

**Park Tower Condominium
Association
Financial Statements
For the Years Ended
February 29, 2020 and February 28, 2019**

PARK TOWER CONDOMINIUM ASSOCIATION

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Park Tower Condominium Association, which comprise the balance sheet as of February 29, 2020, and the related statements of revenue, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Park Tower Condominium Association as of February 29, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Park Tower Condominium Association financial statements, and we expressed an unmodified opinion on those financial statements in our report dated April 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the previous year ended February 28, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

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, on pages 14-19, which is the responsibility of the Association's management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information

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
August 7, 2020

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets February 29, 2020 and February 28, 2019

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	\$ 924,197	\$1,217,946	\$ 2,142,143	\$1,631,100
Certificates of deposit	255,194	571,275	826,469	1,129,153
Assessments receivable, less allowance of \$90,000 in 2020 and \$75,000 in 2019	225,121		225,121	91,437
Other receivable	14,345	210,291	224,636	6,819
Scavenger rebate receivable	11,991		11,991	11,991
Prepaid expense	3,207		3,207	1,850
Security deposit				5,000
Interfund receivable	126,809		126,809	375,148
Total current assets	1,560,864	1,999,512	3,560,376	3,252,498
Property and equipment				
Units owned	436,400		436,400	436,400
Fitness equipment	80,408		80,408	80,408
Accumulated depreciation	(308,709)		(308,709)	(287,991)
Net property and equipment	208,099		208,099	228,817
Scavenger rebate receivable - noncurrent portion	82,874		82,874	82,874
Total assets	\$1,851,837	\$1,999,512	\$ 3,851,349	\$3,564,189

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd
February 29, 2020 and February 28, 2019

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 188,151	\$ 170,835	\$ 358,986	\$ 254,961
Accrued payroll	70,501		70,501	8,292
Prepaid assessments	46,856		46,856	80,700
Prepaid health club memberships	73,000		73,000	64,000
Security deposits	48,393		48,393	54,197
Miscellaneous current liabilities	188,856		188,856	
Interfund payable		126,809	126,809	375,148
Total liabilities	615,757	297,644	913,401	837,298
Fund balances	1,236,080	1,701,868	2,937,948	2,726,891
Total liabilities and fund balances	<u>\$1,851,837</u>	<u>\$1,999,512</u>	<u>\$3,851,349</u>	<u>\$3,564,189</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Revenue, Expenses and Changes in Fund Balances For the Years Ended February 29, 2020 and February 28, 2019

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$5,238,413	\$ -	\$5,238,413	\$5,088,000
Garage revenue	848,626		848,626	833,425
Interest income	8,748	38,409	47,157	37,386
Other revenue	1,051,831		1,051,831	1,046,029
Total revenue	<u>7,147,618</u>	<u>38,409</u>	<u>7,186,027</u>	<u>7,004,840</u>
Expenses				
Administrative	499,734		499,734	507,777
Payroll	1,826,494		1,826,494	1,657,256
Utilities	1,097,658		1,097,658	1,055,473
Building services	120,666		120,666	147,891
Maintenance	370,475		370,475	361,101
Repairs	440,090		440,090	448,850
Recreational services	396,771		396,771	428,577
Garage	548,242		548,242	561,657
Major repairs and replacements		1,674,840	1,674,840	858,207
Total expenses	<u>5,300,130</u>	<u>1,674,840</u>	<u>6,974,970</u>	<u>6,026,789</u>
Excess (deficit) of revenue over expenses	1,847,488	(1,636,431)	211,057	978,051
Interfund transfers	(1,449,750)	1,449,750		
Fund balances, beginning of year	<u>838,342</u>	<u>1,888,549</u>	<u>2,726,891</u>	<u>1,748,840</u>
Fund balances, end of year	<u>\$1,236,080</u>	<u>\$1,701,868</u>	<u>\$2,937,948</u>	<u>\$2,726,891</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows For the Years Ended February 29, 2020 and February 28, 2019

