

Park Tower Condominium  
Association  
Financial Statements  
For the Years Ended  
February 28, 2015 and February 28, 2014

# 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 sheet as of February 28, 2015, and the related statements of revenue, expenses 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 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, 2015, 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 Park Tower Condominium Association financial statements, and we expressed an unmodified opinion on those financial statements in our report dated March 20, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Tucker & Associates".

Buffalo Grove, Illinois  
June 3, 2015

# PARK TOWER CONDOMINIUM ASSOCIATION

## Balance Sheets February 28, 2015 and February 28, 2014

	2015			2014
	Operating	Reserve		
	Fund	Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	614,214	\$ 955,555	\$1,569,769	1,530,649
Certificates of deposit	26,111	715,768	741,879	584,035
Assessments receivable, less allowance of \$133,000 in 2015 and \$192,899 in 2014	148,418		148,418	139,347
Other receivable	9,904		9,904	7,995
Scavenger rebate receivable	11,991		11,991	11,991
Interest receivable		213	213	281
Prepaid expense	29,147		29,147	30,605
Security deposit	5,000		5,000	5,000
Interfund receivable		113,039	113,039	46,351
Total current assets	844,785	1,784,575	2,629,360	2,356,254
Property				
Units owned	436,400		436,400	436,400
Accumulated depreciation	(219,480)		(219,480)	(209,243)
Net property	216,920		216,920	227,157
Scavenger rebate receivable - noncurrent portion	101,434		101,434	110,846
Total assets	\$1,163,139	\$1,784,575	\$2,947,714	\$2,694,257

The accompanying notes are an integral part of these financial statements

# PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd  
February 28, 2015 and February 28, 2014

	2015			2014
	Operating	Reserve		
	Fund	Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 202,959	\$ 193,537	\$ 396,496	\$ 348,105
Accrued interest		98	98	466
Accrued payroll	49,882		49,882	42,840
Prepaid assessments	127,559		127,559	147,735
Prepaid health club memberships	45,000		45,000	43,000
Security deposits	58,694		58,694	48,975
Note payable - current maturities		103,867	103,867	171,201
Interfund payable	113,039		113,039	46,351
Total current liabilities	597,133	297,502	894,635	848,673
Note payable - net of current maturities				103,864
Total Liabilities	597,133	297,502	894,635	952,537
Fund balances	566,006	1,487,073	2,053,079	1,741,720
Total liabilities and fund balances	\$1,163,139	\$1,784,575	\$2,947,714	\$2,694,257

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, 2015 and February 28, 2014

	2015			2014
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$3,076,501	\$1,357,300	\$4,433,801	\$4,283,663
Vendor rebate income				99,439
Garage revenue	755,516		755,516	732,245
Interest income	987	10,220	11,207	7,197
Other revenue	869,389		869,389	782,509
Total revenue	<u>4,702,393</u>	<u>1,367,520</u>	<u>6,069,913</u>	<u>5,905,053</u>
Expenses				
Administrative	447,283		447,283	488,874
Payroll	1,450,214		1,450,214	1,480,690
Utilities	1,173,257		1,173,257	1,156,162
Building Services	113,696		113,696	103,719
Maintenance	285,189		285,189	326,674
Repairs	284,351		284,351	334,770
Recreational services	353,859		353,859	218,733
Garage	455,866		455,866	442,428
Interest		9,351	9,351	18,048
Major repairs and replacements		1,185,488	1,185,488	610,014
Total expenses	<u>4,563,715</u>	<u>1,194,839</u>	<u>5,758,554</u>	<u>5,180,112</u>
Excess of revenue over expenses	138,678	172,681	311,359	724,941
Fund balances, beginning of year	<u>427,328</u>	<u>1,314,392</u>	<u>1,741,720</u>	<u>1,016,779</u>
Fund balances, end of year	<u>\$ 566,006</u>	<u>\$1,487,073</u>	<u>\$2,053,079</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, 2015 and February 28, 2014

	2015			2014
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities:				
Excess of revenue over expenses	\$ 138,678	\$ 172,681	\$ 311,359	\$ 724,941
Adjustments to reconcile of revenue over expenses to net cash provided by operating activities				
Bad debts	15,332		15,332	51,899
Depreciation	10,237		10,237	11,414
(Increase) decrease in assets:				
Assessments receivable	(24,403)		(24,403)	(13,841)
Other receivables	(1,909)		(1,909)	(2,509)
Scavenger rebate receivable	9,412		9,412	44,085
Interest receivable	68		68	4,330
Prepaid expenses	1,458		1,458	13,565
Increase (decrease) in liabilities:				
Accounts payable	(35,067)	83,458	48,391	123,454
Accrued interest		(368)	(368)	(1,803)
Accrued payroll	7,042		7,042	394
Prepaid assessments	(20,176)		(20,176)	78,819
Prepaid health club membership	2,000		2,000	(7,000)
Security deposits	9,719		9,719	(4,715)
Net cash provided by operating activities	112,391	255,771	368,162	1,023,033
Cash flows from investing activities				
Net certificate of deposit activity	(269)	(157,575)	(157,844)	(193,355)

