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June 29, 2018

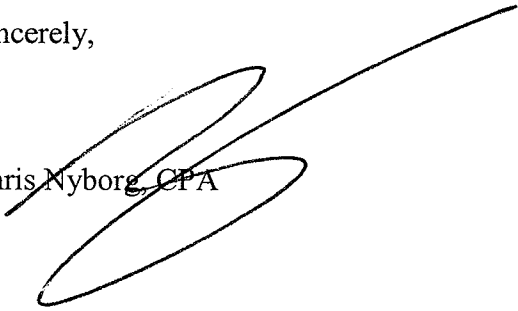
Lee Flanagan
Valley Lo Towers I Condominium Association

Dear Lee:

Enclosed are the preliminary audit, adjusting journal entries and representation letter for Valley Lo Towers I Condominium Association for the year ended December 31, 2017. After the Board of Directors approves the audit, please have the president, treasurer and managing agent sign and date the enclosed representation letter, return it to me and I will issue the final report.

If you have any questions, please feel free to give me a call.

Sincerely,


Chris Nyborg, CPA

**VALLEY LO TOWERS I
CONDOMINIUM ASSOCIATION**

**FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

**Year ended December 31, 2017 with
comparative totals for 2016**

with
PRELIMINARY DRAFT

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Valley Lo Towers I
Condominium Association
Glenview, Illinois

PRELIMINARY DRAFT

Report on the Financial Statements

We have audited the accompanying financial statements of Valley Lo Towers I Condominium Association, which comprise the balance sheets as of December 31, 2017, and the related statements of revenue, expenditures and changes in fund balances 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 judgement, 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 Valley Lo Towers I Condominium Association as of December 31, 2017, 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 the Valley Lo Towers I Condominium Association's 2016 financial statements, and our report dated April 18, 2017 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information PRELIMINARY DRAFT

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of certain balance sheet account groups (page 9), revenue over (under) expenditures (page 10), revenue accounts (page 11) and expenditures (pages 12-15) are presented for purposes of additional analysis and are 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 (except for the budget information which 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) 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 information on future major repairs and replacements 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.

Batavia, Illinois
, 2018

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

BALANCE SHEETS

December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017			2016 Total
	Operating Fund	Replacement Fund	Total	
ASSETS				
Cash, including interest-bearing accounts	\$ 39,059	928,031	967,090	993,668
Accounts receivable	10,316		10,316	2,864
Prepaid expenses	17,232		17,232	16,924
Due from replacement fund	247,126		247,126	247,126
TOTAL ASSETS	\$ 313,733	928,031	1,241,764	1,260,582
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenditures	\$ 27,721		27,721	166,021
Assessments received in advance and deposits	5,554		5,554	20,778
Due to operating fund		247,126	247,126	247,126
TOTAL LIABILITIES	33,275	247,126	280,401	433,925
FUND BALANCES				
Available for operations	280,458		280,458	289,495
Available for replacement of common elements		680,905	680,905	537,162
TOTAL FUND BALANCES	280,458	680,905	961,363	826,657
TOTAL LIABILITIES AND FUND BALANCES	\$ 313,733	928,031	1,241,764	1,260,582

See accompanying notes to financial statements.

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

**STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT
2017

	Operating Fund	Replacement Fund	Total	2016 Total
REVENUE				
Unit owner assessments	\$ 472,748	194,519	667,267	660,629
Interest		2,947	2,947	2,106
Other	14,216		14,216	1,223
TOTAL REVENUE	486,964	197,466	684,430	663,958
EXPENDITURES				
General and administrative	94,235		94,235	93,165
Operating	261,817		261,817	283,078
Maintenance and repairs	107,027		107,027	64,020
Insurance	32,922		32,922	30,561
Capital expenditures		53,723	53,723	273,500
TOTAL EXPENDITURES	496,001	53,723	549,724	744,324
REVENUE OVER (UNDER) EXPENDITURES	(9,037)	143,743	134,706	(80,366)
FUND BALANCES AT BEGINNING OF YEAR	289,495	537,162	826,657	907,023
FUND BALANCES AT END OF YEAR	\$ 280,458	680,905	961,363	826,657

See accompanying notes to financial statements.