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
Cash flows from (used in) operating activities:				
Excess (deficit) of revenue over	\$1,847,488	\$ (1,636,431)	\$ 211,057	\$ 978,051
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities				
Bad debt	28,362		28,362	48,000
Depreciation	20,718		20,718	20,718
(Increase) decrease in assets:				
Assessments receivable	(162,046)		(162,046)	125,619
Other receivable	(7,526)	(210,291)	(217,817)	(6,819)
Prepaid expenses	(1,357)		(1,357)	21,509
Security deposit	5,000		5,000	
Increase (decrease) in liabilities:				
Accounts payable	122,046	170,835	292,881	(256,195)
Accrued payroll	62,209		62,209	(24,263)
Prepaid assessments	(33,844)		(33,844)	(54,382)
Prepaid health club membership	9,000		9,000	12,000
Security deposits	(5,804)		(5,804)	(1,112)
Net cash provided by (used in) operating activities	<u>1,884,246</u>	<u>(1,675,887)</u>	<u>208,359</u>	<u>863,126</u>
Cash flows from (used in) investing activities				
Net certificate of deposit activity	<u>(2,068)</u>	<u>304,752</u>	<u>302,684</u>	<u>(16,382)</u>
Net cash (used in) investing activities	<u>(2,068)</u>	<u>304,752</u>	<u>302,684</u>	<u>(16,382)</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd For the Years Ended February 29, 2020 and February 28, 2019

	2020		2019
	Operating Fund	Reserve Fund	Total
Cash flows from (used in) financing activities			
Net interfund transfers	(1,201,411)	1,201,411	
Net cash provided by (used in) financing activities	(1,201,411)	1,201,411	
Net increase in cash	680,767	(169,724)	511,043
Cash, beginning of year	243,430	1,387,670	1,631,100
Cash, end of year	\$ 924,197	\$ 1,217,946	\$ 2,142,143

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 for the years ended February 29, 2020 and February 28, 2019.

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 August 7, 2020, the date that the financial statements were available to be issued.

New Accounting Policy for Revenue from Contracts with Customers

Effective for the year ended February 29, 2020, accounting principles generally accepted in the United States of America prescribe new rules regarding the recognition, measurement, presentation, and disclosure of revenue and related contract acquisition and fulfillment costs. After consideration of the newly effective amendment, it is the position of the Association that amounts assessed from unit owners in accordance with the annual budget constitute transactions between the Association and the Association's members in their capacity as unit owners of the

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 2 - Summary of significant accounting policies, cont'd

Association and not in the capacity of a customer of the Association. Under the terms of the Association's declaration of condominium ownership, the Association's membership is exclusive to and mandatory for all unit owners. The unit owners have unlimited responsibility to provide funds to the Association and collectively bear all the risks and are entitled to all the benefits of the Association.

Assessments from unit owners made for the purpose of funding the current year's operating budget are allocated as increases in the Association's operating fund. Assessments from unit owners made to accumulate funds for the purpose of repairing and replacing the property's common elements are considered capital contributions and are recorded as increases in the Association's reserve fund. Neither of these types of assessments represent revenue from contracts with customers, accordingly membership assessments are not covered by the scope of the newly effective accounting rules.

Note 3 - Income taxes

Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a regular corporation, under Internal Revenue Code Section 277, for the years ended February 29, 2020 and February 28, 2019. Under that election, membership income is exempt from taxation if certain elections are made, and the Association is generally taxed only on its non-membership income, net of related expenses, at regular federal and state corporate rates. An analysis of non-membership income indicates there was no income tax due for the years ended February 29, 2020 and February 28, 2019. The Association has federal and state net operating loss carry forwards, amounting to approximately \$973,000, and \$1,012,000, respectively, expiring in various years through 2038, to offset against future federal and state taxable income. No deferred tax assets, relating to the net operating losses, are recorded in the financial statements as the Association believes that it is not probable that all net operating losses carried forward will be utilized.

The Association adopted the accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken on its income tax returns. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate and the Association has no material unrecognized income tax positions. The Association's tax filings are subject to audit by various taxing authorities. At February 29, 2020, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before February 28, 2017.

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Notes to Financial Statements

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 \$1,697,635 and \$1,888,549 at February 29, 2020 and February 28, 2019, respectively.

The Association engaged an independent engineer who conducted a study in February 2020 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.

