

Park Tower Condominium
Association
Financial Statements
For the Years Ended
February 28, 2017 and February 29, 2016

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, 2017, 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, 2017, 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 2016 Park Tower Condominium Association financial statements, and we expressed an unmodified opinion on those financial statements in our report dated April 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended February 29, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Buffalo Grove, Illinois
April 27, 2017

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets February 28, 2017 and February 29, 2016

	2017			2016
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	262,703	\$1,511,164	\$1,773,867	1,505,923
Certificates of deposit	168,423	823,316	991,739	745,505
Assessments receivable, less allowance of \$127,000 in 2017 and \$126,000 in 2016	98,668		98,668	89,334
Other receivable	13,142	213	13,355	10,813
Scavenger rebate receivable	11,991		11,991	11,991
Prepaid expense	20,973		20,973	10,852
Security deposit	5,000		5,000	5,000
Interfund receivable	263,097		263,097	46,351
Total current assets	843,997	2,334,693	3,178,690	2,425,769
Property and equipment				
Units owned	436,400		436,400	436,400
Fitness equipment	80,408		80,408	
Accumulated depreciation	(246,555)		(246,555)	(228,711)
Net property	270,253		270,253	207,689
Scavenger rebate receivable - noncurrent portion	113,009		113,009	113,009
Total assets	<u>\$1,227,259</u>	<u>\$2,334,693</u>	<u>\$3,561,952</u>	<u>\$2,746,467</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd February 28, 2017 and February 29, 2016

	2017			2016
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 109,276	\$ 74,263	\$ 183,539	\$ 230,659
Accrued payroll	8,558		8,558	41,210
Prepaid assessments	160,929		160,929	143,942
Prepaid health club memberships	32,000		32,000	42,000
Security deposits	55,347		55,347	56,194
Interfund payable		263,097	263,097	46,351
Total liabilities	<u>366,110</u>	<u>337,360</u>	<u>703,470</u>	<u>560,356</u>
Fund balances	<u>861,149</u>	<u>1,997,333</u>	<u>2,858,482</u>	<u>2,186,111</u>
Total liabilities and fund balances	<u>\$1,227,259</u>	<u>\$2,334,693</u>	<u>\$3,561,952</u>	<u>\$2,746,467</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, 2017 and February 29, 2016

	2017			2016
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$3,276,819	\$1,472,900	\$4,749,719	\$4,589,157
Garage revenue	794,227		794,227	801,832
Interest income	2,681	9,078	11,759	10,048
Other revenue	953,373		953,373	912,976
Total revenue	<u>5,027,100</u>	<u>1,481,978</u>	<u>6,509,078</u>	<u>6,314,013</u>
Expenses				
Administrative	488,399		488,399	440,037
Payroll	1,577,217		1,577,217	1,576,237
Utilities	1,063,965		1,063,965	1,201,090
Building Services	121,051		121,051	117,243
Maintenance	312,713		312,713	308,657
Repairs	347,397		347,397	352,120
Recreational services	394,468		394,468	373,824
Garage	507,155		507,155	477,639
Interest				2,061
Major repairs and replacements		1,024,342	1,024,342	1,332,073
Total expenses	<u>4,812,365</u>	<u>1,024,342</u>	<u>5,836,707</u>	<u>6,180,981</u>
Excess of revenue over expenses	214,735	457,636	672,371	133,032
Fixed asset transfer	80,408	(80,408)		
Other transfers	(52,036)	52,036		
Fund balances, beginning of year	<u>618,042</u>	<u>1,568,069</u>	<u>2,186,111</u>	<u>2,053,079</u>
Fund balances, end of year	<u>\$ 861,149</u>	<u>\$1,997,333</u>	<u>\$2,858,482</u>	<u>\$2,186,111</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, 2017 and February 29, 2016