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

STATEMENTS OF CASH FLOWS

Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017			2016 Total
	Operating Fund	Replacement Fund	Total	
CASH AT BEGINNING OF YEAR	\$ 87,824	905,844	993,668	930,256
CASH FLOWS FROM OPERATING ACTIVITIES				
Unit owner assessments received	451,372	194,519	645,891	660,958
Interest received		2,947	2,947	2,106
Other income received	12,916		12,916	523
Operating expenses paid	(513,053)		(513,053)	(448,231)
Capital expenditures paid		(175,279)	(175,279)	(151,944)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(48,765)	22,187	(26,578)	63,412
NET INCREASE (DECREASE) IN CASH	(48,765)	22,187	(26,578)	63,412
CASH AT END OF YEAR	\$ 39,059	928,031	967,090	993,668
RECONCILIATION OF REVENUE OVER (UNDER) EXPENDITURES TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Revenue over (under) expenditures	\$ (9,037)	143,743	134,706	(80,366)
Effects of all deferrals and accruals on operating receipts and payments:				
Changes in accounts receivable	(7,452)		(7,452)	(410)
Changes in prepaid expenses	(308)		(308)	(564)
Changes in accounts payable and accrued expenditures	(16,744)	(121,556)	(138,300)	144,713
Changes in assessments received in advance and deposits	(15,224)		(15,224)	39
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (48,765)	22,187	(26,578)	63,412

See accompanying notes to financial statements.

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

PRELIMINARY DRAFT

1. Significant accounting policies

The Valley Lo Towers I Condominium Association (the "Association") financial statements and income tax returns are prepared on the accrual basis of accounting, which recognizes revenue when it is earned or due and expenditures when they are incurred.

The Association uses the fund method of accounting which requires that funds such as operating funds and funds restricted for future major repairs and replacements be classified separately for accounting and reporting purposes. Expenses from the operating fund are generally at the discretion of the Board of Directors, while expenditures from the replacement fund are to be made only for their designated purposes.

Cash, including interest-bearing accounts consist of checking accounts and money market accounts. Insurance costs are amortized over the periods covered by the premiums.

Accounts receivable are unit owner obligations due for unpaid assessments and other monthly charges. Payments on receivables that are received after a 10-day grace period are assessed a late fee of \$75. Late fees are recognized as income when billed. Accounts receivable are stated at the amount billed to the unit owner. Unit owner account balances with invoices dated over 30 days old are considered delinquent. Payments of accounts receivable are allocated to the specific charges identified on the unit owner's remittance advice or, if unspecified, are applied to the earliest unpaid balance.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

2. Date of management's review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through , 2018, the date that the financial statements were available to be issued.

3. Association organization and operations

The Association, which was incorporated on October 21, 1992, is an Illinois not-for-profit corporation responsible for the direction and administration of certain property held in trust under a Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-Laws. The Association, which encompasses 118 assessable residential units, is the governing body for all of the unit owners to provide for the maintenance, repair, replacement, administration and operation of the property, except individual units, covered by its Declaration.

The Board of Directors, elected by the unit owners in accordance with the Declaration, is responsible for the Association's management, including establishment of budgets used to determine assessments and other financial matters. Assessments for operation and maintenance of the Association and for future capital replacements and improvements of its common elements are charged to unit owners based upon their percentages of ownership as stated in the Declaration.

The unit owners hold title to their individual units and an undivided interest in the common elements including storage areas, the buildings, improvements and the land on which the buildings are situated. As of December 31, 2017, the buildings were insured for their guaranteed replacement cost. The common elements are not subject to real estate taxes because the real estate tax assessed values of individual units include the common elements.

4. Income taxes

PRELIMINARY DRAFT

Under current federal income tax laws, a homeowners' association may elect each year to file its federal income tax return as a not-for-profit homeowners' association or as a for-profit corporation. For 2016, the Association filed its income tax returns as a not-for-profit homeowners' association with no income tax liability. For 2017, the Association intends to file its income tax returns as a not-for-profit homeowners' association with no income tax liability.

For income tax purposes, as of December 31, 2017, the Association has cumulative net operating losses for state purposes in the amount of \$18,842. The net operating losses begin to expire in 2024.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal and state income tax returns for 2016, 2015 and 2014 remain open to examination by the Internal Revenue Service and by the state. In evaluating the Association's tax provision and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

5. Future major repairs and replacements

The Association's Declaration states that the Board shall maintain an adequate replacement fund for the replacement of the common elements. An independent consulting company conducted a study in January 2014 to estimate the remaining useful lives and the replacement costs of the components of common elements. The estimates were based on 2014 estimated replacement costs.

