

Park Tower Condominium  
Association  
Financial Statements  
For the Years Ended  
February 28, 2018 and 2017

PARK TOWER CONDOMINIUM ASSOCIATION

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Balance Sheets, February 28, 2018 and 2017	3-4
Statements of Revenue, Expenses and Changes in Fund Balances For the Years Ended February 28, 2018 and 2017	5
Statements of Cash Flows For the Years Ended February 28, 2018 and 2017	6-7
Notes to Financial Statements	8-12
Independent Auditor's Report on Supplementary Information	13
Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 28, 2018 and 2017	14-19
Supplementary Information on Future Major Repairs and Replacements	20-23



## 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, 2018, 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, 2018, 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 February 28, 2017 Park Tower Condominium Association financial statements, and we expressed an unmodified opinion on those financial statements in our report dated April 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2017, 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  
April 16, 2018

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets  
February 28, 2018 and 2017

	2018		2017
	Operating Fund	Reserve Fund	Total
<u>Assets</u>			
Current assets			
Cash	\$ 308,258	\$ 476,098	\$ 784,356
Certificates of deposit	248,609	864,162	1,112,771
Assessments receivable, less allowance of \$27,000 in 2018 and \$127,000 in 2017	265,056		265,056
Other receivable			98,668
Scavenger rebate receivable	11,991		11,991
Prepaid expense	23,359		23,359
Security deposit	5,000		5,000
Interfund receivable	289,047		289,047
Total current assets	<u>1,151,320</u>	<u>1,340,260</u>	<u>2,491,580</u>
Property and equipment			
Units owned	436,400		436,400
Fitness equipment	80,408		80,408
Accumulated depreciation	(267,273)		(267,273)
Net property	<u>249,535</u>		<u>249,535</u>
Scavenger rebate receivable - noncurrent portion	<u>82,874</u>		<u>82,874</u>
Total assets	<u>\$1,483,729</u>	<u>\$1,340,260</u>	<u>\$2,823,989</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd  
February 28, 2018 and 2017

	2018			2017
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 294,356	\$ 216,800	\$ 511,156	\$ 183,539
Accrued payroll	32,555		32,555	8,558
Prepaid assessments	135,082		135,082	160,929
Prepaid health club memberships	52,000		52,000	32,000
Security deposits	55,309		55,309	55,347
Interfund payable		289,047	289,047	46,351
Total liabilities	<u>569,302</u>	<u>505,847</u>	<u>1,075,149</u>	<u>486,724</u>
Fund balances	<u>914,427</u>	<u>834,413</u>	<u>1,748,840</u>	<u>2,858,482</u>
Total liabilities and fund balances	<u>\$1,483,729</u>	<u>\$1,340,260</u>	<u>\$2,823,989</u>	<u>\$3,345,206</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, 2018 and 2017

	2018			2017
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$3,338,901	\$1,577,000	\$4,915,901	\$4,749,719
Garage revenue	811,954		811,954	794,227
Interest income	1,014	11,240	12,254	11,759
Other revenue	1,045,441		1,045,441	953,373
Total revenue	<u>5,197,310</u>	<u>1,588,240</u>	<u>6,785,550</u>	<u>6,509,078</u>
Expenses				
Administrative	407,966		407,966	488,399
Payroll	1,701,566		1,701,566	1,577,217
Utilities	1,076,140		1,076,140	1,063,965
Building services	142,697		142,697	121,051
Maintenance	365,008		365,008	312,713
Repairs	372,914		372,914	347,397
Recreational services	400,395		400,395	394,468
Garage	575,352		575,352	507,155
Major repairs and replacements		2,853,154	2,853,154	1,024,342
Total expenses	<u>5,042,038</u>	<u>2,853,154</u>	<u>7,895,192</u>	<u>5,836,707</u>
Excess (deficit) of revenue over expenses	155,272	(1,264,914)	(1,109,642)	672,371
Interfund transfers	(101,994)	101,994		
Fund balances, beginning of year	<u>861,149</u>	<u>1,997,333</u>	<u>2,858,482</u>	<u>2,186,111</u>
Fund balances, end of year	<u>\$ 914,427</u>	<u>\$ 834,413</u>	<u>\$1,748,840</u>	<u>\$2,858,482</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, 2018 and 2017

