



October 13th, 2014

Dear Homeowner:

We are pleased to present you our Association's proposed budget for 2015. Homeowners are provided at least thirty days to review the budget and submit any questions or comments before the Board ratifies the budget. Please direct your written communication regarding this subject to our Property Manager, Ms. Sara Rudnik. We expect to approve this budget at the November 13th Board meeting.

The Board is doing its very best to keep assessments as low as possible, while at the same time addressing our Association's most critical building concerns. Accordingly, a 2% assessment fee increase is proposed for next year. This is very close to the U.S Economy's year-to-date Core Inflation Rate and Consumer Price Index.

Our current Board believes that if necessary building projects are appropriately negotiated, prioritized, coordinated and funded, no such special assessment should be required -- now or in the foreseeable future.

We are currently contributing close to one million dollars per year in excess operating revenue to our reserve account. These excess funds are the result of past assessment fee increases as well as savings realized due to efficient management practices and aggressive contract negotiation.

In 2015, we will begin installation of the hallway soffit to conceal the newly installed conduit for the hard-wired speakers and smoke detectors. These components were a necessary improvement per the City of Chicago's Life Safety upgrades required in high rise buildings without fire sprinklers.

In addition to the hallway soffit installation, the following reserve projects are expected for 2015:

- Hydraulic elevator cylinder replacement
- Installation of dog run/ pet area
- North BBQ Deck updates to furniture and design
- Furnishings of the Chestnut Room
- Building enclosure around basement-garbage compactor

We believe that the actions we're undertaking at this time will enhance our building's status, value and appearance. By employing sound fiscal management to direct necessary building improvements, we intend to secure your investment as a premier Gold Coast residence.

Sincerely,

111 East Chestnut Condominium Association Board of Directors

111 EAST CHESTNUT CONDOMINIUM ASSOCIATION

2015 BUDGET DRAFT

Fiscal Year: 2015 (January 1 through December 31)

BUILDING INCOME	Account Description	2014	2014	2015	Variance	
		ANNUAL BUDGET	ESTIMATED ACTUAL		BUDGET	\$
	3000 Assessment Income	3,307,162	3,307,164	3,373,305	66,143	2.0%
	TOTAL ASSESSMENTS	3,307,162	3,307,164	3,373,305	66,143	2.0%
	3480 Cable	200,000	200,160	214,000	14,000	7%
	3490 Internet	97,000	95,304	102,000	5,000	5%
	3500 Labor Charges	15,000	15,000	15,000	0	0%
	3580 Bicycle Room Rental	3,000	6,000	6,000	3,000	100%
	3600 Locks & Keys	10,000	6,150	7,200	(2,800)	-28%
	3610 Lock Out Fees	5,000	4,440	5,000	0	0%
	3690 Pet Fees	3,800	6,000	6,000	2,200	58%
	TOTAL UNIT CHARGES	333,800	333,054	355,200	21,400	6%
	3700 Operating Interest Income	0	54	75	75	0%
	3750 Hospitality Room Fees	8,000	8,000	8,000	0	0%
	3830 Late Charges	11,000	15,000	14,000	3,000	27%
	3860 Violation/Fines Income	500	10,500	500	0	0%
	3910 Transfer Fees	9,000	9,000	9,000	0	0%
	3930 Move In/Move Out	36,300	23,000	23,000	(13,300)	-37%
	3950 Legal Chargeback	25,000	13,356	20,000	(5,000)	-20%
	3960 CAM Recovery	43,038	41,003	43,500	462	1%
	3970 Antenna Rent	33,488	33,488	34,156	668	2%
	3980 Rubbish Rebate	11,100	11,724	11,100	0	0%
	3990 Miscellaneous Income	0	788	1,000	1,000	
	TOTAL OTHER REVENUE	177,426	165,913	164,331	(13,095)	-7%
	TOTAL INCOME	3,818,388	3,806,131	3,892,836	74,448	2%

