



Picker & Associates, LLC

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CPA's and Consultants

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July 17, 2014

Mr. Timothy Patricio
Park Tower Condominium Association
5415 N Sheridan Road, Management Office
Chicago, Illinois 60640

Dear Tim:

Enclosed please find thirteen bound copies and one unbound copy of Park Tower Condominium Association's audited financial statements for the years ended February 28, 2014 and February 28, 2013. I've also emailed you an electronic copy. The unbound copy may be used for reproduction purposes.

I would like to thank you and Mavis for all your assistance in helping me complete this year's audit. It was a pleasure working with you and the Association and I look forward to next year's audit!

Sincerely,

A handwritten signature in black ink, appearing to read 'Ryan P. Girmscheid'.

Ryan P. Girmscheid, CPA, MSA

Enclosures

Park Tower Condominium
Association
Financial Statements
For the Years Ended
February 28, 2014 and February 28, 2013

PARK TOWER CONDOMINIUM ASSOCIATION

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Independent Auditor's Report

To the Board of Directors of
Park Tower Condominium Association
Chicago, Illinois

We have audited the accompanying financial statements of Park Tower Condominium Association, which comprise the balance sheets as of February 28, 2014 and February 28, 2013, and the related statements of revenue, expenses and changes in fund balances and cash flows for the years 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 audits. We conducted our audits 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 Park Tower Condominium Association as of February 28, 2014 and February 28, 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Parker & Associates

Buffalo Grove, Illinois
May 20, 2014

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets
February 28, 2014 and February 28, 2013

	2014			2013
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	342,702	\$1,187,947	\$1,530,649	877,114
Certificates of deposit	25,842	558,193	584,035	390,680
Assessments receivable, less allowance of \$192,899 in 2014 and \$141,000 in 2013	139,347		139,347	177,405
Other receivable	7,995		7,995	5,486
Scavenger rebate receivable	11,991		11,991	59,332
Interest receivable	68	213	281	4,611
Prepaid expense	30,605		30,605	44,170
Security deposit	5,000		5,000	5,000
Interfund receivable	46,351		46,351	26,147
Total current assets	<u>609,901</u>	<u>1,746,353</u>	<u>2,356,254</u>	<u>1,589,945</u>
Property				
Units owned	436,400		436,400	436,400
Accumulated depreciation	(209,243)		(209,243)	(197,829)
Net property	<u>227,157</u>		<u>227,157</u>	<u>238,571</u>
Scavenger rebate receivable - noncurrent portion	<u>110,846</u>		<u>110,846</u>	<u>107,590</u>
Total assets	<u>\$ 947,904</u>	<u>\$1,746,353</u>	<u>\$2,694,257</u>	<u>\$1,936,106</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd
February 28, 2014 and February 28, 2013