	2017			2016
	Operating Fund	Reserve Fund	Total	Total
Cash flows from (used in) operating activities:				
Excess of revenue over expenses	\$ 214,735	\$ 457,636	\$ 672,371	\$ 133,032
Adjustments to reconcile of revenue over expenses to net cash provided by operating activities				
Bad debts	28,059		28,059	15,194
Depreciation	17,844		17,844	9,231
(Increase) decrease in assets:				
Assessments receivable	(37,393)		(37,393)	43,890
Other receivables	(2,542)		(2,542)	(696)
Scavenger rebate receivable				(11,575)
Prepaid expenses	(10,121)		(10,121)	18,295
Increase (decrease) in liabilities:				
Accounts payable	(91,176)	44,056	(47,120)	(166,303)
Accrued interest				368
Accrued payroll	(32,652)		(32,652)	(8,672)
Prepaid assessments	16,987		16,987	16,383
Prepaid health club membership	(10,000)		(10,000)	(3,000)
Security deposits	(847)		(847)	(2,500)
Net cash provided by operating activities	92,894	501,692	594,586	43,647
Cash flows from (used in) investing activities				
Purchase of fixed assets	(80,408)		(80,408)	
Net certificate of deposit activity	(92,050)	(154,184)	(246,234)	(3,626)
Net cash (used in) investing activities	(172,458)	(154,184)	(326,642)	(3,626)

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, 2017 and February 29, 2016

	2017			2016
	Operating Fund	Reserve Fund	Total	Total
Cash flows from (used in) financing activities				
Payments on note payable				(103,867)
Net interfund transfers	(268,659)	268,659		
Net cash provided by (used in) financing activities	(268,659)	268,659		(103,867)
Net increase (decrease) in cash	(348,223)	616,167	267,944	(63,846)
Cash, beginning of year	610,926	894,997	1,505,923	1,569,769
Cash, end of year	<u>\$ 262,703</u>	<u>\$1,511,164</u>	<u>\$1,773,867</u>	<u>\$1,505,923</u>
<u>Supplementary disclosure of cash flow information:</u>				
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,693</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 726 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 \$17,844 and \$9,231 for the years ended February 28, 2017 and February 29, 2016.

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 27, 2017, 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, 2017 and February 29, 2016. 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, 2017 and February 29, 2016. The Association has federal and state net operating loss carry forwards, amounting to approximately \$992,000, and \$1,210,000, 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, 2017, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before February 28, 2014.

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 \$1,997,333 and \$1,568,069 at February 28, 2017 and February 29, 2016, respectively.

The Association engaged an independent engineer who conducted a study in July 2016 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, 2017 and February 29, 2016 were as follows:

	2017	2016
Riser project	\$ 463,381	\$ 8,200
Plumbing	219,185	1,057,715
HVAC improvements	213,107	21,800
Fitness center	54,844	
Driveway & planter repair project	37,231	143,922
Pool repairs	20,640	
Reserve study	10,900	
Roof repairs	5,054	
Deck repairs		56,813
Window project		20,980
Elevator modernization		17,210
Garbage chute		4,937
Garage pipes		496
Total	<u>\$ 1,024,342</u>	<u>\$ 1,332,073</u>

Note 6 - Subsequent events

In March and April 2017, the Association signed multiple contracts with subcontractors for various projects. The total of the contracts is estimated to be approximately \$860,000. The projects are being funded by reserve funds.

Note 7 - Pension plan funding

The Association participates in multiemployer pension plans through collective bargaining agreements to cover union employees. Multiemployer defined benefit plans have potential risks that differ from single-employer defined benefit plans. Some potential risks are the Association's contributions may be used to provide benefits to employees of other participating employers. The Association may become obligated for other participating employers' unfunded obligations and if the Association withdraws from a plan, the Association may be required to pay the plan a withdrawal liability which is based on the underfunded status of the plan.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 7 - Pension plan funding, cont'd

The following summarizes the status of the multiemployer pension plans through which the Association participates as of the most current date available:

