



DEVIN & ASSOCIATES, INC.
Certified Public Accounting Firm

February 20, 2020

Board of Directors
One Bratenahl Place Condominium Association, Inc.
Bratenahl, Ohio

Ladies and Gentlemen:

This management letter is issued as part of the audit of the financial statements of your association for the twelve months ended August 31, 2019. Our firm performs numerous reviews and audits during the year and participates in various educational seminars with respect to Community Associations. Our objective is to use our knowledge to make useful comments and suggestions for you to consider. However, you will appreciate that our routine audit work is designed to enable us to form an opinion on the financial statements of the Association and it should not be relied upon to disclose all irregularities that may exist or to disclose errors that are not material in relation to the financial statements.

Overview of Engagement

Nature of Communications	Comments Applicable to Engagement
Focus Areas	Analytical procedures and inquiry of Management Actual to budget comparison Reconciliation of key accounts Unit owner delinquent balances Accounting methods Investment of association funds Acquisition or disposal of assets (if applicable) Safeguarding of Association Assets
Appropriateness of accounting policies selected by management and their application. The significant accounting policies used by the Association are described in the footnotes to the financial statements.	Generally accepted accounting principles applicable to CIRA's require that financial statements be presented using the accrual method of accounting and that the operating and reserve funds be segregated.
Transactions, usual or unusual, entered into by the Association outside the normal course of business.	None

Nature of Communications	Comments Applicable to Engagement
Effects of applying new accounting pronouncements	We have evaluated the financial statements as they relate to any new and applicable accounting pronouncements and believe them to be reasonable.
Consultations with other accountants about auditing and accounting matters (only applies if management has consulted other accountants and the auditor has identified a concern).	None
Disagreements with management	None
Serious difficulties encountered in dealing with management when performing the audit	None
Significant audit adjustments proposed by us	None
Unrecorded differences considered by management to be immaterial	None
Fraud or illegal acts	We are not aware of any fraud or illegal acts as a result of our inquiries.
Material alternative accounting treatments discussed with management	None
Issues discussed prior to retention of independent auditors and during the engagement	None
Other material written communications with management	Management representation letter
Other non-audit services that we provided	Preparation of Federal Income Tax Return

The internal control system relies extensively on the detailed review of the monthly reports and transactions by each board member, and each must take an active part in protecting their association assets. It is important to stress this concern especially to new board members, and to keep in mind if offices held and/or related responsibilities change from year to year.

Following an unprecedented period of near zero interest rates, the Federal Reserve began a period of rate increases bringing the interest rate on US Treasuries to approximately 1.25% to 1.5% as of this writing. It is important that Associations invest their excess cash in interest bearing accounts that comply with the requirements set forth in their Declarations and By-Laws. Typically, those requirements restrict such investments to FDIC insured instruments such as Certificates of Deposit or Money Market accounts, or to U.S. Government backed securities such as US Treasury Bills or Notes. Please be mindful that investments in FDIC insured accounts do not exceed the limits of insurance, which is currently \$250,000 in any one financial institution.

We would like to specifically thank Blair Cancelliere, and the staff of First Realty Property Management for the generous amount of time they gave in assisting with the audit and providing the necessary records.

We appreciate the opportunity to be of service to your association. Please do not hesitate to contact us should you have any questions or concerns. We hope to continue to be of service to your Association in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay D. Ewers", with a stylized flourish at the end.

Jay D. Ewers, CPA
Managing Partner

**ONE BRATENAHL PLACE
CONDOMINIUM ASSOCIATION, INC.
WITH
ACCOUNTANTS' AUDIT REPORT**

AUGUST 31, 2019

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DEVIN & ASSOCIATES, INC.
Certified Public Accounting Firm

Independent Auditor's Report

To the Board of Directors of
One Bratenahl Place Condominium Association, Inc.

We have audited the accompanying financial statements of One Bratenahl Place Condominium Association, Inc., which comprise the balance sheet as of August 31, 2019, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the twelve months ended August 31, 2019, 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 One Bratenahl Place Condominium Association, Inc. as of August 31, 2019, and the results of its operations and its cash flows for the twelve months ended August 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that future major repairs and replacements on page 14 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.


Devin & Associates, Inc.

Westlake, Ohio
February 20, 2020

One Bratenahl Place Condominium Association, Inc.