	2014		2013
	Operating Fund	Reserve Fund	Total
<u>Liabilities and Fund Balances</u>			
Current liabilities			
Accounts payable	\$ 238,026	\$ 110,079	\$ 348,105
Accrued interest		466	466
Accrued payroll	42,840		42,840
Prepaid assessments	147,735		147,735
Prepaid health club memberships	43,000		43,000
Security deposits	48,975		48,975
Note payable - current maturities		171,201	171,201
Interfund payable		46,351	46,351
Total current liabilities	<u>520,576</u>	<u>328,097</u>	<u>848,673</u>
Note payable - net of current maturities		<u>103,864</u>	<u>103,864</u>
Total Liabilities	<u>520,576</u>	<u>431,961</u>	<u>952,537</u>
Fund balances	<u>427,328</u>	<u>1,314,392</u>	<u>1,741,720</u>
Total liabilities and fund balances	<u>\$ 947,904</u>	<u>\$1,746,353</u>	<u>\$2,694,257</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Revenue, Expenses and Changes in Fund Balances
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013
	Operating Fund	Reserve Fund	Total
Revenue			
Assessments	\$2,975,963	\$1,307,700	\$4,283,663
Vendor rebate income		99,439	99,439
Garage revenue	732,245		732,245
Interest income	1,119	6,078	7,197
Other revenue	782,509		782,509
Total revenue	<u>4,491,836</u>	<u>1,413,217</u>	<u>5,905,053</u>
Expenses			
Administrative	488,874		488,874
Payroll	1,480,690		1,480,690
Utilities	1,156,162		1,156,162
Building Services	103,719		103,719
Maintenance	326,674		326,674
Repairs	334,770		334,770
Recreational services	218,733		218,733
Garage	442,428		442,428
Interest		18,048	18,048
Major repairs and replacements		610,014	610,014
Total expenses	<u>4,552,050</u>	<u>628,062</u>	<u>5,180,112</u>
Excess (deficit) of revenue over expenses	(60,214)	785,155	724,941
Fund balances, beginning of year	<u>487,542</u>	<u>529,237</u>	<u>1,016,779</u>
Fund balances, end of year	<u>\$ 427,328</u>	<u>\$1,314,392</u>	<u>\$1,741,720</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013	
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities:				
Excess (deficit) of revenue over	\$ (60,214)	\$ 785,155	\$ 724,941	\$ 176,805
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by operating activities				
Bad debts	51,899		51,899	62,802
Depreciation	11,414		11,414	11,414
(Increase) decrease in assets:				
Assessments receivable	(13,841)		(13,841)	(32,265)
Other receivables	(2,509)		(2,509)	9,178
Scavenger rebate receivable	44,085		44,085	(28,952)
Interest receivable	111	4,219	4,330	(764)
Prepaid expenses	13,565		13,565	28,413
Security deposits				(5,000)
Increase (decrease) in liabilities:				
Accounts payable	39,375	84,079	123,454	(143,302)
Accrued interest		(1,803)	(1,803)	1,626
Accrued payroll	394		394	1,188
Prepaid assessments	78,819		78,819	(35,976)
Prepaid health club membership	(7,000)		(7,000)	5,000
Security deposits	(4,715)		(4,715)	(6,847)
Net cash provided by operating activities	<u>151,383</u>	<u>871,650</u>	<u>1,023,033</u>	<u>43,320</u>
Cash flows from investing activities				
Net certificate of deposit activity	<u>(269)</u>	<u>(193,086)</u>	<u>(193,355)</u>	<u>217,505</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013
	Operating Fund	Reserve Fund	Total
Cash flows from financing activities			
Proceeds from bank note payable			
Payments on note payable		(176,143)	(176,143)
Net interfund transfers	(72,498)	72,498	
Net cash used in financing activities	(72,498)	(103,645)	(176,143)
Net increase (decrease) in cash	78,616	574,919	653,535
Cash, beginning of year	264,086	613,028	877,114
Cash, end of year	\$ 342,702	\$1,187,947	\$1,530,649
<u>Supplementary disclosure of cash flow information:</u>			
Cash paid for interest	\$ -	19,851	\$ 19,851

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 1 - Nature of activities

The Park Tower Condominium Association was incorporated on April 3, 1979 and is a not-for-profit corporation, organized under the laws of the State of Illinois as provided in the Illinois Condominium Property Act. Its operation is subject to the terms and conditions of the bylaws and Declaration of Condominium Ownership. The Association serves as a means through which unit owners collectively administer, manage, operate and control the condominium property. The property consists of 727 residential units and 16 commercial units and a parking garage, under the condominium form of use and ownership.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements reflect the assets, liabilities, revenue and expenses of the Association on the accrual basis of accounting. These financial statements segregate funds as either operating or reserve. The operating fund is used to account for financial resources available for the general operations of the Association. The reserve fund is used to accumulate financial resources designated for future major repairs and replacement.

Cash and cash equivalents

For the purposes of reporting cash flows, the Association defined cash equivalents as those highly liquid investments purchased with an original maturity of three months or less.

Member assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent amounts due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly delinquent. Any excess operating assessments at year end are retained by the Association for use in future years, as allowed by the condominium declaration governing document.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 2 - Summary of significant accounting policies, cont'd

Property and equipment

Real property, common areas and related improvements to such property are not recorded in the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. However, the Association has the responsibility to preserve and maintain the common property. Assets acquired by the Association, including the engineer's unit and commercial property, are recorded at cost and depreciated over the estimated useful lives using the straight-line method. Depreciation expense was \$11,414 for the years ended February 28, 2014 and February 28, 2013.