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, 2015 and February 28, 2014

	2015			2014
	Operating Fund	Reserve Fund	Total	Total
Cash flows from financing activities				
Proceeds from bank note payable				
Payments on note payable		(171,198)	(171,198)	(176,143)
Net interfund transfers	159,390	(159,390)		
Net cash provided by (used in) financing activities	159,390	(330,588)	(171,198)	(176,143)
Net increase (decrease) in cash	271,512	(232,392)	39,120	653,535
Cash, beginning of year	342,702	1,187,947	1,530,649	877,114
Cash, end of year	<u>\$ 614,214</u>	<u>\$ 955,555</u>	<u>\$1,569,769</u>	<u>\$1,530,649</u>
<u>Supplementary disclosure of cash flow information:</u>				
Cash paid for interest	<u>\$ -</u>	<u>9,719</u>	<u>\$ 9,719</u>	<u>\$ 19,851</u>

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 \$10,237 and \$11,414 for the years ended February 28, 2015 and February 28, 2014.

##### 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 June 3, 2015, 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, 2015 and February 28, 2014. 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, 2015 and February 28, 2014. The Association has federal and state net operating loss carry forwards, amounting to approximately \$720,000, and \$938,000, respectively, expiring in various years through 2037, 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, 2015, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before February 28, 2012.

#### 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 \$1,487,073 and \$1,314,392 at February 28, 2015 and February 28, 2014, respectively.

The Association engaged an independent engineer who conducted a study in October 2014 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, 2015 and February 28, 2014 were as follows:

	2015	2014
Driveway & planter repair project	\$ 819,634	\$ 135,498
Riser project	219,007	
Trash chute	94,427	
Elevator modernization	24,190	
Reserve study	11,400	
Plumbing	8,940	218,967
Pipe replacement	7,890	
Boiler repair & replacement		86,665
Sealants, expansion joints, & membranes		68,891
HVAC improvements		56,546
Terrazzo repairs		25,845
Garage pipes		17,602
Total	<u>\$1,185,488</u>	<u>\$ 610,014</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, 2015, the note's outstanding principal balance was \$103,867, all of which was classified as a current 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 year is as follows: February 28, 2016 - \$103,867.

## 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, 2015 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 \$1,131,928 (subject to change orders). Total expenses since the project commenced totaled \$962,702 at February 28, 2015. The project is being funded by the reserve fund. The project is expected to be completed during 2015.

#### Note 9 - Subsequent event

Subsequent to February 28, 2015, the Association signed a contract with a contractor for the lobby sealing project. The contract is estimated to be \$881,350. The contract is expected to be started and completed in 2015. The project is being funded by reserve funds.

#### Note 10 - Concentrations of credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash in financial institutions, which from time to time exceed the Federal Depository Insurance Corporation insurance limits. Amounts exceeding federally insured limits totaled approximately \$25,000 at February 28, 2015.



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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, 2015 and February 28, 2014, and our report thereon dated June 3, 2015, 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  
June 3, 2015

# PARK TOWER CONDOMINIUM ASSOCIATION

## Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 28, 2015 and February 28, 2014

	2015		2014
	Budget	Actual	Actual
Revenue			
Assessments	<u>\$3,076,500</u>	<u>\$3,076,501</u>	<u>\$2,975,963</u>
Garage revenue			
Parking charges	295,300	283,345	281,460
Guest parking	30,000	35,378	29,751
Valet parking	158,700	162,283	140,773
Motorcycle parking	3,300	2,560	2,650
Tandem parking	81,600	78,950	77,400
Reserved parking	62,200	68,510	67,760
Day parking	94,400	105,299	96,457
Other garage sales	15,600	11,821	14,677
Garage late fees	5,000	5,170	4,955
Miscellaneous garage revenue	<u>2,000</u>	<u>2,200</u>	<u>16,362</u>
Total garage revenue	<u>748,100</u>	<u>755,516</u>	<u>732,245</u>
Interest income	<u>1,200</u>	<u>987</u>	<u>1,119</u>
Other revenue			
Commercial rent	39,500	39,350	36,420
Bike room fee	11,800	11,060	10,370
Roof rent	70,400	79,473	67,853
Health club memberships	87,900	97,006	103,587
Service recoveries	75,000	74,769	115,107
Cable TV revenue	340,200	316,163	178,146
Laundry revenue	67,600	68,944	66,552
Construction revenue	2,700	3,000	1,800
Late fees	25,200	21,630	27,480