	2018		2017
	Operating Fund	Reserve Fund	Total
Cash flows from (used in) operating activities:			
Excess (deficit) of revenue over	\$ 155,272	\$ (1,264,914)	\$ (1,109,642)
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities			
Bad debt (recovery)	(104,000)		(104,000)
Depreciation	20,718		20,718
(Increase) decrease in assets:			
Assessments receivable	(62,388)		(62,388)
Other receivables	13,142		13,142
Scavenger rebate receivable	30,135.00		30,135
Interest receivable		213	213
Prepaid expenses	(2,386)		(2,386)
Increase (decrease) in liabilities:			
Accounts payable	185,080	142,537	327,617
Accrued payroll	23,997		23,997
Prepaid assessments	(25,847)		(25,847)
Prepaid health club membership	20,000		20,000
Security deposits	(38)		(38)
Net cash provided by (used in) operating activities	<u>253,685</u>	<u>(1,122,164)</u>	<u>(868,479)</u>
Cash flows from (used in) investing activities			
Purchase of fixed assets			(80,408)
Net certificate of deposit activity	<u>(80,186)</u>	<u>(40,846)</u>	<u>(121,032)</u>
Net cash (used in) investing activities	<u>(80,186)</u>	<u>(40,846)</u>	<u>(121,032)</u>

The accompanying notes are an integral part of these financial statements



PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd  
For the Years Ended February 28, 2018 and 2017

	2018		2017
	Operating Fund	Reserve Fund	Total
Cash flows from (used in) financing activities			
Net interfund transfers	<u>(127,944)</u>	<u>127,944</u>	<u></u>
Net cash provided by (used in) financing activities	<u>(127,944)</u>	<u>127,944</u>	<u></u>
Net increase (decrease) in cash	<u>45,555</u>	<u>(1,035,066)</u>	<u>(989,511)</u>
Cash, beginning of year	<u>262,703</u>	<u>1,511,164</u>	<u>1,773,867</u>
Cash, end of year	<u>\$ 308,258</u>	<u>\$ 476,098</u>	<u>\$ 784,356</u>
	<u>\$ 1,773,867</u>	<u>\$ 1,773,867</u>	<u>\$ 1,773,867</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 (7 years to 39 years) using the straight-line method. Depreciation expense was \$20,718 and \$17,844 for the years ended February 28, 2018 and 2017.

##### 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 16, 2018, 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, 2018 and 2017. 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, 2018 and 2017. The Association has federal and state net operating loss carry forwards, amounting to approximately \$956,000, and \$1,173,000, 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, 2018, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before February 28, 2015.

#### 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 \$834,413 and \$1,997,333 at February 28, 2018 and 2017, 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, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Roof repairs	\$1,115,488	\$ 5,054
Riser project	419,383	463,381
HVAC improvements	252,895	213,107
Tuckpointing	245,936	
Fitness center	219,781	54,844
Landscaping	191,073	
Key FOB entry system	112,835	
Door replacement	100,949	
Pool repairs	99,500	20,640
Plumbing	95,314	219,185
Driveway & planter repair project		37,231
Reserve study		10,900
	<u>                    </u>	<u>                    </u>
Total	<u>\$2,853,154</u>	<u>\$ 1,024,342</u>

Note 6 - Subsequent event

In April 2018, the Association signed a contract with the subcontractor for cooling tower replacement for a total of \$109,125. The project is intended to be funded with 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 Pending/ Implemented	Estimated Association Contributions		Surcharge Imposed	Collective Bargaining Agreement Exp. Date
		Act 2018	Zone 2017		2018	2017		
A	51-6055057-001	N/A	Green	Not Applicable	\$ 34,943	\$ 32,846	No	11/30/2019
B	36-6102397-001	N/A	Green	Not Applicable	\$ 7,974	\$ 7,709	No	10/31/2021
C	36-6102397-001	N/A	Green	Not Applicable	\$ 22,715	\$ 21,921	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) collects 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 2018 and 2017.