Pension Fund	EIN/Plan Number	Pension Protection		FP/RP Status	Estimated Association Contributions		Surcharge Imposed	Collective Bargaining Agreement Exp. Date
		Act Zone	Status		2017	2016		
A	51-6055057-001	N/A	Green	Not Applicable	\$ 32,846	\$ 29,934	No	11/30/2017
B	36-6102397-001	N/A	Green	Not Applicable	\$ 7,709	\$ 7,091	No	10/31/2021
C	36-6102397-001	N/A	Green	Not Applicable	\$ 21,921	\$ 22,272	Unknown	10/30/2021

The red zone are plans that are less than 65% funded, the yellow zone are plans that are less than 80% funded and the green zone are plans that are at least 80% funded.

The SEIU Local No. 1 Health and Pension Fund (A) collect contributions for the janitors. The SEIU National Industrial Pension Fund (B) collects contributions for the door and receiving room staff. The Teamsters Local No. 727 Pension Fund (C) collects contributions for the garage staff. Contributions made by the Association for the above pension plans were less than 5% of the total plan contributions in 2017 and 2016.

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, 2017 and February 29, 2016, and our report thereon dated April 27, 2017, which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating revenue and expenses - budget and actual is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly states in all material respects in relation to the financial statements as a whole.

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, which 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.

Buffalo Grove, Illinois
April 27, 2017

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 28, 2017 and February 29, 2016

	2017		2016
	Budget	Actual	Actual
Revenue			
Assessments	\$3,276,700	\$3,276,819	\$3,182,757
Garage revenue			
Parking charges	301,000	282,150	281,001
Guest parking	34,200	30,614	30,426
Valet parking	151,200	184,690	187,291
Motorcycle parking	3,600	1,275	3,340
Tandem parking	81,900	84,930	83,370
Reserved parking	69,700	67,770	66,675
Day parking	131,400	129,260	133,898
Other garage sales	12,700	9,368	11,326
Garage late fees	3,400	3,045	3,285
Miscellaneous garage revenue	2,000	1,125	1,220
Total garage revenue	791,100	794,227	801,832
Interest income	2,000	2,681	1,318
Other revenue			
Commercial rent	41,600	59,224	43,426
Bike room fee	11,800	11,475	10,675
Roof rent	79,400	86,831	85,353
Health club memberships	103,300	122,108	88,036
Service recoveries	75,000	93,092	82,698
Cable TV revenue	358,800	359,077	338,138
Laundry revenue	81,100	75,608	77,351
Construction revenue			1,925
Late fees	18,000	17,760	15,660

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, 2017 and February 29, 2016

	2017		2016
	Budget	Actual	Actual
Other revenue, cont'd			
Fines	20,000	21,010	39,773
Lock out fees	5,000	5,530	2,760
Transfer fees	58,500	58,690	69,290
Legal fees	20,000	13,944	20,354
Party room	2,000	3,700	3,450
Scavenger rebate			11,575
Security reimbursement	9,000	5,787	6,433
Miscellaneous revenue	14,400	19,537	16,079
Total other revenue	897,900	953,373	912,976
Total operating revenue	<u>\$4,967,700</u>	<u>\$5,027,100</u>	<u>\$ 4,898,883</u>
Expenses			
Administrative			
Association owned management office \$	5,200	\$ 5,214	\$ 5,037
Association owned commercial unit			
assessments	34,400	34,589	33,419
Printing and copying	8,300	8,670	7,409
Copier and fax supplies	4,000	4,975	4,424
Office supplies	4,500	3,956	5,299
Postage and delivery	7,100	8,147	7,220
Computer expense	9,900	7,123	4,988
Management fees	114,600	114,600	107,100
Legal	20,800	24,834	22,156
Legal collections	20,000	15,315	20,745
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, 2017 and February 29, 2016