The study considers an annual inflation rate of two and six-tenths percent and an interest rate of one quarter of one percent on amounts funded for future major repairs and replacements. The Board is funding for future major repairs and replacements over the remaining useful lives of the components based on the study's estimates of 2014 replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$201,245 has been included in the 2018 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for major repairs and replacements of the common element components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available. As of December 31, 2017, the Association had accumulated \$680,905 of equity available in the replacement fund for future major repairs and replacements.

6. Fair value

PRELIMINARY DRAFT

In determining fair value, the Association uses various valuation approaches for fair value measurement within FASB ASC 820. Fair value measurements are determined based on the assumptions that the market participants would use in pricing an asset or liability.

FASB ASC 820 established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the uses of unobservable inputs by requiring that the most observable inputs be used when available. The defined levels within the hierarchy based on the reliability of inputs are as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The Association measures fair value for money markets as classified within Level 1 of the valuation hierarchy. The Association does have a materiality threshold for adjusting to fair value, and believes all cash reflects fair value at December 31, 2017 with no material variance.

PRELIMINARY DRAFT
SUPPLEMENTARY INFORMATION

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION
SCHEDULE OF CERTAIN BALANCE SHEET ACCOUNT GROUPS

December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017 Total	2016 Total
CASH, INCLUDING INTEREST-BEARING ACCOUNTS		
Checking	\$ 39,059	87,824
Money market	928,031	905,844
	\$ 967,090	993,668
 ACCOUNTS RECEIVABLE		
Assessments, and other amounts due from unit owners and tenants	\$ 10,316	2,864
 ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES		
Accounts payable-operating	\$ 23,421	40,165
Accounts payable-replacement		121,556
Accrued expenditures-		
Audit	4,300	4,300
	\$ 27,721	166,021
 ASSESSMENTS RECEIVED IN ADVANCE AND DEPOSITS		
Assessments received in advance	\$ 4,029	17,953
Deposits	1,525	2,825
	\$ 5,554	20,778

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION
SCHEDULE OF REVENUE OVER (UNDER) EXPENDITURES
Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	Operating Fund	Replacement Fund	Total	*Budget	2016 Total
REVENUE					
Unit owner assessments	\$ 472,748	194,519	667,267	667,267	660,629
Interest		2,947	2,947	1,500	2,106
Other	14,216		14,216		1,223
TOTAL REVENUE	486,964	197,466	684,430	668,767	663,958
EXPENDITURES					
General and administrative	94,235		94,235	91,344	93,165
Operating	261,817		261,817	272,851	283,078
Maintenance and repairs	107,027		107,027	77,439	64,020
Insurance	32,922		32,922	31,114	30,561
Capital expenditures		53,723	53,723	164,056	273,500
TOTAL EXPENDITURES	496,001	53,723	549,724	636,804	744,324
REVENUE OVER (UNDER) EXPENDITURES	\$ (9,037)	143,743	134,706	31,963	(80,366)

*Unaudited

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

SCHEDULE OF REVENUE ACCOUNTS

Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017		2016
REVENUE	*Budget	Actual	Actual
Unit owner assessments	\$ 667,267	667,267	660,629
Interest	1,500	2,947	2,106
Other			
Late fees and NSF fees		450	75
Fines and fees		425	300
Keys and transmitters		165	375
Repairs charged to owners/tenant		8,688	323
Move in and move out income			150
Real estate tax appeal		4,012	
Miscellaneous		476	
		14,216	1,223
TOTAL REVENUE	\$ 668,767	684,430	663,958

*Unaudited

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

SCHEDULE OF EXPENDITURES

Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017		2016
	*Budget	Actual	Actual
GENERAL AND ADMINISTRATIVE			
Management	\$ 33,346	33,346	32,375
Recreation facility	33,108	33,108	33,108
Telephone and internet	6,750	8,242	8,215
Engineering	5,000		
Audit	4,460	4,300	4,800
Legal	2,500	4,916	4,243
Printing and copier	2,000	1,968	2,164
Management fee special project	1,180		1,255
Postage and delivery	800	1,459	1,923
Board expense	750	605	660
Fees and permits	500		295
Signs and directory	300	3,588	
Miscellaneous	300	2,286	1,377
Website	300		300
Office supplies	50		37
Project supervision			1,823
Bank fees		45	34
Dues and subscriptions		300	
Parties and special events		72	299
Consulting			257
Total general and administrative	91,344	94,235	93,165

*Unaudited

Continued...

