

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

ST. LOUIS PARK, MINNESOTA

**INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2016



GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

FOR THE YEAR ENDED DECEMBER 31, 2016

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Minnesota
5912 West 35th Street
Minneapolis, MN 55416
(952) 928-3011

Michael P. Mullen, CPA
Kim A. Beauchamp, CPA



www.cpamullen.com

Wisconsin
101 West Edison Avenue, Suite 202
Appleton, WI 54915
(920) 659-7099

Florida
5072 Annunciation Circle, Suite 330
Ave Maria, FL 34142
(239) 674-3636

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greensboro Condominium Owners Association, Inc.
St. Louis Park, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Greensboro Condominium Owners Association, Inc., which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses, and accumulated excess of revenues over expenses, comprehensive income, 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.

Auditor's 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 auditor's 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 Greensboro Condominium Owners Association, Inc. as of December 31, 2016, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The two bedroom, three bedroom, condo, and common supplementary information on pages 10-17 is presented for purposes of additional analysis and is not 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on pages 18-25 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.

A handwritten signature in black ink, appearing to read "M. P. Mullen, CPA, PLLC".

Michael P. Mullen, CPA, PLLC

Minneapolis, Minnesota
April 11, 2017

CERTIFIED PUBLIC ACCOUNTANTS | LICENSED IN MINNESOTA, WISCONSIN AND FLORIDA
FLORIDA LICENSED COMMUNITY ASSOCIATION MANAGER



GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 110,870	\$ 445,861	\$ 556,731
Corporate bonds		885,947	885,947
Mutual funds		855,980	855,980
Fees receivable-net	22,814		22,814
Homeowner chargebacks	55,663	4,263	59,926
Income tax receivable	1,825		1,825
Prepaid insurance	8,141		8,141
Condominium units-net	17,688		17,688
Due from replacement	375		375
Due from operating		2,177	2,177
TOTAL ASSETS	<u>\$ 217,376</u>	<u>\$ 2,194,228</u>	<u>\$ 2,411,604</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 17,885		\$ 17,885
Income tax payable	1,052		1,052
Prepaid fees	23,856		23,856
Security deposit	2,175		2,175
Due to replacement	2,177		2,177
Due to operating		\$ 375	375
TOTAL LIABILITIES	<u>47,145</u>	<u>375</u>	<u>47,520</u>
FUND BALANCE			
Accumulated excess of revenues over expenses	170,231	2,133,971	2,304,202
Net unrealized gain on investments		59,882	59,882
TOTAL FUND BALANCE	<u>170,231</u>	<u>2,193,853</u>	<u>2,364,084</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 217,376</u>	<u>\$ 2,194,228</u>	<u>\$ 2,411,604</u>

The accompanying notes are an integral
part of these financial statements

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.
 STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED EXCESS
 OF REVENUES OVER EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Fees	\$ 741,195	\$ 328,355	\$ 1,069,550
Rental	16,674		16,674
Laundry	16,194		16,194
Other	19,388		19,388
Interest & Dividends	2	71,030	71,032
Total Revenue	793,453	399,385	1,192,838
EXPENSES			
Bad debts	21,813		21,813
Management fees	50,490		50,490
Rubbish removal	22,501		22,501
Property tax	4,067		4,067
Association unit	6,241		6,241
Income tax	1,052		1,052
Depreciation	2,653		2,653
Insurance	104,565		104,565
Professional fees	30,602		30,602
Office and administrative	22,192		22,192
Utilities	129,487		129,487
Lawn care and snow removal	101,859		101,859
Repair and maintenance	139,732		139,732
Contract labor	146,147		146,147
Replacement expenses		306,027	306,027
Total Expenses	783,401	306,027	1,089,428
EXCESS OF REVENUES OVER EXPENSES	10,052	93,358	103,410
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/15	160,179	2,040,613	2,200,792
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/16	\$ 170,231	\$ 2,133,971	\$ 2,304,202