Maintenance, repairs and improvements

Consistent with the nature of the organization, normal operating expenses incurred for repairs and improvements to the common elements are included in operating fund. Major repairs and replacements resulting from actions of the Board of Directors are included in expenses of the reserve fund.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of management's review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 20, 2014, the date that the financial statements were available to be issued.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 3 - Income taxes

Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a regular corporation, under Internal Revenue Code Section 277, for the years ended February 28, 2014 and February 28, 2013. Under that election, membership income is exempt from taxation if certain elections are made, and the Association is generally taxed only on its non-membership income, net of related expenses, at regular federal and state corporate rates. An analysis of non-membership income indicates there was no income tax due for the years ended February 28, 2014 and February 28, 2013. The Association has federal and state net operating loss carry forwards, amounting to approximately \$557,000, and \$1,257,000, respectively, expiring in various years through 2036, to offset against future federal and state taxable income. No deferred tax assets, relating to the net operating losses, are recorded in the financial statements as the Association believes that it is not probable that all net operating losses carried forward will be utilized.

The Association adopted the accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken on its income tax returns. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate and the Association has no material unrecognized income tax positions. The Association's tax filings are subject to audit by various taxing authorities. At February 28, 2014, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before February 28, 2011.

Note 4 - Future major repairs and replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. These funds are held in separate bank accounts and are generally not available for operating purposes. It is the Association's policy to allocate interest earned on such funds to the reserve fund. The reserve fund balance was \$1,314,392 and \$529,237 at February 28, 2014 and February 28, 2013, respectively.

The Association engaged an independent engineer who conducted a study in June 2007 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components, considering amounts previously accumulated in the replacement fund. Actual expenses, 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, the Association has the right to increase regular assessments, to levy special assessments, to borrow funds, or it may delay major repairs and replacements until funds are available.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 5 - Major repairs and replacements

Major repairs and replacement expenses for the years ended February 28, 2014 and February 28, 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Plumbing	\$ 218,967	\$ 698,112
Boiler repair & replacement	86,665	
Sealants, expansion joints, & membranes	68,891	
HVAC improvements	56,546	74,462
Driveway & planter repair project	135,498	
Terrazzo repairs	25,845	6,773
Garage pipes	17,602	
Roof repairs & replacement		104,310
Life safety		82,842
Lobby project		77,254
Front entrance renovation		32,079
Office renovation		30,126
Maintenance equipment		7,598
	<u> </u>	<u> </u>
Total	<u>\$ 610,014</u>	<u>\$ 1,113,556</u>

Note 6 - Note payable

On September 21, 2010, the Association obtained a term note with a financial institution which provides for maximum borrowings of \$800,000 and a maturity date of September 21, 2015. The proceeds of the note are utilized to partially finance the window repair project. The note is payable in successive monthly installments of principal and interest amounting to \$15,076. Interest is charged at 4.875% per annum. At February 28, 2014, the note's outstanding principal balance was \$275,065, \$171,201 of which was classified as a current liability. The remaining principal balance of \$103,864 was classified as a long-term liability. The note is collateralized by an assignment of the Association's assets and the Association's right to levy and collect all existing and future assessments. The note's principal payments maturing in the next two years are as follows: February 28, 2015 - \$171,201; 2016 - \$103,864.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 7 - Litigation

An inspection report was issued by the Office of the Illinois State Fire Marshall, dated March 7, 2012, that alleged 11 violations of the State of Illinois Life Safety Code. The Association has filed an appeal and requested an administration hearing in order to have the violations on the inspection report to be dismissed, that is based on the Association's compliance with the City of Chicago's Life Safety Code. The State Fire Marshall could seek to assess fines against the Association. The ultimate resolution of the aforementioned matters cannot be determined at this time and the February 28, 2014 financial statements do not included any gains or losses that may ultimately result from the litigation.

Note 8 - Commitment

In October 2013, the Association entered into a contract with a contractor for the Driveway and Planter Repair Project for a total contract price of \$825,540. Expenses incurred under the contract amounted to \$110,079 for the year ended February 28, 2014. The project is being funded by reserve funds. The project is expected to be completed during 2014.



CPA's and Consultants

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Independent Auditor's Report
On Supplementary Information

To the Board of Directors of
Park Tower Condominium Association
Chicago, Illinois

We have audited the financial statements of Park Tower Condominium Association as of and for the years ended February 28, 2014 and February 28, 2013, and our report thereon dated May 20, 2014, which expressed an unmodified opinion on those financial statements and appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating revenue and expenses - budget and actual, on pages 14-19, which are the responsibility of the Association's management, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements, on pages 20-23, 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.