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

SCHEDULE OF EXPENDITURES

Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017		2016
	*Budget	Actual	Actual
...Continued			
OPERATING			
Maintenance	\$ 53,216	54,679	49,340
Part-time maintenance	6,090	11,241	11,252
Total wages	59,306	65,920	60,592
Benefits	12,900	11,720	12,986
Payroll taxes	6,101	6,315	5,948
Total wages, benefits and payroll taxes	78,307	83,955	79,526
Electricity	60,000	52,506	59,426
Water and sewer	36,000	32,421	30,848
Landscaping	29,792	28,980	28,000
Gas	25,000	19,997	20,520
Snow removal	15,000	9,312	11,157
Scavenger	10,107	10,297	9,856
Heating, ventilating and air conditioning	10,085	11,553	10,085
Elevator	4,375	9,416	20,098
Elevator fees and permit	1,345	675	525
Exterminating	1,310	1,062	1,201
Window washing	1,092	1,292	1,092
Cable television	438	351	417
Mailboxes			5,661
Security			4,666
Total operating	272,851	261,817	283,078

*Unaudited

Continued...

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

SCHEDULE OF EXPENDITURES

Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017		2016
	*Budget	Actual	Actual
...Continued			
MAINTENANCE AND REPAIRS			
Fire and safety	\$ 25,052	28,141	31,120
Landscaping extras	10,000	6,296	5,469
Electrical	7,120		
Repair material	7,000	9,220	4,951
Plumbing contract extras	5,000	4,274	10,011
Summer annuals	4,600	4,960	2,400
Emerald ash borer	4,207	4,230	2,244
HVAC supplies and repairs	4,000	545	1,304
Tree maintenance and pruning	2,160	14,762	
Parking/garage	2,000	2,928	1,543
Janitorial supplies	1,000	1,019	409
Lighting	1,000	7,301	646
Carpet and tile cleaning	1,000	2,592	
Miscellaneous	1,000		
Roofs	1,000		417
Doors and windows	500	11	244
Hospitality room	500		
Diplodia tip blight/fungicide	300		268
Dryer vent cleaning		8,575	
Sealcoating		5,700	
Tree ring repair			1,964
Interior painting and decorating		4,405	550
Unit owner reimbursements		545	273
Exterior maintenance		1,299	
Pool and fitness			85
Insect and disease control		224	122
Total maintenance and repairs	77,439	107,027	64,020
INSURANCE	31,114	32,922	30,561

*Unaudited

Continued...

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION

SCHEDULE OF EXPENDITURES

Year ended December 31, 2017 with comparative totals for 2016

PRELIMINARY DRAFT

	2017		2016
	*Budget	Actual	Actual
...Continued			
CAPITAL EXPENDITURES			
Elevators	\$ 121,556	53,723	273,500
Parking/garage improvements	38,000		
Driveways	4,500		
Total capital expenditures	164,056	53,723	273,500
TOTAL EXPENDITURES	\$ 636,804	549,724	744,324

***Unaudited**

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2017

(UNAUDITED)

PRELIMINARY DRAFT

An independent consulting company conducted a study in January 2014 to estimate the remaining useful lives and the replacement costs of the components of common elements. The estimates were based on 2014 replacement costs. Funding requirements consider an annual inflation rate of two and six-tenths percent and an interest rate of one quarter of one percent on amounts funded for future major repairs and replacements.

The following table is based on the study and presents significant information about the components of common elements.

Components	2014 Estimated remaining useful lives	2014 Estimated replacement cost	2018 Funding requirement	Components of fund balance at Dec. 31, 2017
Building services elements	1-30 yrs	\$ 2,280,282		
Exterior building elements	1-29 yrs	1,945,494		
Interior building elements	1-30 yrs	1,612,699		
Property site elements	0-30 yrs	646,149		
Garage elements	2-27 yrs	332,850		
		<u>\$ 6,817,474</u>	<u>\$201,245</u>	<u>\$680,905</u>