	2017		2016
	Budget	Actual	Actual
Administrative, cont'd			
Professional fees	14,300	15,173	10,330
Telephone	9,300	7,954	4,406
Employee training	4,300	6,996	3,280
Bad debt expense	60,000	28,059	15,194
Real estate taxes	20,000	17,260	12,431
Sales taxes	500	834	468
Insurance	158,000	152,383	152,431
Depreciation		17,844	9,231
Miscellaneous administrative	7,500	9,223	9,219
Total administrative	508,000	488,399	440,037
Payroll			
Office salaries	214,800	211,729	225,568
Administrative employee benefits	31,300	27,647	21,386
Janitor payroll	766,400	754,069	752,918
Doormen payroll	167,200	153,324	155,809
Payroll taxes	92,500	97,734	97,330
Janitors' benefits	208,000	195,533	199,592
Doormen benefits	39,100	42,073	41,996
Recreation payroll	50,900	44,681	46,950
Workers' compensation insurance	46,000	50,427	34,688
Total payroll	1,616,200	1,577,217	1,576,237
Utilities			
Electricity	400,200	349,888	400,463
Water	422,700	348,664	406,052
Gas	440,000	365,413	394,575
Total utilities	1,262,900	1,063,965	1,201,090

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, 2017 and February 29, 2016

	2017		2016
	Budget	Actual	Actual
Building services			
Association owned engineer's unit	16,100	16,175	15,628
Light bulbs	9,500	8,601	10,155
Maintenance supplies	5,500	7,833	8,372
Cleaning service	13,500	10,172	13,925
Dry cleaning and receiving room	7,200	7,200	6,800
Exterminating	27,300	42,097	28,947
Scavenger service	28,500	25,083	25,838
License fees and permits	7,000	3,890	7,578
Total building services	114,600	121,051	117,243
Maintenance			
Landscaping	22,200	22,695	18,091
Metal maintenance	16,500	17,940	16,500
Window washing	27,200	21,805	22,450
Elevator maintenance contract	90,800	87,107	86,049
Security contract	113,500	124,013	116,781
Moving charges	9,500	12,949	8,841
Snow removal	4,000	4,085	4,896
Janitors' uniforms	6,200	6,599	10,235
Plant maintenance and rental	5,800	4,358	5,109
Key and lock repairs and doors	6,500	6,597	12,959
Floor and floor tile	2,500	2,490	4,430
Services to residents	5,000	2,075	2,316
Total maintenance	309,700	312,713	308,657
Repairs			
Electrical	10,200	4,744	11,669

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, 2017 and February 29, 2016

	2017		2016
	Budget	Actual	Actual
Repairs, cont'd			
Filters	2,800	2,155	2,635
Security system	8,000	6,099	7,473
HVAC contract	30,000	29,502	37,035
HVAC repairs	39,600	97,723	81,005
Maintenance equipment	3,200	2,983	1,553
Plumbing and sewer	35,000	35,626	18,486
Sewer and drains	25,000	14,294	19,210
Roof repairs	9,300	31,327	19,895
Windows and glass repairs	3,000	2,550	(3,742)
General building	33,000	45,362	58,852
Fire protection	31,500	17,864	51,389
Resident repairs	45,000	57,168	43,162
Uninsured Losses			3,498
Total repairs	275,600	347,397	352,120
Recreational services			
Recreational activities	6,500	959	7,418
Pool supplies	5,700	7,012	4,813
Health club	9,700	11,523	3,992
Cable and antenna	358,800	358,824	349,117
Pool repair and maintenance	6,600	16,150	8,484
Total recreational services	387,300	394,468	373,824

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, 2017 and February 29, 2016

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Garage			
License and inspections			6,996
Tax	41,800	43,748	41,617
Resident car damages	4,000	556	4,246
Repairs	19,300	25,444	16,238
General maintenance	10,000	5,725	8,925
Payroll	257,900	258,800	249,873
Payroll taxes	20,600	20,906	19,905
Employee benefits	94,300	108,467	86,122
Management fees	21,600	21,600	19,200
Uniforms	2,700	1,704	1,403
Workers' compensation	12,000	11,174	9,228
Garage operations	2,500	795	2,525
Plumbing	4,700	6,182	10,358
Miscellaneous garage	2,000	2,054	1,003
	<u>493,400</u>	<u>507,155</u>	<u>477,639</u>
Total garage			
Total operating expenses	<u>\$4,967,700</u>	<u>\$4,812,365</u>	<u>\$4,846,847</u>