The accompanying notes are an integral
 part of these financial statements

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 10,052	\$ 93,358	\$ 103,410
NET CHANGE IN UNREALIZED GAIN ON INVESTMENTS		<u>89,907</u>	<u>89,907</u>
COMPREHENSIVE INCOME	<u>\$ 10,052</u>	<u>\$ 183,265</u>	<u>\$ 193,317</u>

The accompanying notes are an integral
part of these financial statements

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from owners	\$ 709,204	\$ 333,059	\$ 1,042,263
Cash paid to providers	(774,413)	(306,027)	(1,080,440)
Income tax paid	(3,261)		(3,261)
Interest received	2	71,030	71,032
Net cash provided by (used in) operating activities	<u>(68,468)</u>	<u>98,062</u>	<u>29,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net purchase of corporate bonds		(146,787)	(146,787)
Net redemption of investments		68,130	68,130
Net cash (used in) investing activities		<u>(78,657)</u>	<u>(78,657)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interfund borrowing	1,069	(1,069)	-
NET INCREASE (DECREASE) IN CASH	(67,399)	18,336	(49,063)
CASH AT BEGINNING OF YEAR	178,269	427,525	605,794
CASH AT END OF YEAR	<u>\$ 110,870</u>	<u>\$ 445,861</u>	<u>\$ 556,731</u>

The following schedule reconciles the excess of revenues over expenses to net cash provided by (used in) operating activities:

Excess of revenues over expenses	\$ 10,052	\$ 93,358	\$ 103,410
Depreciation	2,653		2,653
Bad debts	21,813		21,813
(Increase) decrease in fees receivable	(29,034)		(29,034)
(Increase) Decrease in homeowner chargebacks	(55,663)	4,704	(50,959)
(Increase) income tax receivable	(1,825)		(1,825)
Decrease in prepaid insurance	4,545		4,545
(Decrease) increase in accounts payable	(13,162)		(12,091)
(Decrease) in income tax payable	(2,209)		(2,209)
(Decrease) in prepaid fees	(4,935)		(4,935)
(Decrease) in security deposits	(703)		(703)
Total adjustments	<u>(78,520)</u>	<u>4,704</u>	<u>(73,816)</u>
Net cash provided by (used in) operating activities	<u>\$ (68,468)</u>	<u>\$ 98,062</u>	<u>\$ 29,594</u>

The accompanying notes are an integral part of these financial statements

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - ORGANIZATION

Greensboro Condominium Owners Association, Inc. (Association) is a Minnesota nonprofit corporation legally organized as a condominium association. The date of incorporation was May 12, 1978. The Association is responsible for maintaining and preserving the common property known as Greensboro Condominium Owners Association, Inc. that consists of 260 residential units located in St. Louis Park, Minnesota.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 11, 2017, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The Association's governing documents provide certain guidelines regarding its financial activities. Therefore, the Association maintains its accounts using fund accounting. State statute prohibits the use of, or borrowing from, the replacement reserves to fund operating expenses. Financial resources are classified for accounting and reporting purposes in the following funds:

Operating Fund - This fund is used to account for the financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Interest earned

The Board's policy is for interest to remain in the fund in which it is earned, but, at the Board's discretion, interest may be transferred from the Replacement Fund to reimburse the Operating Fund for income tax expense.

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Fees

Association members are subject to monthly fees to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Any excess operating fees at year end are retained by the Association for use in future years.

Cash

The Association maintains cash in checking and money market accounts. Separate cash bank accounts are maintained for each fund. The Association considers all highly liquid investments with an original maturity of three months or less as cash.

Fees Receivable

Fees receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to charge a late fee and place liens on the property of accounts that are past due. This may ultimately involve foreclosure on the property after other attempts of collection have failed. The Board has established an allowance for uncollectible accounts in the amount of \$6,500.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. Accordingly, items such as the buildings, sidewalks, roadways and land are not recognized as assets.

In conformity with industry practice, the Association's policy is to recognize the following common property as assets:

- a) Common personal property
- b) Common real property to which it has title and that it can dispose of for cash while retaining the proceeds or that is used to generate significant cash flows from members on the basis of usage or from nonmembers.

