

Park Tower Condominium Association

Financial Statements

For the Years Ended
February 28, 2019 and 2018

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, 2019, 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, 2019, 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, 2018 Park Tower Condominium Association financial statements, and we expressed an unmodified opinion on those financial statements in our report dated April 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2018, 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 12, 2019

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets February 28, 2019 and 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	\$ 243,430	\$1,387,670	\$1,631,100	\$ 784,356
Certificates of deposit	253,126	876,027	1,129,153	1,112,771
Assessments receivable, less allowance of \$75,000 in 2019 and \$27,000 in 2018	91,437		91,437	265,056
Other receivable	6,819		6,819	
Scavenger rebate receivable	11,991		11,991	11,991
Prepaid expense	1,850		1,850	23,359
Security deposit	5,000		5,000	5,000
Interfund receivable	375,148		375,148	289,047
Total current assets	988,801	2,263,697	3,252,498	2,491,580
Property and equipment				
Units owned	436,400		436,400	436,400
Fitness equipment	80,408		80,408	80,408
Accumulated depreciation	(287,991)		(287,991)	(267,273)
Net property	228,817		228,817	249,535
Scavenger rebate receivable - noncurrent portion	82,874		82,874	82,874
Total assets	<u>\$1,300,492</u>	<u>\$2,263,697</u>	<u>\$3,564,189</u>	<u>\$2,823,989</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd February 28, 2019 and 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 254,961	\$ -	\$ 254,961	\$ 511,156
Accrued payroll	8,292		8,292	32,555
Prepaid assessments	80,700		80,700	135,082
Prepaid health club memberships	64,000		64,000	52,000
Security deposits	54,197		54,197	55,309
Interfund payable		375,148	375,148	289,047
Total liabilities	462,150	375,148	837,298	1,075,149
Fund balances	838,342	1,888,549	2,726,891	1,748,840
Total liabilities and fund balances	<u>\$1,300,492</u>	<u>\$2,263,697</u>	<u>\$3,564,189</u>	<u>\$2,823,989</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Revenue, Expenses and Changes in Fund Balances For the Years Ended February 28, 2019 and 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$3,447,900	\$1,640,100	\$5,088,000	\$4,915,901
Garage revenue	833,425		833,425	811,954
Interest income	11,915	25,471	37,386	12,254
Other revenue	1,046,029		1,046,029	1,045,441
Total revenue	<u>5,339,269</u>	<u>1,665,571</u>	<u>7,004,840</u>	<u>6,785,550</u>
Expenses				
Administrative	507,777		507,777	407,966
Payroll	1,657,256		1,657,256	1,701,566
Utilities	1,055,473		1,055,473	1,076,140
Building services	147,891		147,891	142,697
Maintenance	361,101		361,101	365,008
Repairs	448,850		448,850	372,914
Recreational services	428,577		428,577	400,395
Garage	561,657		561,657	575,352
Major repairs and replacements		858,207	858,207	2,853,154
Total expenses	<u>5,168,582</u>	<u>858,207</u>	<u>6,026,789</u>	<u>7,895,192</u>
Excess (deficit) of revenue over expenses	170,687	807,364	978,051	(1,109,642)
Interfund transfers	(246,772)	246,772		
Fund balances, beginning of year	<u>914,427</u>	<u>834,413</u>	<u>1,748,840</u>	<u>2,858,482</u>
Fund balances, end of year	<u>\$ 838,342</u>	<u>\$1,888,549</u>	<u>\$2,726,891</u>	<u>\$1,748,840</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows For the Years Ended February 28, 2019 and 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Cash flows from (used in) operating activities:				
Excess (deficit) of revenue over	\$ 170,687	\$ 807,364	\$ 978,051	\$ (1,109,642)
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities				
Bad debt (recovery)	48,000		48,000	(104,000)
Depreciation	20,718		20,718	20,718
(Increase) decrease in assets:				
Assessments receivable	125,619		125,619	(62,388)
Other receivables	(6,819)		(6,819)	13,142
Scavenger rebate receivable				30,135
Interest receivable				213
Prepaid expenses	21,509		21,509	(2,386)
Increase (decrease) in liabilities:				
Accounts payable	(39,395)	(216,800)	(256,195)	327,617
Accrued payroll	(24,263)		(24,263)	23,997
Prepaid assessments	(54,382)		(54,382)	(25,847)
Prepaid health club membership	12,000		12,000	20,000
Security deposits	(1,112)		(1,112)	(38)
Net cash provided by (used in) operating activities	<u>272,562</u>	<u>590,564</u>	<u>863,126</u>	<u>(868,479)</u>
Cash flows from (used in) investing activities				
Net certificate of deposit activity	<u>(4,517)</u>	<u>(11,865)</u>	<u>(16,382)</u>	<u>(121,032)</u>
Net cash (used in) investing activities	<u>(4,517)</u>	<u>(11,865)</u>	<u>(16,382)</u>	<u>(121,032)</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd For the Years Ended February 28, 2019 and 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Cash flows from (used in) financing activities				
Net interfund transfers	(332,873)	332,873		
Net cash provided by (used in) financing activities	(332,873)	332,873		
Net increase (decrease) in cash	(64,828)	911,572	846,744	(989,511)
Cash, beginning of year	308,258	476,098	784,356	1,773,867
Cash, end of year	<u>\$ 243,430</u>	<u>\$ 1,387,670</u>	<u>\$ 1,631,100</u>	<u>\$ 784,356</u>

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 725 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 \$20,718 for the years ended February 28, 2019 and 2018.

