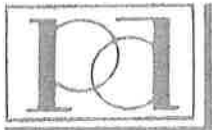


Park Tower Condominium
Association
Financial Statements
For the Years Ended
February 29, 2016 and February 28, 2015

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 29, 2016, 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 29, 2016, 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 2015 Park Tower Condominium Association financial statements, and we expressed an unmodified opinion on those financial statements in our report dated June 3, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2015, 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 "Becker & Associates".

Buffalo Grove, Illinois
April 28, 2016

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets February 29, 2016 and February 28, 2015

	2016			2015
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	610,926	\$ 894,997	\$1,505,923	1,569,769
Certificates of deposit	76,373	669,132	745,505	741,879
Assessments receivable, less allowance of \$126,000 in 2016 and \$133,000 in 2015	89,334		89,334	148,418
Other receivable	10,600		10,600	9,904
Scavenger rebate receivable	11,991		11,991	11,991
Interest receivable		213	213	213
Prepaid expense	10,852		10,852	29,147
Security deposit	5,000		5,000	5,000
Interfund receivable		33,934	33,934	46,351
Total current assets	815,076	1,598,276	2,413,352	2,562,672
Property				
Units owned	436,400		436,400	436,400
Accumulated depreciation	(228,711)		(228,711)	(219,480)
Net property	207,689		207,689	216,920
Scavenger rebate receivable - noncurrent portion	113,009		113,009	101,434
Total assets	\$1,135,774	\$1,598,276	\$2,734,050	\$2,881,026

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd February 29, 2016 and February 28, 2015

	2016			2015
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 200,452	\$ 29,741	\$ 230,193	\$ 396,496
Accrued interest		466	466	98
Accrued payroll	41,210		41,210	49,882
Prepaid assessments	143,942		143,942	127,559
Prepaid health club memberships	42,000		42,000	45,000
Security deposits	56,194		56,194	58,694
Note payable - current maturities			-	103,867
Interfund payable	33,934		33,934	46,351
Total liabilities	517,732	30,207	547,939	827,947
Fund balances	618,042	1,568,069	2,186,111	2,053,079
Total liabilities and fund balances	<u>\$1,135,774</u>	<u>\$1,598,276</u>	<u>\$2,734,050</u>	<u>\$2,881,026</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 29, 2016 and February 28, 2015

	2016		2015
	Operating Fund	Reserve Fund	Total
Revenue			
Assessments	\$3,182,757	\$1,406,400	\$4,589,157
Garage revenue	801,832		801,832
Interest income	1,318	8,730	10,048
Other revenue	912,976		912,976
Total revenue	4,898,883	1,415,130	6,314,013
Expenses			
Administrative	440,037		440,037
Payroll	1,576,237		1,576,237
Utilities	1,201,090		1,201,090
Building Services	117,243		117,243
Maintenance	304,227		304,227
Repairs	352,120		352,120
Recreational services	378,254		378,254
Garage	477,639		477,639
Interest		2,061	2,061
Major repairs and replacements		1,332,073	1,332,073
Total expenses	4,846,847	1,334,134	6,180,981
Excess of revenue over expenses	52,036	80,996	133,032
Fund balances, beginning of year	566,006	1,487,073	2,053,079
Fund balances, end of year	\$ 618,042	\$1,568,069	\$2,186,111

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows For the Years Ended February 29, 2016 and February 28, 2015

	2016			2015
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities:				
Excess of revenue over expenses	\$ 52,036	\$ 80,996	\$ 133,032	\$ 311,359
Adjustments to reconcile of revenue over expenses to net cash provided by (used in) operating activities				
Bad debts	15,194		15,194	15,332
Depreciation	9,231		9,231	10,237
(Increase) decrease in assets:				
Assessments receivable	43,890		43,890	(24,403)
Other receivables	(696)		(696)	(1,909)
Scavenger rebate receivable	(11,575)		(11,575)	9,412
Interest receivable	-		-	68
Prepaid expenses	18,295		18,295	1,458
Increase (decrease) in liabilities:				
Accounts payable	(2,507)	(163,796)	(166,303)	48,391
Accrued interest		368	368	(368)
Accrued payroll	(8,672)		(8,672)	7,042
Prepaid assessments	16,383		16,383	(20,176)
Prepaid health club membership	(3,000)		(3,000)	2,000
Security deposits	(2,500)		(2,500)	9,719
Net cash provided by (used in) operating activities	126,079	(82,432)	43,647	368,162
Cash flows from investing activities				
Net certificate of deposit activity	(50,262)	46,636	(3,626)	(157,844)

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 29, 2016 and February 28, 2015