Picker & Associates

Buffalo Grove, Illinois
May 20, 2014

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013
	Budget	Actual	Actual
Revenue			
Assessments	<u>\$2,976,300</u>	<u>\$2,975,963</u>	<u>\$2,983,008</u>
Garage revenue			
Parking charges	280,100	281,460	277,200
Guest parking	30,000	29,751	26,457
Valet parking	193,200	140,773	165,340
Motorcycle parking	3,300	2,650	2,160
Tandem parking	79,200	77,400	71,672
Reserved parking	57,700	67,760	57,349
Day parking	94,400	96,457	96,105
Other garage sales	12,000	14,677	13,534
Garage late fees	7,100	4,955	5,778
Miscellaneous garage revenue	<u>2,000</u>	<u>16,362</u>	<u>8,890</u>
Total garage revenue	<u>759,000</u>	<u>732,245</u>	<u>724,485</u>
Interest income	<u>1,500</u>	<u>1,119</u>	<u>1,058</u>
Other revenue			
Commercial rent	36,900	36,420	36,375
Bike room fee	12,300	10,370	10,886
Roof rent	61,900	67,853	56,002
Health club memberships	87,900	103,587	90,463
Service recoveries	75,000	115,107	115,858
Cable TV revenue	178,000	178,146	169,647
Laundry revenue	67,600	66,552	68,277
Construction revenue	2,700	1,800	3,000
Late fees	21,600	27,480	32,892

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013
	Budget	Actual	Actual
Other revenue, cont'd			
Fines	20,000	13,905	26,655
Lock out fees	2,100	5,960	6,025
Transfer fees	50,700	76,895	53,265
Moving fees	10,200	13,475	19,161
Legal fees	28,000	3,125	23,596
Party room	4,400	5,150	6,040
Scavenger rebate	28,900	18,200	28,952
Net insurance reimbursement (loss)			(1,252)
Miscellaneous revenue	36,500	38,484	30,966
Total other revenue	724,700	782,509	776,808
Total operating revenue	\$4,461,500	\$4,491,836	\$ 4,485,359
Expenses			
Administrative			
Association owned management office	\$ 4,700	\$ 4,703	\$ 4,544
Association owned commercial unit assessments	31,200	31,198	30,143
Printing and copying	5,600	6,076	3,551
Copier and fax supplies	2,900	3,453	3,701
Office supplies	5,200	4,437	3,683
Postage and delivery	6,500	5,258	6,666
Computer expense	6,000	3,395	1,655
Management fees	107,100	106,675	102,000
Legal	29,300	5,775	46,921
Legal collections	28,000	3,335	18,662
Audit fee	5,300	5,250	5,100

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
For the Years February 28, 2014 and February 28, 2013

	2014		2013
	Budget	Actual	Actual
Administrative, cont'd			
Professional fees	6,700	8,148	7,389
Telephone	11,000	7,806	9,720
Employee training	3,900	2,891	2,192
Bad debt expense	80,000	51,899	62,802
Real estate taxes	6,500	30,710	4,735
Sales taxes	500	96	351
Insurance	162,800	184,507	162,341
Depreciation		11,414	11,414
Miscellaneous administrative	5,500	11,848	8,714
Total administrative	508,700	488,874	496,284
Payroll			
Office salaries	200,700	195,721	193,704
Administrative employee benefits	20,800	25,235	19,395
Janitor payroll	739,000	725,032	734,891
Doormen payroll	155,600	150,412	150,827
Payroll taxes	86,800	86,063	94,092
Janitors' benefits	190,000	187,505	184,067
Doormen benefits	28,100	35,786	24,596
Recreation payroll	51,500	50,127	43,606
Workers' compensation insurance	30,500	24,809	26,712
Total payroll	1,503,000	1,480,690	1,471,890
Utilities			
Electricity	404,100	351,330	378,583
Water	274,000	284,494	250,113
Gas	420,800	520,338	398,827
Total utilities	1,098,900	1,156,162	1,027,523