Note 5 - Major repairs and replacements

Major repairs and replacement expenses for the years ended February 29, 2020 and February 28, 2019 were as follows:

	2020	2019
Riser project	\$ 831,650	\$ 317,501
Landscaping	208,085	
HVAC improvements	162,143	158,921
Garage concrete repair	125,852	14,627
Plumbing	124,211	10,201
Garage elevator	76,410	
Signage	55,805	
Other	44,486	
Building improvements	18,938	
Key FOB entry system	17,806	880
Mailboxes	8,457	74,805
Pool repairs	997	10,195
Door replacement		114,995
Roof repairs		85,042
Tuckpointing		36,580
Sealants and expansions		34,460
Total	<u>\$1,674,840</u>	<u>\$ 858,207</u>

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Notes to Financial Statements

Note 6 - 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.

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		2020	2019		
A	51-6055057-001	N/A	Green	Not Applicable	\$ 41,738	\$ 35,914	No	11/30/2020
B	36-6102397-001	N/A	Green	Not Applicable	\$ 8,992	\$ 8,153	No	11/30/2022
C	36-6102397-001	N/A	Green	Not Applicable	\$ 25,091	\$ 23,998	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 2020 and 2019.

Note 7 - Commitments

From December 2019 through February 2020, the Association entered into various contracts with multiple subcontractors for various garage projects and hot water circulation pump replacement for a total of \$772,385, of which \$92,650 was recognized as of February 29, 2020. The projects are funded by the reserve funds and are scheduled to be completed during 2020.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 8 – Lease agreements

The Association entered into various lease agreements throughout the years with different lease terms, renewal terms and rent payments. As of February 29, 2020, the Association recorded laundry room income of \$88,045, roof rent income of \$100,012 and commercial rent income of \$40,082.

Note 9 - Subsequent events

Subsequent to the year end, the Association signed multiple contracts with subcontractors for jacuzzi tile work, heat exchanger valve and natural gas safety valve train for a total of \$62,453. The projects are intended to be funded with reserve funds and plan to be completed during 2020.

Supplementary Information

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 29, 2020 and February 28, 2019 (Unaudited)

	2020		2019
	Budget	Actual	Actual
Revenue			
Assessments	\$5,240,100	\$5,238,413	\$5,088,000
Garage revenue			
Parking charges	312,000	276,459	304,104
Guest parking	35,000	36,028	39,430
Valet parking	171,600	194,503	179,985
Motorcycle parking	2,400	3,426	3,905
Tandem parking	89,700	76,152	77,910
Reserved parking	67,900	97,452	68,660
Day parking	142,300	152,758	144,316
Other garage sales	12,700	7,518	10,565
Garage late fees	3,400	2,180	2,275
Miscellaneous garage revenue	11,000	2,150	2,275
Total garage revenue	848,000	848,626	833,425
Interest income	7,000	8,748	11,915
Other revenue			
Commercial rent	67,700	59,182	62,678
Bike room fee	12,900	13,710	11,945
Roof rent	89,900	100,012	65,189
Health club memberships	109,200	108,342	113,030
Service recoveries	90,000	147,661	128,428
Cable TV revenue	390,500	388,545	378,744
Laundry revenue	85,200	88,045	87,598
Late fees	25,200	19,895	26,315

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Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 29, 2020 and February 28, 2019 (Unaudited)

	2020		2019
	Budget	Actual	Actual
Other revenue, cont'd			
Fines	17,500	27,770	17,090
Lock out fees	6,000	5,750	6,996
Transfer fees	63,500	51,350	65,240
Legal fees			18,832
Party room	4,500	2,700	3,465
Holiday fund			25,153
Security reimbursement	5,400	475	3,100
Miscellaneous revenue	24,000	38,394	32,226
Total other revenue	991,500	1,051,831	1,046,029
Total operating revenue	<u>\$7,086,600</u>	<u>\$7,147,618</u>	<u>\$ 6,979,369</u>
Expenses			
Administrative			
Association owned management office	\$ 5,700	\$ 5,752	\$ 5,585
Association owned commercial unit assessments	37,900	38,161	37,053
Printing and copying	12,700	11,933	9,970
Office supplies	4,700	6,298	6,182
Postage and delivery	7,100	5,929	5,029
Computer expense	9,500	4,740	6,432
Management fees	114,600	114,900	114,600
Legal	5,800	(4,552)	17,046
Legal collections	15,000	21,461	18,931
Audit fee	5,500	5,500	5,500

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Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years February 29, 2020 and February 28, 2019 (Unaudited)