Balance Sheet

August 31, 2019 and August 31, 2018

	August 31, 2019			August 31, 2018		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
<u>Assets</u>						
Current Assets:						
Cash	\$ 183,793	\$ 1,279,486	\$ 1,463,279	\$ 236,176	\$ 1,276,805	\$ 1,512,981
Accounts Receivable and others (net of allowance of \$16,205 and \$33,069 in 2019 and 2018, respectively)	20,071	-	20,071	15,823	-	15,823
Prepaid insurance	8,932	-	8,932	9,642	-	9,642
Inter-fund receivable	-	-	-	-	-	-
Total Current Assets	\$ 212,796	\$ 1,279,486	\$ 1,492,282	\$ 261,641	\$ 1,276,805	\$ 1,538,446
Property and Equipment:						
Equipment	159,891	-	159,891	159,891	-	159,891
Furniture and fixtures	-	-	-	-	-	-
Guest suite improvements	18,430	-	18,430	18,430	-	18,430
Vehicles	11,868	-	11,868	11,868	-	11,868
Property under capital lease	23,944	-	23,944	23,944	-	23,944
Less accumulated depreciation	(214,133)	-	(214,133)	(214,133)	-	(214,133)
Net property and equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Assets:						
Restricted cash-Holiday fund	\$ 6,868	\$ -	\$ 6,868	\$ 6,410	\$ -	\$ 6,410
Total Assets	\$ 219,664	\$ 1,279,486	\$ 1,499,150	\$ 268,051	\$ 1,276,805	\$ 1,544,856
<u>Liabilities and Fund Balance</u>						
Current Liabilities:						
Accounts payable	\$ 286,348	\$ -	\$ 286,348	\$ 111,249	\$ -	\$ 111,249
Employee fund	6,868	-	6,868	6,410	-	6,410
Deferred revenues	46,790	-	46,790	29,165	-	29,165
Inter-fund payable	-	-	-	-	-	-
Provision for income taxes	-	-	-	-	-	-
Total Liabilities	\$ 340,006	\$ -	\$ 340,006	\$ 146,824	\$ -	\$ 146,824
Long-Term Liabilities						
Dollar Bank - Term loan	\$ -	\$ 2,048,375	\$ 2,048,375	\$ 2,277,478	\$ -	\$ 2,277,478
Accrued interest	-	-	-	-	-	-
Total Long-Term Liabilities	\$ -	\$ 2,048,375	\$ 2,048,375	\$ 2,277,478	\$ -	\$ 2,277,478
Fund Balance:						
Replacement Fund	\$ -	\$ (613,734)	\$ (613,734)	\$ -	\$ (1,172,502)	\$ (1,172,502)
Fund Balance	(265,801)	-	(265,801)	25,718	-	25,718
Inter-Fund Transfers	-	-	-	-	-	-
Current Year Gain/Loss	145,459	(155,155)	(9,696)	95,509	171,829	267,338
Total Fund Balance	(120,342)	(768,889)	(889,231)	121,227	(1,000,673)	(879,446)
Total Liabilities and Fund Balance	\$ 219,664	\$ 1,279,486	\$ 1,499,150	\$ 2,545,529	\$ (1,000,673)	\$ 1,544,856

See accompanying notes and independent accountants' Audit report

One Bratenahl Place Condominium Association, Inc.
Statement of Revenues and Expenses
For the Twelve Months Ended August 31, 2019 and August 31, 2018

	For the Twelve Months Ended August 31, 2019			For the Twelve Months Ended August 31, 2018		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
Revenues:						
Maintenance fees	\$ 1,638,842	\$ -	\$1,638,842	\$1,659,227	\$ -	\$1,659,227
Reserve-contingency & replacement	-	431,466	431,466	-	488,282	488,282
Ancillary services	215,336	-	215,336	213,464	-	213,464
Guest suite	68,557	-	68,557	64,709	-	64,709
Utility assessment	726,796	-	726,796	649,789	-	649,789
Interest income	190	2,681	2,871	-	2,080	2,080
Miscellaneous income	15,683	-	15,683	-	-	-
Total Revenues	\$ 2,665,404	\$ 434,147	\$3,099,551	\$2,587,189	\$490,362	\$3,077,551
Expenses:						
Bad debt	27,523	-	27,523	17,655	-	17,655
Capital replacements	-	501,161	501,161	-	229,904	229,904
Interest expense	-	88,141	88,141	-	88,629	88,629
Wages	826,875	-	826,875	805,313	-	805,313
Employee welfare	101,545	-	101,545	104,857	-	104,857
General and administrative	43,254	-	43,254	47,596	-	47,596
Insurance	66,559	-	66,559	71,131	-	71,131
Decorating fund & miscellaneous	25,542	-	25,542	-	-	-
Management fees	146,838	-	146,838	135,245	-	135,245
Payroll taxes	88,991	-	88,991	69,097	-	69,097
Professional fees	50,671	-	50,671	83,517	-	83,517
Restaurant costs	-	-	-	22,000	-	22,000
Contracted services and repairs	488,699	-	488,699	486,495	-	486,495
Telephone and cable	77,352	-	77,352	65,185	-	65,185
Utilities: electric, gas, water, & sewer	576,096	-	576,096	583,589	-	583,589
Other	-	-	-	-	-	-
Total Expenses	\$ 2,519,945	\$ 589,302	\$3,109,247	\$2,491,680	\$318,533	\$2,810,213
Excess (Deficiency) of Revenues Over Expenses Before Income Taxes	\$ 145,459	\$(155,155)	\$ (9,696)	\$ 95,509	\$171,829	\$ 267,338
Provision For Income Taxes	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenses	\$ 145,459	\$(155,155)	\$ (9,696)	\$ 95,509	\$171,829	\$ 267,338