The Association owns two condominium units. The units are carried at cost and are depreciated using the straight-line method over its estimated useful life of 27-1/2 years. Net property is reported as detailed:

Condominium Units	\$ 78,640
Less accumulated depreciation	<u>(60,952)</u>
Net	<u>\$ 17,688</u>

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 - INCOME TAXES

Condominium associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2016, the Association elected to file as a regular corporation. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is generally taxed only on its nonmembership income such as interest earnings, at regular federal and state corporate tax rates in accordance with Internal Revenue Code Section 277. Income tax expense for the year is \$1,052 and the Board has determined that, when applicable, income tax is an expense of the operating fund.

The Association's tax returns for the past three years remain open for examination by taxing authorities.

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

Minnesota State Statute 515B and the Association's governing documents require that adequate funds be maintained for future major repair and replacements. The total, which aggregates \$2,193,853 at December 31, 2016, is generally not available for operating purposes.

In 2016, the Board of Directors hired an outside firm to update the replacement fund study to estimate the remaining useful lives for the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The estimates were obtained from repair history for the Association, industry information and, where necessary, from licensed contractors who inspected the property.

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association may pass special assessments or delay replacement or maintenance until funds are available. The effect on future assessments has not been determined at this time.

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 6 - INVESTMENTS

Investments are comprised of mutual funds and corporate bonds. The unrealized loss is a component of the Replacement Fund Balance. Any realized gain or loss will be recognized when the investments are sold. The funds represent securities available for sale and are recorded at fair market value as follows:

	<u>COST</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
Corporate Bonds	\$ 905,039	\$ 885,947	\$ (19,092)
Mutual Funds	<u>777,006</u>	<u>855,980</u>	<u>78,974</u>
Total	<u>\$1,682,045</u>	<u>\$1,741,927</u>	<u>\$ 59,882</u>

SUPPLEMENTARY INFORMATION

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

TWO BEDROOM

SUPPLEMENTARY INFORMATION

BALANCE SHEET

DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 28,180	\$ 59,116	\$ 87,296
Corporate bonds		184,181	184,181
Mutual funds		144,767	144,767
Fees receivable	<u>508</u>		<u>508</u>
TOTAL ASSETS	<u>\$ 28,688</u>	<u>\$ 388,064</u>	<u>\$ 416,752</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 780		\$ 780
Income tax payable	158		158
Prepaid fees	<u>5,702</u>		<u>5,702</u>
TOTAL LIABILITIES	<u>6,640</u>		<u>6,640</u>
 FUND BALANCE			
Accumulated excess of revenues over expenses	22,048	\$ 377,035	399,083
Net unrealized gain on investments	<u> </u>	<u>11,029</u>	<u>11,029</u>
TOTAL FUND BALANCE	<u>22,048</u>	<u>388,064</u>	<u>410,112</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 28,688</u>	<u>\$ 388,064</u>	<u>\$ 416,752</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

TWO BEDROOM

SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED EXCESS
OF REVENUES OVER EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Fees	\$ 26,203	\$ 33,496	\$ 59,699
Other	348		348
Interest & Dividends		12,882	12,882
Total Revenue	<u>26,551</u>	<u>46,378</u>	<u>72,929</u>
EXPENSES			
Income tax	158		158
Professional fees	148		148
Utilities	8,085		8,085
Repair and maintenance	13,749		13,749
Replacement expenses		46,365	46,365
Total Expenses	<u>22,140</u>	<u>46,365</u>	<u>68,505</u>
EXCESS OF REVENUES OVER EXPENSES	4,411	13	4,424
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/15	<u>17,637</u>	<u>377,022</u>	<u>394,659</u>
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/16	<u>\$ 22,048</u>	<u>\$ 377,035</u>	<u>\$ 399,083</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