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, 2018 and 2017, and our report thereon dated April 16, 2018, 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

*Picker & Associates*

Buffalo Grove, Illinois  
April 16, 2018

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual  
For the Years Ended February 28, 2018 and 2017  
(Unaudited)

	2018		2017
	Budget	Actual	Actual
Revenue			
Assessments	<u>\$3,338,900</u>	<u>\$3,338,901</u>	<u>\$3,276,819</u>
Garage revenue			
Parking charges	297,000	289,239	282,150
Guest parking	32,900	38,024	30,614
Valet parking	165,000	174,825	184,690
Motorcycle parking	2,000	1,950	1,275
Tandem parking	84,400	87,360	84,930
Reserved parking	68,900	66,365	67,770
Day parking	136,600	138,807	129,260
Other garage sales	12,700	12,169	9,368
Garage late fees	3,400	2,465	3,045
Miscellaneous garage revenue	<u>2,000</u>	<u>750</u>	<u>1,125</u>
Total garage revenue	<u>804,900</u>	<u>811,954</u>	<u>794,227</u>
Interest income	<u>2,000</u>	<u>1,014</u>	<u>2,681</u>
Other revenue			
Commercial rent	61,400	61,444	59,224
Bike room fee	14,100	12,580	11,475
Roof rent	79,500	95,639	86,831
Health club memberships	109,200	80,593	122,108
Service recoveries	90,000	100,734	93,092
Cable TV revenue	368,800	368,448	359,077
Laundry revenue	79,200	71,061	75,608
Late fees	18,000	13,655	17,760



PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd  
For the Years Ended February 28, 2018 and 2017  
(Unaudited)

	2018		2017
	Budget	Actual	Actual
Other revenue, cont'd			
Fines	20,000	31,900	21,010
Lock out fees	5,500	7,210	5,530
Transfer fees	63,300	71,770	58,690
Legal fees	15,000	27,633	13,944
Party room	4,500	5,350	3,700
Real estate tax reimbursement		32,245	
Security reimbursement	12,000	6,674	5,787
Miscellaneous revenue	17,500	58,505	19,537
	958,000	1,045,441	953,373
 Total other revenue	 958,000	 1,045,441	 953,373
 Total operating revenue	 \$5,103,800	 \$5,197,310	 \$ 5,027,100
 Expenses			
Administrative			
Association owned management office	\$ 5,400	\$ 5,396	\$ 5,214
Association owned commercial unit			
assessments	35,900	35,800	34,589
Printing and copying	10,100	7,886	8,670
Copier and fax supplies	4,800	6,556	4,975
Office supplies	4,500	4,322	3,956
Postage and delivery	8,500	7,365	8,147
Computer expense	6,300	2,924	7,123
Management fees	114,600	114,600	114,600
Legal	20,800	20,693	24,834
Legal collections	15,000	27,717	15,315
Audit fee	5,300	5,250	5,250

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd  
For the Years February 28, 2018 and 2017  
(Unaudited)

	2018		2017
	Budget	Actual	Actual
Administrative, cont'd			
Professional fees	7,000	19,210	15,173
Telephone	9,900	7,528	7,954
Employee training	8,300	1,871	6,996
Bad debt expense (recovery)	20,000	(104,000)	28,059
Real estate taxes	22,000	51,381	17,260
Sales taxes	500		834
Insurance	162,300	154,217	152,383
Depreciation		20,718	17,844
Miscellaneous administrative	7,500	18,532	9,223
	<u>468,700</u>	<u>407,966</u>	<u>488,399</u>
Payroll			
Office salaries	228,900	230,343	211,729
Administrative employee benefits	35,000	30,970	27,647
Janitor payroll	795,500	830,143	754,069
Doormen payroll	173,800	166,672	153,324
Payroll taxes	99,100	98,697	97,734
Janitors' benefits	214,300	210,805	195,533
Doormen benefits	40,000	40,569	42,073
Recreation payroll	52,500	51,278	44,681
Workers' compensation insurance	47,600	42,089	50,427
	<u>1,686,700</u>	<u>1,701,566</u>	<u>1,577,217</u>
Utilities			
Electricity	405,900	341,740	349,888
Water	467,100	343,882	348,664
Gas	424,800	390,518	365,413
	<u>1,297,800</u>	<u>1,076,140</u>	<u>1,063,965</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd  
For the Years Ended February 28, 2018 and 2017  
(Unaudited)