See accompanying notes and independent Accountants' Audit report

One Bratenahl Place Condominium Association, Inc.
Statement of Changes in Fund Balances
For the Year Ended August 31, 2019 and August 31, 2018

	For the Year Ended August 31, 2019			For the Year Ended August 31, 2018		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
Beginning Balance - September 1, 2019 and 2018	\$ (265,801)	\$ (613,734)	\$ (879,535)	\$ 25,718	\$ (1,172,502)	\$ (1,146,784)
Add:						
Excess (Deficiency) of Revenues Over Expenses For The Year	145,459	(155,155)	(9,696)	95,509	171,829	267,338
Fund Transfers	-	-	-	-	-	-
Ending Balance - August 31, 2019 and 2018	<u>\$ (120,342)</u>	<u>\$ (768,889)</u>	<u>\$ (889,231)</u>	<u>\$ 121,227</u>	<u>\$ (1,000,673)</u>	<u>\$ (879,446)</u>

See accompanying notes and independent Accountants' Audit report

One Bratenahl Place Condominium Association, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2019 and August 31, 2018

	For the Year Ended August 31, 2019			For the Year Ended August 31, 2018		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities:						
Excess (Deficiency) of revenues over expenses	\$ 145,459	\$ (155,155)	\$ (9,696)	\$ 95,509	\$ 171,829	\$ 267,338
Adjustments to reconcile net income to net cash provided from operating activities:						
Depreciation	-	-	-	-	-	-
Loss on disposal	11	-	11	-	-	-
Fund Transfers	(386,939)	386,939	-	(35)	-	(35)
(Increase) decrease in:						
Accounts receivable	(4,248)	-	(4,248)	34,325	-	34,325
Prepaid expenses	710	-	710	745	-	745
Increase (decrease) in:						
Accounts payable	175,557	-	175,557	49,958	-	49,958
Accrued interest and taxes	-	-	-	(6,505)	-	(6,505)
Deferred revenues	17,525	-	17,525	9,012	-	9,012
Taxes Payable	-	-	-	-	-	-
Net cash provided (used) by operating activities	\$ (51,925)	\$ 231,784	\$ 179,859	\$ 183,009	\$ 171,829	\$ 354,838
Cash Flows From Investing Activities:						
Capital expenditures	-	-	-	-	-	-
Net cash provided (used) by investing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows From Financing Activities:						
(Reduction) Increase in long-term debt	-	(229,103)	(229,103)	-	(219,889)	(219,889)
Net cash provided (used) by financing activities	\$ -	\$ (229,103)	\$ (229,103)	\$ -	\$ (219,889)	\$ (219,889)
Net Increase (Decrease) in cash	(51,925)	2,681	(49,244)	183,009	(48,060)	134,949
Cash At September 1, 2018 and 2017	<u>\$ 242,586</u>	<u>\$ 1,276,805</u>	<u>\$ 1,519,391</u>	<u>\$ 59,577</u>	<u>\$ 1,324,865</u>	<u>\$ 1,384,442</u>
Cash At August 31, 2019 and 2018	<u>\$ 190,661</u>	<u>\$ 1,279,486</u>	<u>\$ 1,470,147</u>	<u>\$ 242,586</u>	<u>\$ 1,276,805</u>	<u>\$ 1,519,391</u>
Supplemental Disclosures:						
Income taxes paid			<u>\$ -</u>			<u>\$ -</u>
Interest paid			<u>\$ 88,141</u>			<u>\$ 88,629</u>

See accompanying notes and independent Accountants' Audit report

ONE BRATENAHL PLACE CONDOMINIUM ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

Organization - One Bratenahl Place Condominium Association, Inc. is a statutory Condominium Association, located in Bratenahl, Ohio, organized as a not-for-profit corporation in the State of Ohio for the purposes of maintaining and preserving common property of the Association. The Association consists of 180 residential units.