	2020		2019
	Budget	Actual	Actual
Administrative, cont'd			
Professional fees	18,000	26,120	10,906
Telephone	10,000	8,641	8,046
Employee training	4,100	2,256	4,267
Bad debt expense (recovery)	15,000	28,362.0	48,000
Real estate taxes	22,900	24,455	20,399
Sales taxes	500	11	
Insurance	162,000	161,563	155,380
Depreciation		20,718	20,718
Interest rate program -fee			2,026
Miscellaneous administrative	11,300	17,486	11,707
Total administrative	462,300	499,734	507,777
Payroll			
Office salaries	250,400	263,449	234,537
Administrative employee benefits	49,500	29,726	35,693
Janitor payroll	823,500	843,905	759,199
Doormen payroll	182,400	182,577	164,353
Payroll taxes	103,200	111,150	98,406
Janitors' benefits	240,900	237,420	219,300
Doormen benefits	44,300	49,357	42,018
Recreation payroll	64,800	63,566	56,914
Employee bonuses		10,419	
Workers' compensation insurance	40,900	34,925	46,836
Total payroll	1,799,900	1,826,494	1,657,256
Utilities			
Electricity	377,900	365,508	345,860
Water	421,900	378,704	315,167
Gas	410,200	353,446	394,446
Total utilities	1,210,000	1,097,658	1,055,473

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 29, 2020 and February 28, 2019 (Unaudited)

	2020		2019
	Budget	Actual	Actual
Building services			
Association owned engineer's unit	17,700	18,221	17,328
Light bulbs	9,500	8,624	13,137
Maintenance supplies	14,700	9,760	7,988
Cleaning service			16,104
Dry cleaning and receiving room			7,200
Exterminating	36,400	50,830	49,749
Scavenger service	32,600	30,270	30,522
License fees and permits	7,300	2,961	5,008
Miscellaneous expense	7,200		855
Total building services	125,400	120,666	147,891
Maintenance			
Landscaping	33,100	29,236	34,759
Metal maintenance	20,500	19,493	18,994
Window washing	23,700	26,225	18,345
Elevator maintenance contract	100,500	95,422	94,536
Security contract	127,700	144,380	139,301
Moving charges	15,800	9,760	18,265
Snow removal	4,400	2,128	5,329
Janitors' uniforms	12,500	12,732	10,881
Plant maintenance and rental	5,700	3,556	4,931
Key and lock repairs and doors	12,100	14,069	8,485
Floor and floor tile	9,700	10,624	2,475
Miscellaneous maintenance expense	5,000	2,850	
Services to residents			4,800
Total maintenance	370,700	370,475	361,101

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 29, 2020 and February 28, 2019 (Unaudited)

	2020		2019
	Budget	Actual	Actual
Repairs			
Electrical	22,200	22,791	14,781
Filters	3,200	2,106	3,535
Security system	5,100	9,853	3,812
HVAC contract	31,100	30,775	26,244
HVAC repairs	69,600	109,391	121,385
Maintenance equipment	17,500	11,497	7,999
Plumbing and sewer	30,400	29,229	26,789
Sewer and drains	20,800	10,566	18,923
Roof repairs	9,500	4,527	27,398
Windows and glass repairs	3,000	7,103	7,675
General building	74,000	82,227	93,645
Fire protection	28,300	23,437	25,619
Resident repairs	38,000	96,588	71,045
Total repairs	352,700	440,090	448,850
Recreational services			
Recreational activities	11,600	10,005	12,902
Pool supplies	6,700	6,501	5,289
Health club	20,000	20,732	16,454
Cable and antenna	390,500	359,533	379,023
Pool repair and maintenance			14,909
Total recreational services	428,800	396,771	428,577

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Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 29, 2020 and February 28, 2019 (Unaudited)

	2020		2019
	Budget	Actual	Actual
Garage			
License and inspections	7,200		
Tax	50,000	46,905	51,736
Resident car damages			2,481
Repairs	23,800	36,950	17,756
General maintenance	11,000	4,923	12,407
Payroll	292,200	268,770	297,179
Payroll taxes	23,400	20,334	22,607
Employee benefits	126,300	124,853	116,312
Management fees	21,600	19,800	21,600
Uniforms	2,500	1,341	1,932
Workers' compensation	11,100	8,110	10,596
Garage operations	17,500	315	951
Parking expenses	3,000	13,505	
Plumbing	5,000	1,450	3,569
Miscellaneous garage	2,500	986	2,531
Total garage	597,100	548,242	561,657
Total operating expenses	<u>\$5,346,900</u>	<u>\$5,300,130</u>	<u>\$5,168,582</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements (Unaudited)