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, 2015 and February 28, 2014

	2015		2014
	Budget	Actual	Actual
Other revenue, cont'd			
Fines	20,000	23,312	13,905
Lock out fees	3,400	4,920	5,960
Transfer fees	50,700	63,465	76,895
Moving fees			13,475
Legal fees	28,000	11,015	3,125
Party room	2,000	3,988	5,150
Scavenger rebate	18,200	18,200	18,200
Security reimbursement	9,000	7,306	
Miscellaneous revenue	39,900	25,788	38,484
Total other revenue	891,500	869,389	782,509
Total operating revenue	\$4,717,300	\$4,702,393	\$ 4,491,836

### Expenses

#### Administrative

Association owned management office \$	4,800	\$ 4,867	\$ 4,703
Association owned commercial unit assessments	32,300	32,289	31,198
Printing and copying	7,400	10,406	6,076
Copier and fax supplies	3,500	1,819	3,453
Office supplies	4,700	3,875	4,437
Postage and delivery	8,300	9,886	5,258
Computer expense	1,500	2,752	3,395
Management fees	107,100	107,100	106,675
Legal	29,600	30,274	5,775
Legal collections	28,000	3,748	3,335
Audit fee	5,300	5,250	5,250

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, 2015 and February 28, 2014

	2015		2014
	Budget	Actual	Actual
Administrative, cont'd			
Professional fees	6,600	11,748	8,148
Telephone	11,000	11,477	7,806
Employee training	4,500	1,205	2,891
Bad debt expense	63,000	15,332	51,899
Real estate taxes	21,500	21,948	30,710
Sales taxes	500	1,151	96
Insurance	150,000	151,911	184,507
Depreciation		10,237	11,414
Miscellaneous administrative	5,500	10,008	11,848
Total administrative	495,100	447,283	488,874
Payroll			
Office salaries	208,500	210,933	195,721
Administrative employee benefits	23,400	28,978	25,235
Janitor payroll	746,200	696,903	725,032
Doormen payroll	159,800	149,024	150,412
Payroll taxes	91,700	81,011	86,063
Janitors' benefits	193,700	157,847	187,505
Doormen benefits	41,300	39,568	35,786
Recreation payroll	51,000	48,571	50,127
Workers' compensation insurance	34,900	37,379	24,809
Total payroll	1,550,500	1,450,214	1,480,690
Utilities			
Electricity	377,100	333,523	351,330
Water	322,100	338,069	284,494
Gas	451,200	501,665	520,338
Total utilities	1,150,400	1,173,257	1,156,162

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, 2015 and February 28, 2014

	2015		2014
	Budget	Actual	Actual
<b>Building services</b>			
Association owned engineer's unit	15,100	15,100	14,590
Light bulbs	8,200	9,449	10,661
Maintenance supplies	6,500	5,443	2,111
Cleaning service	13,000	14,539	12,843
Dry cleaning and receiving room	6,000	6,000	6,000
Exterminating	30,800	29,615	28,819
Scavenger service	25,800	28,605	26,941
License fees and permits	7,000	4,945	1,754
<b>Total building services</b>	<b>112,400</b>	<b>113,696</b>	<b>103,719</b>
<b>Maintenance</b>			
Landscaping	19,100	17,458	20,121
Metal maintenance	16,000	16,395	15,350
Window washing	16,000	13,993	10,000
Elevator maintenance contract	85,600	84,001	81,034
Security contract	109,800	114,252	112,691
Moving charges	9,500	8,396	10,741
Snow removal	4,000	2,980	9,785
Janitors' uniforms	7,200	5,011	7,601
Plant maintenance and rental	5,300	3,068	4,754
Key and lock repairs and doors	11,000	10,402	28,518
Services to residents	30,000	9,233	26,079
<b>Total maintenance</b>	<b>313,500</b>	<b>285,189</b>	<b>326,674</b>
<b>Repairs</b>			
Electrical	13,700	11,609	8,565

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, 2015 and February 28, 2014