Fund Accounting Method - The association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purposes:

Operating Fund – This fund is used to account for 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.

Cash and Cash Equivalents - The association considers all short-term investments with an original maturity of one year or less to be cash equivalents.

Balances of various cash and short-term investment accounts at August 31, 2019 and 2018 are:

	<u>2019</u>	<u>2018</u>
Operating account	\$183,793	\$236,176
Petty cash	0	0
Holiday fund – restricted	<u>6,868</u>	<u>6,410</u>
	\$190,661	\$242,586
 Cash – major replacement fund	 <u>1,279,486</u>	 <u>1,276,805</u>
	\$1,470,147	\$1,519,391

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Association Assessments – Association fees are due monthly from each condominium owner and are recorded as income in the period they are due. These fees for the maintenance and operation of the common areas and facilities are based on the budgeted level of expenses according to the owner's percentage of interest in common areas and facilities.

ONE BRATENAHL PLACE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Association Assessments – (continued) Association assessments for common area repair and replacements to One Bratenahl Place Condominium Association are determined annually. Total repair and replacements for the year are allocated to the individual unit owner based on each unit owner's percentage of ownership.

Property and Equipment – The Association's policy is to provide for depreciation at annual rates sufficient to allocate the cost of the assets over their estimated useful lives. Property and equipment are stated at cost and depreciated using the straight-line and declining balance methods. Common area major repair and replacements are owned by the unit owners as tenants in common. Accordingly, the Association expenses major repair and replacements costs as incurred.

Maintenance Fees Receivable - The Association writes off uncollectible accounts based on a review of the current status of existing receivables. Receivables are charged off to bad debt expense when the accounts are considered to be uncollectible. An allowance of \$16,205 was established at August 31, 2019 and \$33,069 at August 31, 2018. The allowance for doubtful accounts balance relates entirely to previous year's bad debt.

Interest Earned - The Board's policy is to allocate to the restricted fund interest earned on all cash accounts net of income taxes.

Compensated Absences – Employees of the Association are entitled to paid vacations, sick days, and personal days off depending on the job classification, length of service and other factors. The Association's policy is to recognize the costs of compensated absences when actually paid to employees. The effect of this method instead of accruing these costs is minimal in 2019 and 2018.

Income Taxes – One Bratenahl Place Condominium Association can annually elect to be taxed either under Internal Revenue Code Section 277 as a membership organization or Code Section 528 which applies specifically to homeowners' associations. For the year ended August 31, 2019 and 2018 the Association elected to be taxed under Section 528.

No provision for income taxes have been recorded for the years ended August 31, 2019 and 2018. For the tax year ended August 31, 2019, there is no carry forward as the Association elected to be taxed under Section 528.

One Bratenahl Place Condominium Association adopted the application of FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes. FASB ASC 740-10 clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements.

ONE BRATENAHL PLACE CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FASB ASC 740-10 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods and disclosure.

Under FASB ASC 740-10, tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed or to be claimed in tax returns that do not meet these measurement standards. The Association's adoption of FASB ASC 740-10 did not have a material effect on the Association's financial statements as the Association believes they have no uncertain tax positions.

SUBSEQUENT EVENTS

The Association assessed events occurring subsequent to August 31, 2019 through February 20, 2020, for potential recognition and disclosure in the consolidated financial statements. No events were identified that would require adjustment to or disclosure in the financial statements.

MAJOR REPAIRS AND REPLACEMENT FUND

The Board of Directors approved a motion to establish a Major Repair and Replacements Fund with assessments based on the Board of Directors approved budget. This fund is for major repair and replacements to the building, grounds, and common areas of One Bratenahl Place Condominium Association.

The following represents expenditures from this fund the Association made for major repair and replacements for August 31:

	<u>2019</u>	<u>2018</u>
Building exterior/interior	\$501,161	\$229,904
Interest	<u>88,141</u>	<u>88,629</u>
	<u>\$589,302</u>	<u>\$318,533</u>

ONE BRATENAHL PLACE CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

DEFINED CONTRIBUTION PLAN

The Association sponsors a Simple IRA pension plan. As of September 1, 2019, Union employees are eligible for up to \$600 match per year.