An independent engineer conducted a study in February 2020, 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 February 2020 costs, plus an annual 2.2% 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 2.0% 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 February 2020 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		
Lighting system, main roof level (proposed)	2	\$ 148,769
Roofs, tower, main and mechanical penthouse, modified bitumen	15	842,273
Roof, lobby canopy, thermoplastic	10	89,936
Roofs, 2nd floor walkway, (Incl. gutter system)	0	150,496
Roofs, 2nd floor walkway, racquetball court and exercise room	6	201,515
Roof, 2nd floor, center/east, thermoplastic	16	110,486
Roof, 2nd floor, northwest, thermoplastic	8	738,470
Roof, 2nd floor, southwest, thermoplastic	14	85,438
Roof, 2nd floor, concrete, waterproof coating and repairs	4	912,791
Roof, 2nd floor, sun deck, planters	21	326,918
Roof, 2nd floor, sun deck, wood decking (Incl. pergolas, siding)	6	905,737
Roof, 2nd floor, sun deck, steel railings (Incl. east of pool enclosure)	5	56,862
Roof, 2nd floor, membrane (beneath decking and pavers)	6	316,716
Roof, pool enclosure, inspections, sealants and repairs	11	135,572
Roof, pool enclosure, replacement	0	272,600
Walls, concrete, mechanical penthouse, repairs and coating	8	268,276
Walls, curtain wall, inspections and infiltration remediation	0	925,227
Walls, curtain wall, inspections, partial sealants and capital repairs	5	10,821,318
Walls, masonry, near term remaining flashing installation	0	150,000
Walls, masonry, inspections and repairs, subsequent	4	796,792
Walls, metal siding, racquetball court, exercise room and mall atrium	12	207,096
Windows and doors, lobby, revolving doors	8	119,016
Windows and doors, lobby, party room and aerobic exercise room	8	537,359
Windows and doors, 2nd floor walkway and weight exercise room	4	194,734
Windows and doors, pool	4	176,188
Windows and doors, mall (entrances and standard windows)	4	92,730
Windows and doors, mall, skylight	9	85,144

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	1	208,105
Elevator cab finishes, traction, service	3	97,813
Elevator cab finishes, hydraulic, garage	3	86,945
Exercise equipment, cardiovascular	1	360,299
Exercise equipment, strength training	10	127,541
Exercise rooms, renovations	6	295,099
Floor coverings, carpet, hallways	1	2,070,164
Floor coverings, vinyl, 2nd floor walkway, and pool area	3	427,632
Floor coverings, vinyl, service elevator foyers/trash areas, residential floors	6	88,879
Light fixtures, hallways	1	538,321
Lobby, renovation	7	346,499
Mailboxes (residential)	7	127,168
Mall, corridors, renovations	2	269,405
Mall, market, renovations	6	408,598
Mall, office, renovations	2	218,116
Mall, rest rooms, renovations	18	56,221
Paint finishes, hallways (Incl. elevator foyer wall coverings)	1	1,164,569
Party room, renovations, phased	2 to 11	218,116
Rest/locker rooms, 2nd floor, renovations	19	75,603
Signage (phased in near terms)	1	220,868
Building Services Elements		
Air handling units, residential corridors, capital repairs	1	132,860
Air handling unit, lobby, capital repairs (incl. return air fan)	4	50,184
Air handling unit, mall corridors (replacement)	4	87,276
Air handling units, party room and basement (replacement)	4	98,185
Air handling unit, pool, (Incl. return air fan) (replacement)	6	96,856
Air handling unit, racquetball court, rooftop unit	4	68,443
Boilers, building heat, 29, 291-MBH	8	3,332,462
Boilers, building heat, feed water system (tank and pumps)	8	76,171
Boilers, domestic hot water, residential, high zone, 800-MBH	9	515,865
Boilers, domestic hot water, residential, low zone, 1,255-MBH (2 in 2020)	0	558,889
Boilers, domestic hot water, commercial, 660-MBH	2	239,101
Building automation system	4	390,450