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 12, 2019, 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, 2019 and 2018. 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, 2019 and 2018. The Association has federal and state net operating loss carry forwards, amounting to approximately \$963,000, and \$1,141,000, 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, 2019, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before February 28, 2016.

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 \$1,888,549 and \$834,413 at February 28, 2019 and 2018, 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, 2019 and 2018 were as follows:

	2019	2018
Riser project	\$ 317,501	\$ 419,383
HVAC improvements	158,921	252,895
Door replacement	114,995	100,949
Roof repairs	85,042	1,115,488
Mailboxes	74,805	
Tuckpointing	36,580	245,936
Sealants and expansions	34,460	
Garage concrete repair	14,627	
Plumbing	10,201	95,314
Pool repairs	10,195	99,500
Key FOB entry system	880	112,835
Fitness center		219,781
Landscaping		191,073
Total	<u>\$ 858,207</u>	<u>\$2,853,154</u>

Note 6 - Subsequent events

Subsequent to the year end, the Association signed multiple contracts with subcontractors for outside air and pool area dampers replacements, boiler control panels replacement, chiller pump replacement, chiller purge units upgrades, market flooring and sign replacements and bike room masonry renovation projects for a total of \$224,341. The projects are intended to be funded with reserve funds and be completed during 2019.

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		Collective Bargaining Agreement	
		Act Zone	Status		2019	2018	Surcharge Imposed	Exp. Date
A	51-6055057-001	N/A	Green	Not Applicable	\$ 35,914	\$ 34,943	No	11/30/2019
B	36-6102397-001	N/A	Green	Not Applicable	\$ 8,153	\$ 7,974	No	10/31/2021
C	36-6102397-001	N/A	Green	Not Applicable	\$ 23,998	\$ 22,715	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 2019 and 2018.

Note 8 - Commitments

In September and December of 2018, the Association entered into various contracts with multiple subcontractors for sewage ejector pumps replacement, gas buster pump replacement, high zone domestic hot and cold water loop replacement, 55th floor hallway renovation and plumbing work for 55th floor water distribution projects for a total of \$310,713. The projects are funded by the reserve funds and are scheduled to be completed during 2019.

Note 9 – Lease agreements

The Association entered into various lease agreements throughout the years with different lease terms, renewal terms and rent payments. As of February 28, 2019, the Association recorded laundry room income of \$87,598, roof rent income of \$65,189, and commercial rent income of \$42,878.



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**Independent Auditor's Report
On Supplementary Information**

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

We have audited the financial statements of Park Tower Condominium Association as of and for the years ended February 28, 2019 and 2018, and our report thereon dated April 12, 2019, which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audits were 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 12, 2019

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 28, 2019 and 2018 (Unaudited)

	2019		2018
	Budget	Actual	Actual
Revenue			
Assessments	\$3,447,900	\$3,447,900	\$3,338,901
Garage revenue			
Parking charges	308,800	304,104	289,239
Guest parking	37,500	39,430	38,024
Valet parking	171,600	179,985	174,825
Motorcycle parking	1,100	3,905	1,950
Tandem parking	87,700	77,910	87,360
Reserved parking	65,500	68,660	66,365
Day parking	134,800	144,316	138,807
Other garage sales	12,700	10,565	12,169
Garage late fees	1,400	2,275	2,465
Miscellaneous garage revenue	3,400	2,275	750
Total garage revenue	824,500	833,425	811,954
Interest income	2,500	11,915	1,014
Other revenue			
Commercial rent	62,900	62,678	61,444
Bike room fee	14,100	11,945	12,580
Roof rent	84,000	65,189	95,639
Health club memberships	109,200	113,030	80,593
Service recoveries	90,000	128,428	100,734
Cable TV revenue	379,800	378,744	368,448
Laundry revenue	85,200	87,598	71,061
Late fees	13,500	26,315	13,655

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2019 and 2018 (Unaudited)

	2019		2018
	Budget	Actual	Actual
Other revenue, cont'd			
Fines	20,000	17,090	31,900
Lock out fees	5,500	6,996	7,210
Transfer fees	63,500	65,240	71,770
Legal fees	15,000	18,832	27,633
Party room	4,500	3,465	5,350
Real estate tax reimbursement			32,245
Holiday fund	15,000	25,153	
Security reimbursement	7,200	3,100	6,674
Miscellaneous revenue	19,200	32,226	58,505
Total other revenue	988,600	1,046,029	1,045,441
Total operating revenue	<u>\$5,263,500</u>	<u>\$5,339,269</u>	<u>\$ 5,197,310</u>
Expenses			
Administrative			
Association owned management office	\$ 5,600	\$ 5,585	\$ 5,396
Association owned commercial unit			
assessments	37,100	37,053	35,800
Printing and copying	7,000	4,352	7,886
Copier and fax supplies	5,700	5,618	6,556
Office supplies	4,500	6,182	4,322
Postage and delivery	7,100	5,029	7,365
Computer expense	6,400	6,432	2,924
Management fees	114,600	114,600	114,600
Legal	20,800	17,046	20,693
Legal collections	15,000	18,931	27,717
Audit fee	5,300	5,500	5,250