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 July 2016, 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 July 2016 costs, plus an annual 3.5% 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 July 2016 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		
Roofs, tower, main and mechanical penthouse, modified bitumen	1	\$ 1,728,701
Roof, lobby canopy, flat membrane	15	42,889
Roofs, 2nd floor walkway, racquetball courts and exercise room	2	242,626
Roof, 2nd floor, center/east, built-up	9	243,671
Roof, 2nd floor, northwest, thermoplastic	13	297,152
Roof, 2nd floor, southwest, built-up	20	96,107
Roof, 2nd floor, concrete, waterproof coating and repairs	9	539,016
Roof, 2nd floor, sun deck, planters	1	154,732
Roof, 2nd floor, sun deck, wood decking (Incl. pergolas, siding)	10	843,479
Roof, 2nd floor, sun deck, steel railings (Incl. east of pool enclosure)	10	52,756
Roof, 2nd floor, membrane (beneath decking and pavers)	10	378,300
Roof, pool enclosure, inspections, sealants and repairs	1	121,017
Roof, pool enclosure, replacement	29	892,208
Walls, concrete, mechanical penthouse, repairs and coating	2	215,706
Walls, curtain wall, infiltration remediation	1	570,824
Walls, curtain wall, inspections, partial sealants and capital repairs	9	6,252,594
Walls, masonry, near term restorations	1	256,000
Walls, masonry, inspections and repairs, subsequent	9	496,574
Walls, metal siding, racquetball court, exercise room and mall atrium	17	207,285
Windows and doors, lobby, north door, enclosure	0	30,000
Windows and doors, lobby, revolving doors	13	140,756
Windows and doors, lobby, party room and weight exercise room	13	457,301
Windows and doors, 2nd floor walkway and weight exercise room	5	154,637
Windows and doors, pool	5	133,258
Windows and doors, mall (entrances and standard windows)	7	73,792
Windows and doors, mall, skylight	14	72,841

PARK TOWER CONDOMINIUM ASSOCIATION

See Independent Auditor's Report on Supplementary Information

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	4	205,851
Elevator cab finishes, traction, service	7	91,293
Elevator cab finishes, hydraulic, garage	7	91,293
Exercise equipment, 2016 total replacement	0	77,000
Exercise equipment, cardiovascular	5	423,037
Exercise equipment, strength training	15	174,804
Exercise rooms, renovations (2016 is redesign)	0	336,307
Floor coverings, carpet, hallways	9	954,829
Floor coverings, vinyl, 2nd floor walkway, and pool area	7	190,613
Light fixtures, hallways	2	414,324
Lobby, renovation	12	120,885
Mailboxes (residential)	2	101,381
Mall, corridors, renovations	6	307,954
Mall, market, renovations (2016 is flooring)	0	360,777
Mall, office, renovations	6	162,277
Mall, rest rooms, renovations	6	153,370
Paint finishes, hallways (including elevator foyer wall coverings)	9	828,203
Party room, renovations, phased	6 to 16	140,640
Rest/locker rooms, 2nd floor, renovations	5	175,162
Building Services Elements		
Air handling units, residential corridors, capital repairs	2	139,259
Air handling unit, lobby, capital repairs	2	41,778
Air handling unit, mall corridors, capital repairs	2	29,994
Air handling units, party room and basement, capital repairs	2	40,707
Air handling unit, pool, capital repairs (Incl. return air fan)	21	113,269
Air handling unit, racquetball court, rooftop unit	9	100,073
Boilers, building heat, 29, 291-MBH	15	3,518,233
Boilers, building heat, feed water system (tank and pumps)	9	84,500
Boilers, domestic hot water, residential, high zone, 1,337-MBH	0	1,126,780
Boilers, domestic hot water, residential, low zone, 1,337-MBH	4	646,378
Boilers, domestic hot water, commercial, 660-MBH	2	246,928
Building automation system	9	419,316

