



AMERICAN TOWERS
COMMUNITY

July 20, 2016

Dear Fellow Owners:

Enclosed is your copy of the Audit Report for the Redecorating Project. All of our financial reports are audited each and every year, and have been since the inception of American Towers. All of the annual Audit reports since 2009 are presently posted on our website americantowers.org. This special "Redecorating Project" audit report covers the two year scope of the project with "audit" procedures applied by independent outside auditors. It is provided to you in addition to our annual audit reports because the lengthy project spanned two fiscal years and because it was specifically requested by the petition of a number of Owners.

The project is now effectively complete at a cost of \$1,973,093.47 which was funded by means of the \$1,100,000 Special Assessment and \$873,093.47 from the Residential Reserve Fund. The Residential Reserve Fund currently has a remaining balance of \$373,866 as of June 30, 2016.

The only remaining portion of the originally proposed project is the canopy/marquee and facade on Third South over the South Tower entrance. This portion will remain on hold until the Committee and Board can find a concept and contractor able to produce an efficient and acceptable design at reasonable cost.

The originally proposed project did not include the full remodel and facade of the garage elevator lobbies, the rooftop grills or the tile mosaic beside the swimming pool. The mosaic was proposed by the Building Committee. The design and art was instantly and unanimously accepted by the Board as an excellent and wonderful addition to the Project. This together with the natural onyx stone art in the South Lobby will make American Towers truly an art destination.

The Board of Trustees wishes to bring to your attention the cost of re-carpeting the second floor hallway in the amount of \$25,876.80 including labor. The previous Board of Trustees had prematurely announced, based upon implicit representations, that the replacement carpet would be provided at no charge. This turned out later to not be the case when the order was placed with the manufacturer. The Board decided to proceed with the carpet replacement despite cost (though at a discount) due to the extreme displeasure of a large majority of the Community towards the pattern and product that was installed.

This Redecorating Project was the most significant and important remodel ever undertaken at American Towers since its construction over 33 years ago. It was difficult, time consuming and required an enormous amount of time, effort and sacrifice by the previous Board of Trustees and its President, Bret Marshall. We sincerely appreciate their efforts and are thrilled with the outcome, design and renewal of our Common Areas. We, and they, sincerely appreciate your patience and cooperation during the extended construction and numerous delays. We believe this final product was well worth the wait.

Sincerely,

Board of Trustees

48 WEST BROADWAY
NORTH LOBBY
SALT LAKE CITY, UTAH 84101
TEL: 532-6259 FAX: 532-6299

AMERICAN TOWERS OWNERS ASSOCIATION

**SCHEDULE OF REMODEL
AND REDECORATING PROJECT EXPENSES**

For the period beginning May 1, 2014 and ending April 30, 2016

together with

INDEPENDENT AUDITOR'S REPORT

AMERICAN TOWERS OWNERS ASSOCIATION

Table of Contents

Independent Auditor's Report	1
Audited Schedule of Remodel and Redecorating Project Expenses:	
Schedule of Remodel and Redecorating Project Expenses.....	3
Notes to the Schedule of Remodel and Redecorating Project Expenses	4

INDEPENDENT AUDITOR'S REPORT



To Management and the Board of Directors
American Towers Owners Association

We have audited the accompanying schedule of remodel and redecorating project expenses of American Towers Owner's Association for the period beginning May 1, 2014 and ending April 30, 2016.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair representation of the schedule 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 the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule 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 schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities preparation and fair presentation of the schedules 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 schedule.

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 schedule of remodel and redecorating project expenses referred to above presents fairly, in all material respects, the remodel and redecorating project expenses of American Towers Owner's Association for the period beginning May 1, 2014 and ending April 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Adam E. L. & Bowman LLC". The signature is written in a cursive style.

HUBER, ERICKSON & BOWMAN, LLC

Salt Lake City, UT 84101

July 8, 2016

American Towers Owners Association
Schedule of Remodel and Redecorating Project Expenses
Period Beginning May 1, 2014 and ending April 30, 2016