	2016			2015
	Operating Fund	Reserve Fund	Total	Total
Cash flows from financing activities				
Payments on note payable		(103,867)	(103,867)	(171,198)
Net interfund transfers	(79,105)	79,105		
Net cash provided by (used in) financing activities	(79,105)	(24,762)	(103,867)	(171,198)
Net increase (decrease) in cash	(3,288)	(60,558)	(63,846)	39,120
Cash, beginning of year	614,214	955,555	1,569,769	1,530,649
Cash, end of year	<u>\$ 610,926</u>	<u>\$ 894,997</u>	<u>\$1,505,923</u>	<u>\$1,569,769</u>
<u>Supplementary disclosure of cash flow information:</u>				
Cash paid for interest	<u>\$ -</u>	<u>1,693</u>	<u>\$ 1,693</u>	<u>\$ 9,719</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 \$9,231 and \$10,237 for the years ended February 29, 2016 and February 28, 2015.

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 April 28, 2016, 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 29, 2016 and February 28, 2015. 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 29, 2016 and February 28, 2015. The Association has federal and state net operating loss carry forwards, amounting to approximately \$867,000, and \$1,085,000, 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 29, 2016, 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 \$1,568,069 and \$1,487,073 at February 29, 2016 and February 28, 2015, 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 29, 2016 and February 28, 2015 were as follows:

	2016	2015
Plumbing	\$1,057,715	\$ 8,940
Driveway & planter repair project	143,922	819,634
Deck repairs	56,813	
HVAC improvements	21,800	
Window project	20,980	
Elevator modernization	17,210	24,190
Riser project	8,200	219,007
Garbage chute	4,937	
Garage pipes	496	
Trash chute		94,427
Reserve study		11,400
Pipe replacement		7,890
Total	<u>\$1,332,073</u>	<u>\$ 1,185,488</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. 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 was retired in September 2015.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 7 - 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 \$1,143,131 (subject to change orders). Total expenses since the project commenced totaled \$963,556 at February 29, 2016. The project is being funded by the reserve fund. The project is expected to be completed during 2016.

Note 8 - Subsequent events

In March 2016, the Association signed multiple contracts with subcontractors for various projects. The total of the contracts is estimated to be approximately \$264,000. The projects are being funded by reserve funds.

Note 9 - 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 \$93,000 at February 29, 2016.



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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 29, 2016 and February 28, 2015, and our report thereon dated April 28, 2016, 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 through 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 through 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
April 28, 2016

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 29, 2016 and February 28, 2015

	2016		2015
	Budget	Actual	Actual
Revenue			
Assessments	\$3,182,600	\$3,182,757	\$3,076,501
Garage revenue			
Parking charges	303,100	281,001	283,345
Guest parking	34,200	30,426	35,378
Valet parking	129,600	187,291	162,283
Motorcycle parking	2,700	3,340	2,560
Tandem parking	85,700	83,370	78,950
Reserved parking	70,500	66,675	68,510
Day parking	111,600	133,898	105,299
Other garage sales	12,700	11,326	11,821
Garage late fees	5,000	3,285	5,170
Miscellaneous garage revenue	6,000	1,220	2,200
Total garage revenue	761,100	801,832	755,516
Interest income	1,200	1,318	987
Other revenue			
Commercial rent	41,000	43,426	39,350
Bike room fee	11,800	10,675	11,060
Roof rent	73,200	85,353	79,473
Health club memberships	103,300	88,036	97,006
Service recoveries	75,000	82,698	74,769
Cable TV revenue	340,200	338,138	316,163
Laundry revenue	81,100	77,351	68,944
Construction revenue	2,700	1,925	3,000
Late fees	25,200	15,660	21,630

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 29, 2016 and February 28, 2015

	2016		2015
	Budget	Actual	Actual
Other revenue, cont'd			
Fines	20,000	39,773	23,312
Lock out fees	5,000	2,760	4,920
Transfer fees	50,700	69,290	63,465
Legal fees	20,000	20,354	11,015
Party room	2,000	3,450	3,988
Scavenger rebate	18,200	11,575	18,200
Security reimbursement	9,000	6,433	7,306
Miscellaneous revenue	29,400	16,079	25,788
Total other revenue	907,800	912,976	869,389
Total operating revenue	<u>\$4,852,700</u>	<u>\$4,898,883</u>	<u>\$ 4,702,393</u>
Expenses			
Administrative			
Association owned management office	\$ 5,000	\$ 5,037	\$ 4,867
Association owned commercial unit assessments	33,400	33,419	32,289
Printing and copying	7,400	7,409	10,406
Copier and fax supplies	4,000	4,424	1,819
Office supplies	4,200	5,299	3,875
Postage and delivery	7,100	7,220	9,886
Computer expense	4,000	4,988	2,752
Management fees	107,100	107,100	107,100
Legal	20,800	22,156	30,274
Legal collections	20,000	20,745	3,748
Audit fee	4,700	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 29, 2016 and February 28, 2015