	2015		2014
	Budget	Actual	Actual
Repairs, cont'd			
Filters	2,500	3,612	1,439
Security system	9,100	5,493	5,399
HVAC contract	20,000	27,212	16,993
HVAC repairs	46,900	72,567	58,327
Maintenance equipment	7,700	8,288	4,408
Plumbing and sewer	27,000	31,540	67,347
Sewer and drains	30,000	16,564	28,573
Roof repairs	12,000	7,270	9,503
Windows and glass repairs	4,700	12,396	2,400
General building	30,000	33,017	36,718
Fire protection	17,000	22,087	24,244
Resident repairs	52,500	32,696	57,991
Uninsured Losses			12,863
Total repairs	273,100	284,351	334,770
Recreational services			
Recreational activities	5,000	5,521	9,572
Pool supplies	5,600	5,147	4,716
Health club	12,400	8,178	6,412
Cable and antenna	340,200	317,923	178,159
Pool repair and maintenance	7,000	17,090	19,874
Total recreational services	370,200	353,859	218,733

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, 2015 and February 28, 2014

	2015		2014
	Budget	Actual	Actual
Garage			
License and inspections			6,996
Tax	25,000	39,435	25,311
Resident car damages	4,000	1,943	4,134
Repairs	19,300	8,100	18,529
General maintenance	10,000	5,840	5,247
Payroll	243,200	246,104	234,127
Payroll taxes	19,400	23,291	19,167
Employee benefits	90,400	91,207	93,796
Management fees	19,200	19,200	19,200
Uniforms	2,000	1,899	2,084
Workers' compensation	9,100	9,563	8,314
Garage operations	2,800	2,427	2,753
Telephone	500	300	400
Plumbing	4,700	4,294	585
Miscellaneous garage	2,500	2,263	1,785
Total garage	452,100	455,866	442,428
Total operating expenses	\$4,717,300	\$4,563,715	\$4,552,050

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# PARK TOWER CONDOMINIUM ASSOCIATION

## Supplementary Information on Future Major Repairs and Replacements (Unaudited)

An independent engineer conducted a study in October 2014, 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 October 2014 costs, plus an annual 2.7% 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 thirty-year period, and estimates a 1.1% 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 October 2014 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.

Building Components & Systems	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Cost
<b>Exterior Building Elements</b>		
Roofs, tower, main and mechanical penthouse, modified bitumen	2	\$ 1,086,796
Roof, lobby canopy, flat membrane	18	28,430
Roofs, 2nd floor walkway, racquetball courts and exercise room	5	181,944
Roof, 2nd floor, center/east, built-up	12	64,430
Roof, 2nd floor, northwest, thermoplastic	16	189,145
Roof, 2nd floor, southwest, built-up	3	110,706
Roof, 2nd floor, concrete, waterproof coating and repairs	12	373,866
Roof, 2nd floor, sun deck, planters (2015 and 2017 are phased)	1	296,656
Roof, 2nd floor, sun deck, wood decking (Incl. pergolas, siding)	13	240,361
Roof, 2nd floor, membrane (beneath decking and pavers)	13	99,255
Roof, pool enclosure, inspections, sealants and repairs	4	110,719
Walls, curtain wall, annual infiltration remediation	1	1,090,293
Walls, curtain wall, inspections, partial sealants and capital repairs	8	4,478,150
Walls, masonry, near term restorations	0	300,000
Walls, masonry, inspections and repairs, subsequent	11	199,015
Walls, metal siding, racquetball courts and mall atrium	19	157,602
Windows and doors, lobby, revolving doors	15	104,389
Windows and doors, lobby, party room and weight exercise room	15	416,810
Windows and doors, 2nd floor walkway and aerobic exercise room	8	142,937
Windows and doors, pool	8	115,711
Windows and doors, mall (entrances and standard windows)	10	65,264
Windows and doors, mall, skylight	16	55,135