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years February 28, 2019 and 2018 (Unaudited)

	2019		2018
	Budget	Actual	Actual
Administrative, cont'd			
Professional fees	7,800	10,906	19,210
Telephone	10,500	8,046	7,528
Employee training	4,700	4,267	1,871
Bad debt expense (recovery)	15,000	48,000	(104,000)
Real estate taxes	20,000	20,399	51,381
Sales taxes	500		
Insurance	158,000	155,380	154,217
Depreciation		20,718	20,718
Interest rate program -fee		2,026	
Miscellaneous administrative	8,500	11,707	18,532
Total administrative	454,100	507,777	407,966
Payroll			
Office salaries	235,000	234,537	230,343
Administrative employee benefits	36,100	35,693	30,970
Janitor payroll	821,800	759,199	830,143
Doormen payroll	179,000	164,353	166,672
Payroll taxes	99,800	98,406	98,697
Janitors' benefits	216,600	219,300	210,805
Doormen benefits	43,400	42,018	40,569
Recreation payroll	58,000	56,914	51,278
Workers' compensation insurance	42,900	46,836	42,089
Total payroll	1,732,600	1,657,256	1,701,566
Utilities			
Electricity	404,600	345,860	341,740
Water	509,300	315,167	343,882
Gas	417,000	394,446	390,518
Total utilities	1,330,900	1,055,473	1,076,140

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2019 and 2018 (Unaudited)

	2019		2018
	Budget	Actual	Actual
Building services			
Association owned engineer's unit	17,400	17,328	16,742
Light bulbs	9,500	13,137	9,916
Maintenance supplies	6,500	7,988	9,540
Cleaning service	14,000	16,104	13,031
Dry cleaning and receiving room	7,200	7,200	7,200
Exterminating	35,800	49,749	50,906
Scavenger service	29,500	30,522	28,288
License fees and permits	7,800	5,008	7,074
Miscellaneous expense		855	
Total building services	127,700	147,891	142,697
Maintenance			
Landscaping	33,200	34,759	30,735
Metal maintenance	25,500	18,994	4,384
Window washing	22,500	18,345	13,765
Elevator maintenance contract	97,000	94,536	91,071
Security contract	124,200	139,301	129,041
Moving charges	12,000	18,265	25,106
Snow removal	4,200	5,329	60
Janitors' uniforms	7,700	10,881	9,025
Plant maintenance and rental	5,700	4,931	2,637
Key and lock repairs and doors	12,500	8,485	37,310
Floor and floor tile	2,500	2,475	20,299
Services to residents	5,000	4,800	1,575
Total maintenance	352,000	361,101	365,008
Repairs			
Electrical	10,500	14,781	6,007

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2019 and 2018 (Unaudited)

	2019		2018
	Budget	Actual	Actual
Repairs, cont'd			
Filters	3,000	3,535	2,956
Security system	4,000	3,812	7,632
HVAC contract	30,700	26,244	33,169
HVAC repairs	58,600	121,385	110,714
Maintenance equipment	5,800	7,999	1,921
Plumbing and sewer	30,600	26,789	44,237
Sewer and drains	20,000	18,923	26,169
Roof repairs	9,500	27,398	2,843
Windows and glass repairs	3,000	7,675	4
General building	62,500	93,645	76,574
Fire protection	30,100	25,619	13,643
Resident repairs	40,000	71,045	47,045
Total repairs	308,300	448,850	372,914
Recreational services			
Recreational activities	9,500	12,902	6,054
Pool supplies	6,500	5,289	7,485
Health club	5,100	16,454	8,482
Cable and antenna	379,800	379,023	369,197
Pool repair and maintenance	6,500	14,909	9,177
Total recreational services	407,400	428,577	400,395

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2019 and 2018 (Unaudited)

	2019		2018
	Budget	Actual	Actual
Garage			
License and inspections			7,134
Tax	44,400	51,736	53,378
Resident car damages	3,000	2,481	535
Repairs	23,800	17,756	32,013
General maintenance	11,000	12,407	9,688
Payroll	270,900	297,179	301,174
Payroll taxes	21,900	22,607	21,608
Employee benefits	115,200	116,312	107,178
Management fees	21,600	21,600	21,600
Uniforms	2,500	1,932	1,887
Workers' compensation	11,200	10,596	11,367
Garage operations	2,500	951	736
Plumbing	5,000	3,569	4,319
Miscellaneous garage	2,500	2,531	2,735
Total garage	535,500	561,657	575,352
Total operating expenses	\$5,248,500	\$5,168,582	\$5,042,038

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
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

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

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

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
		\$ 74,335,198