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013
	Budget	Actual	Actual
Building services			
Association owned engineer's unit	15,100	14,590	14,096
Light bulbs	6,400	10,661	9,117
Maintenance supplies	6,500	2,111	5,466
Cleaning service	13,000	12,843	15,628
Dry cleaning and receiving room	6,000	6,000	6,000
Exterminating	35,800	28,819	28,469
Scavenger service	28,900	26,941	26,014
License fees and permits	7,000	1,754	3,400
Total building services	<u>118,700</u>	<u>103,719</u>	<u>108,190</u>
Maintenance			
Landscaping	17,900	20,121	21,083
Metal maintenance	16,000	15,350	17,953
Window washing	16,000	10,000	12,300
Elevator maintenance contract	81,900	81,034	72,732
Security contract	109,800	112,691	109,023
Moving charges	9,500	10,741	6,916
Snow removal	4,000	9,785	1,344
Janitors' uniforms	8,400	7,601	8,960
Plant maintenance and rental	5,300	4,754	1,809
Key and lock repairs and doors	11,500	28,518	9,148
Services to residents	30,000	26,079	21,235
Total maintenance	<u>310,300</u>	<u>326,674</u>	<u>282,503</u>
Repairs			
Electrical	11,600	8,565	12,970

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013
	Budget	Actual	Actual
Repairs, cont'd			
Filters	2,500	1,439	2,779
Security system	9,100	5,399	16,072
HVAC contract	19,300	16,993	21,920
HVAC repairs	48,500	58,327	56,649
Maintenance equipment	4,500	4,408	4,953
Plumbing and sewer	27,000	67,347	51,722
Sewer and drains	30,000	28,573	29,554
Roof repairs	12,000	9,503	989
Windows and glass repairs	10,000	2,400	2,085
General building	30,000	36,718	25,646
Fire protection	13,900	24,244	11,088
Resident repairs	52,500	57,991	98,105
Uninsured Losses		12,863	1,042
	<u>270,900</u>	<u>334,770</u>	<u>335,574</u>
Recreational services			
Recreational activities	5,000	9,572	7,080
Pool supplies	6,600	4,716	5,113
Health club	12,400	6,412	9,004
Cable and antenna	178,000	178,159	170,157
Pool repair and maintenance	12,000	19,874	22,925
	<u>214,000</u>	<u>218,733</u>	<u>214,279</u>

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
For the Years Ended February 28, 2014 and February 28, 2013

	2014		2013
	Budget	Actual	Actual
Garage			
License and inspections	7,000	6,996	
Tax	25,000	25,311	22,844
Resident car damages	4,000	4,134	1,118
Repairs	19,300	18,529	16,967
General maintenance	10,000	5,247	8,675
Payroll	227,500	234,127	218,394
Payroll taxes	18,800	19,167	17,280
Employee benefits	83,900	93,796	75,367
Management fees	19,200	19,200	19,232
Uniforms	2,100	2,084	1,793
Workers' compensation	9,700	8,314	9,099
Garage operations	2,800	2,753	945
Telephone	500	400	389
Plumbing	4,700	585	9,480
Miscellaneous garage	2,500	1,785	2,834
Total garage	437,000	442,428	404,417
Total operating expenses	\$4,461,500	\$4,552,050	\$4,340,660

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PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements
(Unaudited)

An independent engineer conducted a study in June 2007, to estimate the current replacement costs and remaining useful lives of the Association's common area property components. The study's estimated future replacement costs are based on the June 2007 costs, plus an annual 3.6% inflation increase between the date of the study and date the component will require repair or replacement. The study's recommended funding plan considers the future replacement costs, over a twenty-year period, and estimates a 5.2% annual rate of return on funds invested for future major repairs and replacements. The Board of Directors has not designated the amount of current reserve funds accumulated for each component.

The following information is based on the June 2007 study and presents the estimated future replacement costs of the common area components and the estimated remaining useful lives of the components as of the date of the study. Certain improvements included below may have been completed since the study was conducted.

<u>Building Components & Systems</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Future Replacement Cost</u>
Exterior Building Elements		
Doors, revolving	22	\$ 87,091
Railings, metal	6	25,593
Roof, flat, canopy	5	26,024
Roofs, flat, pool walkway, racquetball court and fitness room	10	90,970
Roofs, high rise, modified bitumen	3	1,237,220
Roof, plaza deck, ground level (incl. planters), replacement	6	692,383
Roof, plaza deck, ground level (incl. planters), repairs	1	1,062,670
Roofs, second floor, built-up, center	18	34,588
Roofs, second floor, built-up, northwest	5	220,915
Roofs, second floor, built-up, south	10	65,284
Roofs, second floor, elastomeric membrane and concrete repairs	2	518,550
Roofs, second floor, membrane (incl. wood deck, pavers and planters)	28	3,095,786
Skylight, mall	12	18,956
Walls, critical examinations	9	41,717
Walls, inspection and partial masonry repairs	3	145,297
Walls, metal curtainwall, sealants and walls system repairs	9	6,482,872
Windows, common, remaining, phases	9	718,576
Windows and glass doors, mall	9	61,866