BUILDING EXPENSES

PAYROLL EXPENSES

Account Description	2014	2014	2015	Variance	
				\$	%
4020 Management Staff	130,161	\$125,060	131,000	839	1%
4050 Engineer	71,819	\$72,962	73,511	1,692	2%
4070 Janitors	409,028	407,038	467,488	58,460	14%
4100 Doormen's Salaries	276,846	273,232	281,817	4,971	2%
4400 Payroll Tax	0	0	0	0	
4410 FICA Expense	67,921	67,140	72,967	5,046	7%
4420 Federal Unemployment Tax	966	813	1,008	42	4%
4430 State Unemployment Tax	26,555	8,884	8,249	(18,306)	-69%
4440 Head Tax	48	41	0	(48)	-100%
4500 Employee Apartment	12,368	12,300	12,728	360	3%
4600 Health Insurance (Non-Union Employees)	14,520	22,028	24,240	9,720	67%
4620 Union Benefits- Janitors	121,607	125,795	123,780	2,173	2%
4630 Union Benefits- Doormen	18,936	213,000	56,669	37,733	199%
4710 Workers' Compensation	38,500	35,366	38,862	362	1%
4800 Uniform Cleaning	10,500	9,130	10,200	(300)	-3%
4810 Uniform Purchases	2,500	3,000	2,500	0	0%
TOTAL PAYROLL	1,202,275	1,375,789	1,305,020	102,745	9%

UTILITIES Account Description	2014	2014	2015 BUDGET	x Variance	
	ANNUAL BUDGET	ESTIMATED ACTUAL		\$	%
5000 Electricity	160,840	143,981	165,581	4,741	3%
5100 Gas	165,909	127,801	145,834	(20,075)	-12%
5200 Water	137,500	125,054	148,980	11,480	8%
TOTAL UTILITIES	464,249	396,836	460,395	(3,854)	-1%

BUILDING SERVICES

Account Description	2014	2014	2015	x	
	BUDGET	ESTIMATED ACTUAL	BUDGET	\$	%
6000 Cable/ Internet Contract	301,368	325,803	342,744	41,376	14%
6010 Elevator Maintenance Contract	30,000	30,190	33,000	3,000	10%
6020 Exterminating	12,000	6,000	11,000	(1,000)	-8%
6040 Scavenger	19,240	13,200	15,000	(4,240)	-22%
6060 Compactor/ Chute	8,000	7,070	6,660	(1,340)	-17%
6200 Pagers / Radio	1,500	1,000	1,500	0	0%
6210 Security System	6,000	6,000	22,000	16,000	267%
6250 Fire Protection	10,000	10,000	8,000	(2,000)	-20%
6300 Metal Maintenance	5,916	5,862	7,600	1,684	28%
6320 Window Washing	8,000	11,600	18,270	10,270	128%
6360 Landscaping	10,000	9,500	10,000	0	0%
6375 Stone Maintenance	11,688	11,600	10,920	(768)	-7%
6380 Snow Removal	1,000	2,000	1,500	500	50%
6400 Loading Dock Maintenance	3,000	2,500	23,000	20,000	667%
TOTAL BUILDING SERVICES	427,712	442,325	511,194	83,482	20%

REPAIRS AND MAINTENANCE

Account Description	2014	2014	2015	x	
	BUDGET	ESTIMATED ACTUAL	BUDGET	\$	%
6520 Equipment Repairs	8,000	1,500	2,500	(5,500)	-69%
6540 General Building Repairs	30,000	30,000	30,000	0	0%
6570 Cleaning Supplies	13,000	12,000	12,000	(1,000)	-8%
6580 Maintenance Supplies	32,000	60,000	40,000	8,000	25%
6620 Infrared Testing	0	1,400	1,400	1,400	0%
6630 Lamps and Bulbs	15,000	8,514	20,000	5,000	33%
6650 Plumbing Repairs	25,000	20,000	20,000	(5,000)	-20%
6660 Rodding	0	0	8,000	8,000	0%
6680 Elevator Repair/Non-contract	18,000	12,000	14,000	(4,000)	-22%
6700 Paint/Decorate	0	0	8,000	8,000	0%
6840 Glass/ Windows	5,000	4,000	5,000	0	0%
6860 CAM repair/ mtn	6,000	0	12,000	6,000	100%
6940 Roof Repairs	4,000	3,000	4,000	0	0%
6950 Plumbing/ Sewer Drain Repairs	8,000	5,800	6,000	(2,000)	-25%
6985 Misc Operating/ Special Projects	0	0	15,000	15,000	0%
7000 HVAC Contract	9,212	914	9,754	542	6%
7010 HVAC Repairs	30,000	20,000	30,000	0	0%
7360 Pool Repair & Maintenance	4,500	7,600	4,800	300	7%
7480 Health Club	6,000	6,000	11,100	5,100	85%
7885 Revenue Share	3,348	3,348	3,420	72	0%
TOTAL REPAIRS & MAINT.	213,712	196,076	256,974	43,262	20%