See Independent Auditor's Report on Supplementary Information

# PARK TOWER CONDOMINIUM ASSOCIATION

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

Building Components & Systems	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Cost
<b>Interior Building Elements</b>		
Elevator cab finishes, traction, passenger	0	151,411
Elevator cab finishes, traction, service	9	68,727
Elevator cab finishes, hydraulic, garage	9	68,727
Floor coverings, carpet, hallways	11	790,140
Floor coverings, vinyl, 2nd floor walkway, pool and exercise room	10	114,375
Light fixtures, hallways	4	319,518
Lobby, renovation	15	89,476
Mailboxes (residential)	3	86,743
Mall, corridors, renovations	8	86,629
Mall, market, renovations	2	205,325
Mall, office, renovations	8	124,035
Mall, rest rooms, renovations	8	42,077
Paint finishes, hallways (including elevator foyer wall coverings)	11	700,931
Party room, renovations, phased	9	127,384
Rest/locker rooms, 2nd floor, renovations	5	138,933
<b>Building Services Elements</b>		
Air handling units, residential corridors, capital repairs	4	111,245
Air handling unit, lobby, capital repairs	4	33,374
Air handling unit, mall corridors, capital repairs	5	22,850
Air handling units, party room and basement, capital repairs	5	22,850
Air handling unit, pool, capital repairs (Incl. return air fan)	24	75,814
Air handling unit, racquetball courts, rooftop unit	11	28,151
Boilers, building heat, 29, 291-MBH	20	3,066,771
Boilers, building heat, feed water system (tank and pumps)	10	63,959
Boilers, domestic hot water, residential, 1,337-MBH, phased	2	495,013
Boilers, domestic hot water, commercial, 660-MBH	5	95,250
Building automation system	11	361,576
Chillers, 600-tons, capital repairs	3	234,727
Chillers, 600-tons, replacement	21	1,732,266
Cooling tower, residential, 1,051-tons, capital repairs	9	158,316
Cooling tower, residential, 1,051-tons, replacement	29	996,095

See Independent Auditor's Report on Supplementary Information

# PARK TOWER CONDOMINIUM ASSOCIATION

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

Building Components & Systems	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Cost
<b>Building Services Elements, cont'd</b>		
Cooling tower, commercial, replacement	4	166,868
Electrical system, main panels	25	583,959
Elevators, hydraulic, garage, pumps and controls	25	268,621
Elevators, hydraulic, garage, cylinders	30	111,195
Elevator, hydraulic, refuse, pump and controls	8	74,253
Elevator, hydraulic, refuse, cylinder	1	51,350
Elevators, traction, passenger, controls and equipment	24	1,743,727
Elevators, traction, service, controls and equipment	25	1,557,224
Exhaust fans, main kitchen and bathroom	5	114,249
Expansion tanks (main building heating and cooling system)	20	155,042
Heat exchangers, building heating, main	8	123,755
Heat exchangers, remaining (pool air handler, fin tubes, low level)	8	89,104
Life safety system (control panel and emergency devices)	20	357,790
Light fixtures, exit and emergency	10	159,505
Pipes, riser sections, building heating, cooling and condensate, phased	11	8,102,922
Pipes, building heating and cooling, 06 tier insulation	2	70,000
Pipes, riser sections, domestic hot water, remaining phased	0	4,350,621
Pipes, riser sections, domestic cold water, waste and vent, partial	21	5,460,422
Pipes, domestic water, horizontals with renovations (2014 only)	0	3,000
Pipes, garage drain, insulation and partial replacement (2015 only)	1	45,000
Pumps, building cooling, commercial	4	26,699
Pump, building cooling, residential, cooling tower	26	73,966
Pumps, building heating, commercial	5	31,990
Pumps, building heating, residential, fan coil loop	6	154,880
Pumps, building heating, residential, fin tubes	6	28,160
Pumps, domestic cold water	5	123,389
Pumps, fire suppression	20	238,527
Pumps, gas booster	5	36,560
Pumps, sewage ejection	6	25,813
Security system, phased (cameras, monitors, card readers)	3	260,041
Storage tanks, domestic hot water	9	152,516
Trash chute and doors, remaining original	0	80,000
Trash compactor	18	24,230
Valves, large diameter, phased (mechanical rooms, main water)	9	195,838

See Independent Auditor's Report on Supplementary Information



# PARK TOWER CONDOMINIUM ASSOCIATION

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

Building Components & Systems	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Cost
<b>Property side elements</b>		
Asphalt pavement, east and north (shared), total replacement	14	189,918
Plaza, waterproof membrane, 2014 remaining	0	690,000
Plaza, waterproof membrane and concrete, interim repairs/sealants	10	183,153
Plaza, waterproof membrane, planters	25	145,990
<b>Pool Elements</b>		
Hot tub, insert	13	35,347
Mechanical equipment, phased	3	120,063
Pool main, fiberglass liner and repairs (Incl. kiddie pool plaster)	2	492,042
<b>Garage elements</b>		
Concrete, elevated floor, inspections and capital repairs (1P level)	4	421,458
Concrete, on-grade, partial (2P level)	4	224,778
Exhaust system (fans, louvers and carbon monoxide detectors)	5	79,974
Fire suppression system	20	858,696
Light fixtures	26	87,960
Paint finishes	12	324,055
Traffic coating, elevated floor, overlay at drive lanes (1P level)	4	252,656
Traffic coating, elevated floor, total replacement (1P level)	14	457,401
Unit heaters	5	114,249
<b>Reserve study update with site visit (2014 is remaining)</b>	0	16,350

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