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	4	333,217
Chillers, 600-tons, replacement	14	1,898,631
Cooling tower, residential, 1,051-tons, capital repairs	3	183,381
Cooling tower, residential, 1,051-tons, replacement	22	887,733
Cooling tower, commercial, replacement	27	134,969
Electrical system, main panels	19	680,424
Elevators, hydraulic, garage, pumps and controls	15	235,620
Elevators, hydraulic, garage, cylinders	25	206,754
Elevator, hydraulic, refuse, controls	0	150,000
Elevator, hydraulic, refuse, pump and cylinder	19	105,844
Elevators, traction, passenger, controls and equipment	13	1,751,603
Elevators, traction, service, controls and equipment	14	1,274,795
Exhaust fans, main kitchen and rest room (near term is kitchen modifications)	1	345,497
Expansion tanks (main building heating and cooling system)	8	183,285
Heat exchangers, building heating, main (near term is valves)	0	232,328
Heat exchangers, remaining (pool air handler, fin tubes, low level)	8	119,612
Life safety system, central panel	2	161,989
Life safety system, devices	9	267,597
Light fixtures, exit and emergency	4	380,395
Pipes, risers, building heating, cooling and condensate, invasive study	5	35,000
Pipes, riser sections, building heating, cooling and condensate, phased	7 to 14	7,410,712
Pipes, building heat and cooling, 06 tier insulation	1	89,936
Pipes, riser sections, domestic hot water, remaining phased	1 to 5	2,716,500
Pipes, riser sections, domestic cold water, waste and vent, phased	16 to 23	9,694,466
Pumps, building cooling, commercial at cooling tower, 75-HP (Incl. controls, VFDs)	20	46,360
Pump, building cooling, residential, cooling tower, 75-HP (Incl. controls)	15	60,984
Pumps, building heating, commercial, 10-HP (Incl. controls)	7	41,924
Pumps, HVAC, residential, fan coil loop/dual temperature, 100-HP (Incl. controls, VFDs)	2	169,206
Pumps, building heating, residential, fin tubes, 10-HP (Incl. controls)	0	82,826
Pumps, domestic cold water, 30-to 75-HP (Incl. controls) (near term are 2)	1	395,170
Pumps, fire suppression, 40-to 100-HP (Incl. controls)	12	249,294
Pumps, gas booster, 10-HP (Incl. controls, VFDs) (2020 is 1)	0	144,868
Pumps, sewage ejection, 10-HP (Incl. controls)	18	35,508
Security system, phased (cameras, monitors, card readers)	3 to 11	325,040
Storage tank, domestic hot water, at main boiler room	3	233,774
Storage tank, domestic hot water, high zone	7	139,745
Trash compactor	19	23,437
Valves, large diameter, phased (fire pumps, main water, main mech.)	4 to 6	250,903

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	0	121,887
Concrete, on-grade at site, partial replacement	0	153,436
Plaza, waterproof membrane and concrete, interim repairs/sealants (Incl. circle drive)	2	248,758
Plaza, waterproof membrane and concrete, replacement (Incl. circle drive)	22	1,704,447
Plaza, waterproof membrane, planters (except at lobby entrance)	13	163,218
Pool Elements		
Hot tub (jacuzzi), insert (near term is platform/tile/walls)	0	101,935
Mechanical equipment, phased	3 to 9	218,510
Pool main, vinyl liner and repairs	9	352,254
Pool, outdoor, plaster finish and repairs (kiddie pool)	5	92,926
Garage elements		
Concrete and traffic coating, near term restoration project	1	950,000
Concrete, elevated floor, inspections and capital repairs (1P level)	11	394,978
Concrete, on-grade, partial (2P level)	11 to 30+	206,466
Doors and operators, fire	5	147,173
Exhaust system (fans, louvers and carbon monoxide detectors)	10	106,907
Fire suppression system	12	785,276
Light fixtures	14	65,096
Paint finishes	7	355,696
Traffic coating, elevated floor, overlay at drive lanes (1P level)	11	198,191
Traffic coating, elevated floor, total replacement (1P level)	21	696,478
Unit heaters (replacement of remaining original)	11	177,864
Reserve study update with site visit	1	13,000
		\$ 71,654,985