COMMITMENTS

An elevator maintenance contract March 15, 2019 through March 14, 2023 for \$25,256.88 provides for the maintenance of elevators.

The Association is obligated, under a landscaping services contract, for \$30,995.14 per calendar year. Contract expires November 2022.

The Association is obligated, under a water treatment contract, for \$4,730 over the year ending August 31, 2020.

The Association is obligated, under a cable television contract, for payments of \$22.71 per unit per month which may be renewed annually over the next three years ending March 20, 2025.

The Association is obligated under Wifi contract with Charter Communications/Spectrum for payments of \$10,672 per month as of March 21, 2018 and ends March 21, 2025.

The Association is obligated, under a restaurant license agreement, until September 30, 2020.

The Association is obligated, under a laundry equipment agreement until October 2023.

The Association is obligated, under an eighteen-month management agreement contract, for \$12,500 per month ending September 30, 2021.

The Association is obligated, under a waste removal contract (Republic Waste), for \$19,224 per year ending December 1, 2020.

The Association is obligated, under an ATM machine contract (Carroll ATM), ending December 2, 2021.

The Association benefited, under a cell phone tower contract (Sprint) for \$14,400 ending February 1, 2023.

The Association is obligated, under a HVAC service contract (Gardner Trane), for \$35,952 per year expiring August 31, 2020.

The Association is obligated, under an exhaust fan service contract (Gardner Trane), for \$6,336 per year ending December 31, 2020.

ONE BRATENAHN PLACE CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

COMMITMENTS (*Continued*)

The Association is obligated, under a boiler maintenance contract (Gardner Trane), for \$11,000 from Sept. 1, 2017 – August 31, 2020.

The Association is obligated, under a hot water tank maintenance contract (Gardner Trane), for \$8,700 from Sept. 1, 2017 – August 31, 2020.

The Association is obligated, under contract for furniture cleaning (Fiberseal), for \$5,407.28 per year ending June 30, 2021.

The Association is obligated under contract with IGS (Gas) through September 30, 2022.

The Association is obligated under contract with Engie for \$0.05311 KWH which is a fixed rate and expires February 28, 2021.

The Association is obligated under contract with Evergreen Energy Solutions for LED garage lighting for \$2,291.46 per month through July 23, 2021, which was paid in full on November 4, 2019.

CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS

The Association maintains cash balances at several banks. Accounts of each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Bank balances at August 31, 2019 and 2018 were:

	<u>2019</u>	<u>2018</u>
Independence Bank	\$279,646	\$277,963
Dollar Bank	<u>1,190,501</u>	<u>1,241,428</u>
	<u>\$1,470,147</u>	<u>\$1,519,391</u>

TERM LOAN – DOLLAR BANK

In August 2016, the Association obtained a term loan from Dollar Bank for the garage restoration project. The terms of the loan are 6 months interest only payments on amount drawn; and 114 principal and interest monthly payments. The principal balance owed as of August 31, 2019 was \$2,048,375.

CONTINGENCY

The Association is subject to a collective bargaining agreement with SEIU local 1 which expires August 31, 2024.

ONE BRATENAHL PLACE CONDOMINIUM ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS
AUGUST 31, 2019

In August 2017, Reserve Advisors prepared an updated study to estimate the remaining useful lives and the replacement costs of the components of common property for the next thirty years. The estimates were based on future estimated replacement costs. Funding requirements considered an annual inflation rate of 1.6% and, interest, net of taxes, of 1.2% of amounts funded for future major repair and replacements.

The Association is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously borrowed by the replacement fund. Accordingly, major repair and replacement assessments were \$431,466 and \$488,282 for the years ended August 31, 2019 and 2018.

Actual expenditures and investments income 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 all future needs for the major repairs and replacement. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments or delay major repairs and replacement until funds are available.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Total Future Replacement Costs</u>	<u>8/31/19 Amount Assessed</u>
Exterior Bldg Elements	0-29	\$7,045,893	\$142,384
Interior Bldg Elements	1-22	2,747,102	56,091
Building Service Elements	0-25	2,034,225	43,147
Components	0-29	3,639,703	73,349
Property Site Elements	0-29	1,381,753	28,045
Pool Elements	1-13	416,645	8,629
Garage Elements	0-29	903,751	17,259
Loan Repayments	10	3,146,759	62,562
		<u>\$21,315,831</u>	<u>\$431,466</u>