THREE BEDROOM

SUPPLEMENTARY INFORMATION

BALANCE SHEET

DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 42,947	\$ 137,331	\$ 180,278
Corporate bonds		257,204	257,204
Mutual funds		256,798	256,798
Fees receivable	5,197		5,197
Due from replacement	<u>375</u>		<u>375</u>
TOTAL ASSETS	<u>\$ 48,519</u>	<u>\$ 651,333</u>	<u>\$ 699,852</u>

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	\$ 138		\$ 138
Income tax payable	252		252
Prepaid fees	10,255		10,255
Due to operating		<u>\$ 375</u>	<u>375</u>
TOTAL LIABILITIES	<u>10,645</u>	<u>375</u>	<u>11,020</u>
FUND BALANCE			
Accumulated excess of revenues over expenses	37,874	631,424	669,298
Net unrealized gain on investments		<u>19,534</u>	<u>19,534</u>
TOTAL FUND BALANCE	<u>37,874</u>	<u>650,958</u>	<u>688,832</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 48,519</u>	<u>\$ 651,333</u>	<u>\$ 699,852</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

THREE BEDROOM

SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED EXCESS
OF REVENUES OVER EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Fees	\$ 45,363	\$ 67,337	\$ 112,700
Other	1,698		1,698
Interest & Dividends		21,581	21,581
Total Revenue	<u>47,061</u>	<u>88,918</u>	<u>135,979</u>
EXPENSES			
Income tax	252		252
Professional fees	147		147
Utilities	20,618		20,618
Repair and maintenance	18,661		18,661
Replacement expenses		41,513	41,513
Total Expenses	<u>39,678</u>	<u>41,513</u>	<u>81,191</u>
EXCESS OF REVENUES OVER EXPENSES	7,383	47,405	54,788
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/15	<u>30,491</u>	<u>584,019</u>	<u>614,510</u>
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/16	<u>\$ 37,874</u>	<u>\$ 631,424</u>	<u>\$ 669,298</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

CONDO

SUPPLEMENTARY INFORMATION

BALANCE SHEET

DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 19,161	\$ 211,773	\$ 230,934
Corporate bonds		367,324	367,324
Mutual funds		357,933	357,933
Fees receivable-net	17,109		17,109
Homeowner chargebacks	55,663	4,263	59,926
Due from operating		2,177	2,177
TOTAL ASSETS	\$ <u>91,933</u>	\$ <u>943,470</u>	\$ <u>1,035,403</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 12,351		\$ 12,351
Income tax payable	358		358
Prepaid fees	7,845		7,845
Due to replacement	2,177		2,177
TOTAL LIABILITIES	<u>22,731</u>	<u>-</u>	<u>22,731</u>
FUND BALANCE			
Accumulated excess of revenues over expenses	69,202	\$ 919,001	988,203
Net unrealized gain on investments		24,469	24,469
TOTAL FUND BALANCE	<u>69,202</u>	<u>943,470</u>	<u>1,012,672</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>91,933</u>	\$ <u>943,470</u>	\$ <u>1,035,403</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

CONDO

SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED EXCESS
OF REVENUES OVER EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Fees	\$ 184,283	\$ 107,933	\$ 292,216
Laundry	16,194		16,194
Other	17,342		17,342
Interest & Dividends		29,521	29,521
Total Revenue	<u>217,819</u>	<u>137,454</u>	<u>355,273</u>
EXPENSES			
Office and administrative	2,404		2,404
Income tax	358		358
Bad debts	21,813		21,813
Professional fees	7,556		7,556
Utilities	88,053		88,053
Repair and maintenance	75,332		75,332
Contract labor	26,476		26,476
Replacement expenses		26,826	26,826
Total Expenses	<u>221,992</u>	<u>26,826</u>	<u>248,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(4,173)	110,628	106,455
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/15	<u>73,375</u>	<u>808,373</u>	<u>881,748</u>
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/16	<u>\$ 69,202</u>	<u>\$ 919,001</u>	<u>\$ 988,203</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