	2018		2017
	Budget	Actual	Actual
<b>Building services</b>			
Association owned engineer's unit	16,800	16,742	16,175
Light bulbs	9,500	9,916	8,601
Maintenance supplies	5,800	9,540	7,833
Cleaning service	14,000	13,031	10,172
Dry cleaning and receiving room	7,200	7,200	7,200
Exterminating	35,500	50,906	42,097
Scavenger service	29,500	28,288	25,083
License fees and permits	7,800	7,074	3,890
	<u>126,100</u>	<u>142,697</u>	<u>121,051</u>
<b>Maintenance</b>			
Landscaping	23,200	30,735	22,695
Metal maintenance	24,200	4,384	17,940
Window washing	28,600	13,765	21,805
Elevator maintenance contract	92,700	91,071	87,107
Security contract	118,900	129,041	124,013
Moving charges	9,000	25,106	12,949
Snow removal	4,200	60	4,085
Janitors' uniforms	7,100	9,025	6,599
Plant maintenance and rental	5,400	2,637	4,358
Key and lock repairs and doors	12,500	37,310	6,597
Floor and floor tile	2,500	20,299	2,490
Services to residents	5,000	1,575	2,075
	<u>333,300</u>	<u>365,008</u>	<u>312,713</u>
<b>Repairs</b>			
Electrical	10,500	6,007	4,744

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd  
For the Years Ended February 28, 2018 and 2017  
(Unaudited)

	2018		2017
	Budget	Actual	Actual
Repairs, cont'd			
Filters	3,000	2,956	2,155
Security system	7,800	7,632	6,099
HVAC contract	30,400	33,169	29,502
HVAC repairs	58,600	110,714	97,723
Maintenance equipment	1,000	1,921	2,983
Plumbing and sewer	29,600	44,237	35,626
Sewer and drains	20,000	26,169	14,294
Roof repairs	9,300	2,843	31,327
Windows and glass repairs	3,000	4	2,550
General building	35,000	76,574	45,362
Fire protection	28,500	13,643	17,864
Resident repairs	43,500	47,045	57,168
	<u>280,200</u>	<u>372,914</u>	<u>347,397</u>
Recreational services			
Recreational activities	6,500	6,054	959
Pool supplies	6,000	7,485	7,012
Health club	5,100	8,482	11,523
Cable and antenna	369,300	369,197	358,824
Pool repair and maintenance	6,500	9,177	16,150
	<u>393,400</u>	<u>400,395</u>	<u>394,468</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd  
For the Years Ended February 28, 2018 and 2017  
(Unaudited)

	2018		2017
	Budget	Actual	Actual
Garage			
License and inspections	7,000	7,134	
Tax	44,500	53,378	43,748
Resident car damages	3,000	535	556
Repairs	19,300	32,013	25,444
General maintenance	10,500	9,688	5,725
Payroll	259,600	301,174	258,800
Payroll taxes	20,900	21,608	20,906
Employee benefits	106,300	107,178	108,467
Management fees	21,600	21,600	21,600
Uniforms	2,500	1,887	1,704
Workers' compensation	12,400	11,367	11,174
Garage operations	2,500	736	795
Plumbing	5,000	4,319	6,182
Miscellaneous garage	2,500	2,735	2,054
	<u>517,600</u>	<u>575,352</u>	<u>507,155</u>
Total garage			
	<u>\$5,103,800</u>	<u>\$5,042,038</u>	<u>\$4,812,365</u>
Total operating expenses			

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.

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	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

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	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
<b>Building Services Elements</b>		
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

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>		
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



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	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
<b>Pool Elements</b>		
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
<b>Garage elements</b>		
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
<b>Reserve study update with site visit</b>	0	22,400
		\$ 74,335,198