Prepared by _____

Valley Lo Towers I
Adjusting Journal Entries - December 31, 2017

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Page 1

Reviewed by _____

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Reference	Type	Date Account Number	Description	Debit	Credit
1	Adjusting	12/31/17			
		1440	A/R-other		1,733.99
		1490	Allowance for doubtful accc	20,000.00	
		1505	Prepaid expense	4,884.39	
		1510	Prepaid insurance	6,756.74	
		2010	Accounts payable		14,972.25
		2200	Security deposits		25.00
		2220	Moving deposits	4,500.00	
		2230.01	Accrued audit fees		4,300.00
		2240	Key card deposits	2,197.00	
		2280	Amount to be refunded	2,820.00	
		2300.01	Accounts payable replacem		121,556.17
		3110	Retained earnings-reserve	390,869.74	
		3100	Retained earnings		289,440.46
			Reconcile equity		
2	Adjusting	12/31/17			
		3100	Retained earnings		775.46
		5795	Miscellaneous	775.46	
			Adjust for 1/1/17 balance different from 12/31/16 balance in account 2015 prepaid assessments operating		
3	Adjusting	12/31/17			
		5795	Miscellaneous		150.00
		5110	Electricity		9,659.59
		5120	Gas		1,053.16
		5415	Elevator		4,109.50
		2010	Accounts payable	14,972.25	
		8460	Elevators		121,556.17
		2300.01	Accounts payable replacem	121,556.17	
			Reverse 2016 accounts payable		
4	Adjusting	12/31/17			
		1505	Prepaid expense	230.00	
		5420	Fire and safety		230.00
		1510	Prepaid insurance	78.00	
		5710	Insurance premiums		78.00

Prepared by _____

Reviewed by _____

Valley Lo Towers I
Adjusting Journal Entries - December 31, 2017

VALLEYLO
Page 2
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Reference	Type	Date Account Number	Description	Debit	Credit
Adjust prepaid expenses					
5	Adjusting	12/31/17			
		5110	Electricity	7,724.00	
		5120	Gas	2,176.45	
		5130	Water and sewer	7,743.82	
		2010	Accounts payable		17,644.27
Record accounts payable					
6	Adjusting	12/31/17			
		1511.01	Due to/due from capital fun	247,126.00	
		1610.01	Due to/due from operating f		247,126.00
Adjust due to/from funds					
		TOTAL		834,410.02	834,410.02

VALLEY LO TOWERS I CONDOMINIUM ASSOCIATION
Glenview, Illinois

Nyborg & Company, Ltd.
236 Webster Street
Batavia, Illinois 60510

_____, 2018

This representation letter is provided in connection with your audits of the financial statements of Valley Lo Towers I Condominium Association, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of revenue, expenditures and changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of _____, 2018, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 20, 2017, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been properly disclosed in accordance with U.S. GAAP.

- **Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.**
- **Transfers or designations of fund balance or interfund borrowings have been properly authorized and approved and have been properly recorded or disclosed in accordance with U.S. GAAP.**

Information Provided

- **We have provided you with:**
 - ◆ **Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.**
 - ◆ **Completeness and availability of all minutes of the meetings of directors, and committees of directors, or summaries of actions of recent meetings for which minutes were not yet prepared.**
 - ◆ **Additional information that you have requested from us for the purpose of the audit.**
 - ◆ **Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.**
- **All material transactions have been recorded in the accounting records and are reflected in the financial statements.**
- **We have no knowledge of any fraud or suspected fraud that affects the Association and involves:**
 - ◆ **Management**
 - ◆ **Employees who have significant roles in internal control, or**
 - ◆ **Others where the fraud could have a material effect on the financial statements.**
- **We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, regulators, or others.**
- **We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.**
- **We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.**
- **We have disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which we are aware.**
- **The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.**
- **We acknowledge our responsibilities for presenting the required supplementary information (RSI) in accordance with U.S. GAAP. The RSI is measured and presented within prescribed guidelines, and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.**

- **We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.**
- **The Board of Directors is collecting funds for future major repairs and replacements in conformity with Valley Lo Towers I Condominium Association's policy to fund for those needs based on a study conducted in January 2014. The Board of Directors believes the funds will adequately provide for future major repairs and replacements.**
- **We understand that the Board of Directors is responsible for the Association's choice of filing Form 1120-H and the consequences thereof. The Association's allocation of expenses against exempt and nonexempt function income conforms with IRS rules, which require that the allocation be made "on a reasonable basis." We have adequately documented such allocation.**
- **We acknowledge our responsibility for the adjusting journal entries. We are in agreement with the adjusting journal entries you have prepared, and they have been posted to the Association accounts.**
- **The Association has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.**
- **We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.**
- **Receivables recorded in the financial statements represent valid claims against debtors for assessments or other charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.**

President

Treasurer

Managing Agent

Date