ParkShore  
Condominium Association  
Garage Operations  
Financial Statements  
For the Years Ended  
December 31, 2010 and 2009

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, 2010 and 2009, 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, 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 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, 2010 and 2009, 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 6, 2011

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Balance Sheets  
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash	\$53,394	\$71,568
Petty cash	455	455
Accounts receivable - parkers	<u>250</u>	<u>60</u>
 Total current assets	 <u>\$54,099</u>	 <u>\$72,083</u>
 <u>Liabilities and Fund Balance</u>		
Accounts payable - Standard Parking	\$15,537	\$11,465
Parking tax payable		1,542
Accrued expenses	<u>17,281</u>	<u>16,462</u>
 Total current liabilities	 <u>32,818</u>	 <u>29,469</u>
 Fund balance	 <u>21,281</u>	 <u>42,614</u>
 Total liabilities and fund balance	 <u>\$54,099</u>	 <u>\$72,083</u>

The accompanying notes are an integral part of these financial statements

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Statements of Revenue and Expenses and Changes in Fund Balance  
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue		
Valet assessments	\$147,000	\$147,000
Transient parking	120,662	161,598
Other revenue	<u>10,754</u>	<u>54,903</u>
Total revenue	<u>278,416</u>	<u>363,501</u>
Expenses		
Administrative	31,708	29,504
Payroll	522,481	533,189
Maintenance	17,060	28,049
Other	<u>32,876</u>	<u>33,124</u>
Total expenses	<u>604,125</u>	<u>623,866</u>
(Deficit) of revenue over expenses	( 325,709)	( 260,365)
Advances from the Association, net	304,376	351,726
Fund balance, beginning of year	<u>42,614</u>	( <u>48,747</u> )
Fund balance, end of year	<u>\$ 21,281</u>	<u>\$ 42,614</u>

The accompanying notes are an integral part of these financial statements

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Statements of Cash Flows  
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
(Deficit) of revenue over expenses	(\$325,709)	(\$260,365)
Adjustments to reconcile (deficit) of revenue over expenses to net cash (used in) operating activities		
(Increase) decrease in assets:		
Accounts receivable - parkers	( 190)	3,039
Increase (decrease) in liabilities:		
Accounts payable	4,072	( 43,133)
Parking tax payable	( 1,542)	
Accrued expenses	<u>819</u>	<u>3,898</u>
Net cash (used in) operating activities	( <u>322,550</u> )	( <u>296,561</u> )
Cash flows from financing activities		
Transfers from The Parkshore Condominium Association (net)	<u>304,376</u>	<u>351,726</u>
Net increase (decrease) in cash	( 18,174)	55,165
Cash, beginning of year	<u>72,023</u>	<u>16,858</u>
Cash, end of year	<u>\$ 53,849</u>	<u>\$ 72,023</u>
<u>Cash breakdown</u>		
Cash	\$ 53,394	\$ 71,568
Petty cash	<u>455</u>	<u>455</u>
Total cash, end of year	<u>\$ 53,849</u>	<u>\$ 72,023</u>

The accompanying notes are an integral part of these financial statements

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Notes to Financial Statements

Note 1 - Nature 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 is located in Chicago, Illinois and 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, 2010 and 2009.

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.

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Notes to Financial Statements

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

Property and equipment

Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. The Association has the responsibility to maintain and preserve the common property. The Association's policy is to capitalize real and personal property at cost and depreciate it using accelerated and straight line methods over the estimated useful life of the assets.

Maintenance, repairs and improvements

Consistent with the nature of the organization, expenses made for furnishing, improvements and equipment used for the maintenance and operating of the common elements are included in operating expenses. Major capital improvements resulting from actions of the Board of Directors are included in the expenses of the reserve fund of The ParkShore Condominium Association's financial statements.

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 6, 2011, the date that the financial statements were available to be issued.

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Notes to Financial Statements

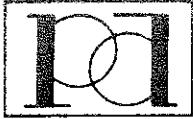
Note 3 - Income taxes

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 Association elected to be taxed as a homeowners' association, under Internal Revenue Code Section 528, for the years ended December 31, 2010 and 2009. Under that election, exempt function income is not subject to income tax and the Association is generally taxed only on nonexempt function income, to the extent it exceeds nonexempt expenses. An analysis of net nonexempt function income indicates there was no income tax due for the years ended December 31, 2010 and 2009. No deferred tax assets, relating to the net operating losses, are recorded in the financial statements as the Association believes that it is not probable that all state net operating losses carried forward will be utilized.

The Association adopted the accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken on its income tax returns. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate and the Association has no material unrecognized income tax positions. The Association's tax filings are subject to audit by various taxing authorities. At December 31, 2010, the Association is no longer subject to examination by federal and state taxing authorities for the periods ending before 2007.

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 2011 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.



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## Independent Auditors' Report on Supplementary Information

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

We have audited the financial statements of The ParkShore Condominium Association Garage Operations as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 6, 2011, which contained an unqualified opinion on those financial statements and appears on page one. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating revenue and expenses - budget and actual, on pages 9-10, which are the responsibility of the Association's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Picker + Associates*

April 6, 2011

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Schedules of Revenue and Expenses - Budget and Actual  
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>		<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Valet assessments	<u>\$147,000</u>	<u>\$147,000</u>	<u>\$147,000</u>
Transient parking	<u>163,000</u>	<u>120,662</u>	<u>161,598</u>
Other revenue			
Car wash income	14,700	10,754	13,923
Parking tax refund	<u>          </u>	<u>          </u>	<u>40,980</u>
Total other revenue	<u>14,700</u>	<u>10,754</u>	<u>54,903</u>
Total revenue	<u>\$324,700</u>	<u>\$278,416</u>	<u>\$363,501</u>
Expenses			
Administrative			
Management fees	\$ 16,346	\$ 16,346	\$ 15,870
Telephone	3,700	5,057	3,634
Accounting fees	2,400	1,800	1,800
Data processing and postage	2,900	2,899	2,100
Printing		3,692	2,613
Licenses and permits			2,341
Bank charges	800	868	809
General expenses	<u>500</u>	<u>1,046</u>	<u>337</u>
Total administrative	<u>26,646</u>	<u>31,708</u>	<u>29,504</u>
Payroll			
Salaries and wages	399,700	379,683	385,907
Payroll taxes	43,600	40,138	39,475
Health, welfare and pension	<u>118,500</u>	<u>102,660</u>	<u>107,807</u>
Total payroll	<u>561,800</u>	<u>522,481</u>	<u>533,189</u>

See Independent Auditors' Report on Supplementary Information

THE PARKSHORE CONDOMINIUM ASSOCIATION  
GARAGE OPERATIONS

Schedules of Revenue and Expenses - Budget and Actual, cont'd  
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>		<u>2009</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Maintenance			
Uniforms	7,600	6,723	7,361
Supplies	3,800	1,952	3,849
Repairs and maintenance	8,400	2,217	7,416
Auto damages	5,000	6,168	6,811
Garage remotes	<u>          </u>	<u>          </u>	<u>2,612</u>
Total maintenance	<u>24,800</u>	<u>17,060</u>	<u>28,049</u>
Other			
Workers compensation insurance	34,200	32,276	32,524
Liability insurance	<u>3,680</u>	<u>600</u>	<u>600</u>
Total other	<u>37,880</u>	<u>32,876</u>	<u>33,124</u>
Total expenses	<u>\$651,126</u>	<u>\$604,125</u>	<u>\$623,866</u>

See Independent Auditors' Report on Supplementary Information