<u>Payee</u>	<u>Check Date</u>	<u>Amount</u>	<u>A</u>	<u>B</u>	<u>C</u>
(ambdesig) AMB Design	6/3/2014	\$ 2,234.58	x	x	x
(ambdesig) AMB Design	8/12/2014	1,849.09	x	x	x
(adamjo) Joe Adams	8/21/2014	500.00	x	x	x
(adamjo) Joe Adams	9/15/2014	500.00	x	x	x
(ambdesig) AMB Design	9/30/2014	15,000.00	x	x	x
(ambdesig) AMB Design	10/28/2014	23,457.87	x	x	x
(adamjo) Joe Adams	11/7/2014	500.00	x	x	x
(prescott) Prescott Muir Architects	11/18/2014	1,048.65	x	x	x
(adamjo) Joe Adams	12/27/2014	500.00	x	x	x
(fine) Fine Remodel LLC	1/27/2015	453,334.28	x	x	x
(prince) Prince Hansen Gray	2/28/2015	425.00	x	x	x
(prescott) Prescott Muir Architects	4/23/2015	951.35	x	x	x
(fine) Fine Remodel LLC	4/30/2015	409,278.85	x	x	x
(fine) Fine Remodel LLC	5/28/2015	69,517.40	x	x	x
(fine) Fine Remodel LLC	5/28/2015	21,569.00	x	x	x
(fine) Fine Remodel LLC	6/17/2015	6,458.00	x	x	x
(bengt) Bengt Erlandsson Interior Design	7/8/2015	45,730.82	x	x	x
(bengt) Bengt Erlandsson Interior Design	7/8/2015	45,730.82	x	x	x
(stanfiel) Stanfield Shutter	7/10/2015	1,650.00	x	x	x
(bengt) Bengt Erlandsson Interior Design	7/14/2015	1,395.00	x	x	x
(fine) Fine Remodel LLC	8/1/2015	322,291.35	x	x	x
(Artiac) Artiac LLC	9/23/2015	5,499.40	x	x	x
(fine) Fine Remodel LLC	10/15/2015	308,572.34	x	x	x
(bengt) Bengt Erlandsson Interior Design	10/26/2015	2,653.77	x	x	x
(Artiac) Artiac LLC	10/29/2015	6,214.90	x	x	x
(fine) Fine Remodel LLC	11/30/2015	50,534.58	x	x	x
(citygla) City Glass & Constr. Serv.	12/21/2015	204.00	x	x	x
(citygla) City Glass & Constr. Serv.	12/21/2015	1,608.00	x	x	x
(citygla) City Glass & Constr. Serv.	12/21/2015	937.00	x	x	x
(fine) Fine Remodel LLC	1/6/2016	140,119.95	x	x	x
(zionsv) Zions Bank	4/14/2016	558.00	x	x	x
(zionsv) Zions Bank	4/14/2016	557.14	x	x	x
(lemco) Lemco Flooring Designs, Inc.	5/31/2016	33,946.91	x	x	x
Total Expenses		<u>\$ 1,973,093.47</u>			

Testing Criteria

A- Traced amount to invoice, noting that total, date, and payee match without exception.

B-Traced amount to a copy of the cancelled check or other proof of payment, noting that amount was paid to the company listed on the invoice.

C- Reviewed expenditure, noting that expense was related to and relevant for the special remodel and redecorating project

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies implemented by the association that have a direct effect on the remodel and redecorating project are as follows:

1. Business Activity

The American Towers Owners Association (the Association) was organized as a not-for-profit corporation for purposes of maintaining and preserving common property of the American Towers condominium. The American Towers condominium consists of 357 residential units and three commercial units located in downtown Salt Lake City, Utah. The Association began operations in July 1982. Its primary source of revenue is assessments to each of the unit's owners.

2. Fund Accounting

The Association's governing documents provide certain guidelines for conducting 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 purpose:

- a) *Operating Fund* – used to account for financial resources available for the general operations of the Association.
- b) *Residential Fund* – used to accumulate financial resources designated for future major repairs and replacements of residential property.
- c) *Common Fund* – used to accumulate financial resources designated for future major repairs and replacements of common property.

3. Special Assessments

In addition to the basic assessments, the Association may levy special assessments at any time upon the affirmative vote of at least 60 percent of total votes of Association members. These assessments may be used for construction, reconstruction, unexpected repairs, or for any other expense incurred relating to the Association.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

4. Project Expense Recognition

Expenses are recognized when incurred.

NOTE B – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank and investment accounts and generally are not available for expenditures for normal operations.

In August 2014, the board approved an expenditure of \$650,000 to pay for the remodeling and redecorating of the units and common areas of the association. The balance was paid out of the associations reserve fund.

NOTE C – SPECIAL ASSESSMENT

On December 10, 2014, the Association's Board of Trustees approved a special assessment to help finance the remodel and redecoration project. The total project was estimated to cost \$1,750,000. Of this amount, \$650,000 was to be used out of reserves and \$1,100,000 was to be raised from passing the special assessment. According to the Association's governing documents, all members were issued ballots and a 60% affirmative vote was required for the project to be approved. The special assessment was approved by a 64% affirmative vote on January 15, 2015.

NOTE D – SIGNIFICANT CONTRACTOR

Upon passage of the special assessment, the Association accepted a bid from a local contractor totaling approximately \$1,500,000, not including change orders, for the remodel and redecoration project. For the period beginning May 1, 2014 and ending April 30, 2016, total project expenses paid to this contractor totaled \$1,781,676, including change orders.

NOTE E – SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events through June 22, 2016 which is the date this schedule was available to be issued. There were no subsequent events noted pertaining to the remodel and redecorating project.