PARK TOWER CONDOMINIUM ASSOCIATION

See Independent Auditor's Report on Supplementary Information

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		
Chillers, 600-tons, capital repairs	9	443,798
Chillers, 600-tons, replacement	19	2,230,102
Cooling tower, residential, 1,051-tons, capital repairs	7	190,613
Cooling tower, residential, 1,051-tons, replacement	27	1,316,415
Cooling tower, commercial, replacement	2	224,957
Electrical system, main panels	24	844,832
Elevators, hydraulic, garage, pumps and controls	22	298,412
Elevators, hydraulic, garage, cylinders	29	271,188
Elevator, hydraulic, refuse, controls	4	43,606
Elevator, hydraulic, refuse, pump and cylinder	30	168,408
Elevators, traction, passenger, controls and equipment	20	2,069,380
Elevators, traction, service, controls and equipment	21	1,853,488
Exhaust fans, main kitchen and rest room	3	133,046
Expansion tanks (main building heating and cooling system)	16	206,344
Heat exchangers, building heating, main	0	125,000
Heat exchangers, remaining (pool air handler, fin tubes, low level)	4	120,490
Life safety system, central panel	6	115,104
Life safety system, devices	14	323,739
Light fixtures, exit and emergency	8	167,103
Pipes, riser sections, building heating, cooling and condensate, phased	11 to 20	12,069,735
Pipes, building heating and cooling, 06 tier insulation	0	70,000
Pipes, riser sections, domestic hot water, remaining phased	0 to 5	3,458,000
Pipes, riser sections, domestic cold water, waste and vent, partial	20 to 30+	11,042,533
Pumps, building cooling, commercial	2	105,927
Pump, building cooling, residential, cooling tower	23	86,038
Pumps, building heating, commercial	2	116,341
Pumps, building heating, residential, fan coil loop	4	154,916
Pumps, building heating, residential, fin tubes	4	29,836
Pumps, domestic cold water	3	437,225
Pumps, fire suppression	18	334,348
Pumps, gas booster	3	152,892
Pumps, sewage ejection	4	82,650
Security system, complete replacement	1	95,000
Security system, phased (cameras, monitors, card readers)	7 to 13	242,147
Storage tanks, domestic hot water	7	232,827
Trash compactor	16	26,010
Valves, large diameter, phased (fire pumps, main water, main mech.)	8 to 10	245,419

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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
Property side elements		
Asphalt pavement, east and north (shared), total replacement	11	239,238
Plaza, waterproof membrane, remaining expense	0	100,000
Plaza, waterproof membrane and concrete, interim repairs/sealants	6	199,178
Plaza, waterproof membrane and concrete, replacement	28	2,536,326
Plaza, waterproof membrane, planters (except at lobby entrance)	21	200,795
Pool Elements		
Hot tub, insert	11	37,959
Mechanical equipment, phased	0 to 6	206,677
Pool main, fiberglass liner and repairs	1	573,134
Pool, outdoor, plaster finish and repairs (Incl. kiddie pool)	0	144,144
Garage elements		
Concrete, elevated floor, inspections and capital repairs (1P level)	2	504,848
Concrete, on-grade, partial (2P level)	2 to 30+	178,181
Doors and operators, fire	8	171,185
Exhaust system (fans, louvers and carbon monoxide detectors)	3	94,241
Fire suppression system	18	1,053,196
Light fixtures	20	91,530
Paint finishes	12	158,662
Traffic coating, elevated floor, overlay at drive lanes (1P level)	2	432,369
Traffic coating, elevated floor, total replacement (1P level)	12	618,783
Unit heaters	3	133,046
Reserve study update with site visit	0	22,400
		<u>\$ 74,335,198</u>

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