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements, cont'd
(Unaudited)

<u>Building Components & Systems</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Future Replacement Cost</u>
Interior Building Elements		
Elevator cab finishes, passenger	5	86,746
Elevator cab finishes, service and garage	28	37,688
Engineers' apartments, renovations, phased	3	188,534
Floor coverings, carpet	1	1,014,901
Health club, renovations	2	104,444
Health club, exercise equipment, phased replacements (incl. racquetball fitness room)	1	434,955
Health club, locker rooms, renovation	2	42,932
Laundry room, renovations (incl. rest room)	18	34,021
Light fixtures, hallways	11	146,081
Lobby, doorman's desk	1	31,435
Lobby, renovations	2	135,854
Mall renovation (incl. rest rooms)	2	80,497
Mailboxes	2	50,788
Office renovations	2	57,930
Paint finishes, hallways	1	950,316
Paint finishes, stairwells	3	186,386
Party rooms, renovations	2	97,517
Racquetball court, renovation	1	50,000
Wall coverings, hallways, remaining	1	16,576
Wall coverings, hallways, subsequent	21	48,758
Building Services Elements		
Air handling unit, hallways, capital repairs	4	111,963
Air handling units, common spaces, phased replacements	2	69,205
Boilers, building heat, 29,291-MBH	27	3,637,822
Boilers, building heat, 29,291-MBH, capital repairs	12	281,277
Boilers, commercial domestic hot water, 660-MBH, phased replacements	10	48,005

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements, cont'd
(Unaudited)

<u>Building Components & Systems</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Future Replacement Cost</u>
Building Services Elements, cont'd		
Boilers, domestic hot water, 1,336-MBH, phased replacement	4	486,300
Boiler stack repairs (2008 is for painting only)	1	84,930
Chillers, capital repairs	3	393,564
Chillers, replacement	23	1,646,635
Cooling tower, commercial, capital repairs	14	112,020
Cooling tower, commercial, replacement	2	76,204
Cooling tower, residential, capital repairs	17	691,992
Cooling tower, residential, replacement	5	751,864
Electrical system, common areas, inspections and phased replacements	20	1,834,722
Elevators, hydraulic pumps and controls, remaining	2	56,885
Elevators, hydraulic cylinders, remaining	12	76,434
Expansion tanks	17	153,248
Exhaust fans, kitchens, bathrooms and chiller room, phased	7	180,725
Fire detection system (control panel and emergency devices)	24	130,865
Heat exchangers, phased replacements	9	339,804
Life safety and high rise ordinance compliance	4	921,571
Light fixtures, emergency and exit	19	274,134
Pumps, building heat and cool, commercial	7	17,933
Pumps, building heat and cool, residential	15	170,829
Pump, cooling tower, commercial	7	7,685
Pumps, cooling tower, residential	15	39,945
Pumps, domestic water pressure booster	15	91,789
Pumps, fin tube heat	7	15,371
Pumps, fire suppression (incl. controls)	15	203,975
Pumps, gas booster	7	38,427
Riser sections, partial replacements	3	16,665,254

See Independent Auditor's Report on Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements, cont'd
(Unaudited)

	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Cost
<u>Building Components & Systems</u>		
Building Services Elements, cont'd		
Security system	12	327,824
Storage tanks	17	82,097
Trash chute and doors	17	290,989
Trash compactor	10	35,607
Property Site Elements		
Asphalt pavement, repaving, total replacement	4	86,294
Concrete flatwork, phased replacement, remaining	4	82,536
Entrance drive renovation	1	205,000
Fences, metal, picket	20	18,562
Pool Elements		
Air handling unit, pool room	7	46,113
Fiberglass pool finish (incl. kiddie pool plaster)	29	244,029
Floor covering, rubber	3	161,215
Mechanical equipment	2	221,012
Paint finish, pools	4	84,625
Garage Elements		
Air handling units, phased replacements	5	106,149
Concrete, elevated floors, inspection and capital repairs	9	921,942
Concrete, on-grade, partial replacements	9	169,023
Exhaust fans	12	70,319
Fire protection, automatic sprinkler system	27	1,271,809
Light fixtures	10	43,298
Traffic membrane, elevated floors	9	2,189,614
Remaining fiscal year 2007/08 reserve expenditures	0	389,500
Reserve study update with site visit	2	10,900

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