COMMON

SUPPLEMENTARY INFORMATION

BALANCE SHEET

DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 20,582	\$ 37,642	\$ 58,224
Corporate bonds		77,238	77,238
Mutual funds		96,482	96,482
Income tax receivable	1,825		1,825
Prepaid insurance	8,141		17,688
Condominium units-net	<u>17,688</u>		<u>17,688</u>
TOTAL ASSETS	<u>\$ 48,236</u>	<u>\$ 211,362</u>	<u>\$ 259,598</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 4,616		\$ 4,616
Income tax payable	284		284
Prepaid fees	55		55
Security deposit	<u>2,175</u>		<u>2,175</u>
TOTAL LIABILITIES	<u>7,130</u>		<u>7,130</u>
FUND BALANCE			
Accumulated excess of revenues over expenses	41,106	\$ 206,511	247,617
Net unrealized gain on investments		<u>4,851</u>	<u>4,851</u>
TOTAL FUND BALANCE	<u>41,106</u>	<u>211,362</u>	<u>252,468</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 48,236</u>	<u>\$ 211,362</u>	<u>\$ 259,598</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

COMMON

SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED EXCESS
OF REVENUES OVER EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Fees	\$ 485,346	\$ 119,589	\$ 604,935
Rental	16,674		16,674
Interest & Dividends	2	7,046	7,048
	<hr/>	<hr/>	<hr/>
Total Revenue	502,022	126,635	628,657
	<hr/>	<hr/>	<hr/>
EXPENSES			
Office and administrative	19,788		19,788
Management fees	50,490		50,490
Rubbish removal	22,501		22,501
Property tax	4,067		4,067
Association unit	6,241		6,241
Income tax	284		284
Depreciation	2,653		2,653
Insurance	104,565		104,565
Professional fees	22,751		22,751
Utilities	12,731		12,731
Lawn care and snow removal	101,859		101,859
Repair and maintenance	31,990		31,990
Contract labor	119,671		119,671
Replacement expenses		191,323	191,323
	<hr/>	<hr/>	<hr/>
Total Expenses	499,591	191,323	690,914
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	2,431	(64,688)	(62,257)
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/15	<hr/> 38,675	<hr/> 271,199	<hr/> 309,874
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AT 12/31/16	\$ <u>41,106</u>	\$ <u>206,511</u>	\$ <u>247,617</u>

See Independent Auditor's Report

GREENSBORO CONDOMINIUM OWNERS ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

In 2016, the Board of Directors hired an outside source to update the replacement fund study to estimate the remaining useful lives for the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The estimates were obtained from repair history for the Association, industry information and, where necessary, from licensed contractors who inspected the property.

Estimated current replacement costs and estimated remaining useful lives have not been revised since the date of the study and do not take into account the effects of any expenditures or differences in the estimates.

The total replacement fund balance at December 31, 2016 is \$2,193,853. The board has not allocated the replacement fund balance to each component.

The attached information is based on the study and presents significant information about the components of common property.

Reserve Advisors, Inc.

**Two-Bedroom Building Roof
RESERVE EXPENDITURES**

Greensboro Condominium
Owners Association
St Louis Park, Minnesota

Explanatory Notes:

- 1) 1.8% is the estimated future inflation rate for estimating Future Replacement Costs.
- 2) FY2016 is Fiscal Year beginning January 1, 2016 and ending December 31, 2016.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Erect	Life Analysis, Years		Costs, \$				30 Year Total (Balanced)	FRL - 0 FY2016	1 2017	2 2018	3 2019	4 2020	5 2021	6 2022	7 2023	8 2024	9 2025	10 2026	11 2027	12 2028	13 2029	14 2030	15 2031							
						Useful	Remaining	Unit (2016)	Per Phase (2016)	Total (2016)																									
Exterior Building Elements																																			
1402	279	70 Squares		Roofs, EPDM, Phased (incl. Scaupps and Downspouts)	2019	15 to 20	3 to 6	1,400.00	97,650	390,600	1,006,974						103,019	104,873	106,761	108,652															
Anticipated Expenditures, By Year											\$1,006,974	0	0	0	103,019	104,873	106,761	108,652	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