	2016		2015
	Budget	Actual	Actual
Administrative, cont'd			
Professional fees	21,600	10,330	11,748
Telephone	9,200	4,406	11,477
Employee training	3,900	3,280	1,205
Bad debt expense	57,800	15,194	15,332
Real estate taxes	14,600	12,431	21,948
Sales taxes	500	468	1,151
Insurance	157,600	152,431	151,911
Depreciation		9,231	10,237
Miscellaneous administrative	7,500	9,219	10,008
Total administrative	490,400	440,037	447,283
Payroll			
Office salaries	209,300	225,568	210,933
Administrative employee benefits	32,600	21,386	28,978
Janitor payroll	759,500	752,918	696,903
Doormen payroll	162,800	155,809	149,024
Payroll taxes	91,700	97,330	81,011
Janitors' benefits	195,100	199,592	157,847
Doormen benefits	37,200	41,996	39,568
Recreation payroll	50,600	46,950	48,571
Workers' compensation insurance	37,300	34,688	37,379
Total payroll	1,576,100	1,576,237	1,450,214
Utilities			
Electricity	396,100	400,463	333,523
Water	374,400	406,052	338,069
Gas	465,700	394,575	501,665
Total utilities	1,236,200	1,201,090	1,173,257

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 29, 2016 and February 28, 2015

	2016		2015
	Budget	Actual	Actual
Building services			
Association owned engineer's unit	15,600	15,628	15,100
Light bulbs	8,200	10,155	9,449
Maintenance supplies	5,500	8,372	5,443
Cleaning service	13,000	13,925	14,539
Dry cleaning and receiving room	7,200	6,800	6,000
Exterminating	28,500	28,947	29,615
Scavenger service	25,800	25,838	28,605
License fees and permits	7,000	7,578	4,945
Total building services	110,800	117,243	113,696
Maintenance			
Landscaping	20,100	18,091	17,458
Metal maintenance	16,500	16,500	16,395
Window washing	19,600	22,450	13,993
Elevator maintenance contract	90,400	86,049	84,001
Security contract	110,200	116,781	114,252
Moving charges	9,500	8,841	8,396
Snow removal	4,000	4,896	2,980
Janitors' uniforms	11,700	10,235	5,011
Plant maintenance and rental	5,300	5,109	3,068
Key and lock repairs and doors	6,500	12,959	10,402
Services to residents	20,000	2,316	9,233
Total maintenance	313,800	304,227	285,189
Repairs			
Electrical	13,000	11,669	11,609

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 29, 2016 and February 28, 2015

	2016		2015
	Budget	Actual	Actual
Repairs, cont'd			
Filters	2,800	2,635	3,612
Security system	16,900	7,473	5,493
HVAC contract	30,600	37,035	27,212
HVAC repairs	46,200	81,005	72,567
Maintenance equipment	1,000	1,553	8,288
Plumbing and sewer	23,500	18,486	31,540
Sewer and drains	25,000	19,210	16,564
Roof repairs	10,000	19,895	7,270
Windows and glass repairs	3,000	(3,742)	12,396
General building	30,000	58,852	33,017
Fire protection	22,400	51,389	22,087
Resident repairs	45,000	43,162	32,696
Uninsured Losses		3,498	-
Total repairs	269,400	352,120	284,351
Recreational services			
Recreational activities	5,000	7,418	5,521
Pool supplies	5,700	4,813	5,147
Health club	13,500	3,992	8,178
Cable and antenna	340,200	349,117	317,923
Pool repair and maintenance	8,400	12,914	17,090
Total recreational services	372,800	378,254	353,859

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 29, 2016 and February 28, 2015

	2016		2015
	Budget	Actual	Actual
Garage			
License and inspections	7,000	6,996	
Tax	36,300	41,617	39,435
Resident car damages	4,000	4,246	1,943
Repairs	19,300	16,238	8,100
General maintenance	10,000	8,925	5,840
Payroll	250,400	249,873	246,104
Payroll taxes	20,000	19,905	23,291
Employee benefits	95,400	86,122	91,207
Management fees	19,200	19,200	19,200
Uniforms	2,700	1,403	1,899
Workers' compensation	9,700	9,228	9,563
Garage operations	2,500	2,525	2,427
Telephone	-	-	300
Plumbing	4,700	10,358	4,294
Miscellaneous garage	2,000	1,003	2,263
Total garage	483,200	477,639	455,866
Total operating expenses	\$4,852,700	\$4,846,847	\$4,563,715

See Independent Auditor's Report on Supplementary Information

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
Exterior Building Elements		
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

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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
Interior Building Elements		
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
Building Services Elements		
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

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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
Building Services Elements, cont'd		
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

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

Building Components & Systems	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Cost
Property side elements		
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
Pool Elements		
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
Garage elements		
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
Reserve study update with site visit (2014 is remaining)	0	16,350

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