	2014 ANNUAL BUDGET	2014 ESTIMATED ACTUAL	2015 BUDGET	x Variance	
				\$	%
GENERAL & ADMINISTRATIVE					
8000 Management Fee	67,311	67,311	70,678	3,367	5%
8070 Temporary Help	5,000	6,000	5,000	0	0%
8120 Office Equip Repairs	2,000	1,500	2,000	0	0%
8150 Bank Charges	3,000	3,922	3,900	900	30%
8200 Misc. Administrative Expense	4,000	9,000	5,000	1,000	25%
8210 Office Equipment	3,500	3,500	15,400	11,900	340%
8220 Office Supplies	4,500	3,500	4,000	(500)	-11%
8230 Copier & Printing Expense	4,000	4,000	4,000	0	0%
8240 Postage & Delivery	6,500	7,300	7,500	1,000	15%
8280 Bad Debt	30,000	0	0	(30,000)	-100%
8300 Audit Fees	7,500	6,374	6,700	(800)	-11%
8320 Legal Fees-Association	20,000	65,000	20,000	0	0%
8330 Legal Fees - Units	25,000	20,000	22,000	(3,000)	-12%
8335 Legal Fees - BC	0	0	10,000	10,000	0%
8380 Consulting Fees	4,000	3,500	4,000	0	0%
8400 Inspection Fees & Permits	16,000	12,000	12,000	(4,000)	-25%
8420 Telephone	11,000	10,500	11,500	500	5%
8500 Activities	500	600	2,500	2,000	400%
8570 Membership Fees	1,300	1,275	1,300	0	0%
8720 Insurance Deductible	0	10,000	10,000	10,000	0%
8700 Insurance	122,367	125,236	126,585	4,218	3%
TOTAL GENERAL & ADMINISTRATIVE	337,478	360,518	344,063	6,585	2%
TOTAL OPERATING EXPENSES	2,645,426	2,771,544	2,877,645	232,219	9%
NET OPERATING INCOME / (LOSS)					
BEFORE RESERVES	1,172,962	1,034,587	1,015,191	(157,771)	-13%
8980 Reserve Funding	1,190,818	1,190,818	1,000,000	(190,818)	-16%
TOTAL EXTRAORDINARY	1,190,818	1,190,818	1,000,000	(190,818)	-16%
NET INCOME / (LOSS)	(17,856)	(156,231)	15,191	33,047	-185%

RESERVE FUNDING Account Description	2014 ANNUAL BUDGET	2014 ESTIMATED ACTUAL	2015 BUDGET	Variance	
				\$	%
9000 Funding of Reserves	1,190,818	1,190,818	1,000,000	(190,818)	-16%
9020 Reserve Interest Income	2,500	700	1,000	(1,500)	
TOTAL RESERVE INCOME	1,193,318	1,191,518	1,001,000	(192,318)	-16%
RESERVE EXPENSES					
9110 Loan Interest	0	44,500	31,141	31,141	
9150 Bank Fees	0	0	0	0	
9200 Elevator	0	0	25,000	25,000	
9225 Hallway	0	0	400,000	400,000	
9245 Dog Run	0	0	25,000	25,000	
9255 Concrete Repairs	0	0	35,000	35,000	
9280 North Deck Renovation	0	0	25,000	25,000	
9620 Hospitality Room	0	0	12,000	25,000	
9650 Compactor Enclosure	0	0	20,000	20,000	
TOTAL RESERVE EXPENSES	1,151,400	1,615,523	813,897	(337,503)	-29%
RESERVE INCREASE / (DECREASE)	41,918	(424,005)	187,103	145,185	346%