

**Park Tower Condominium
Association
Financial Statements
For the Years Ended
February 28, 2021 and February 29, 2020**

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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, 2021, 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, 2021, 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 August 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the previous year ended February 29, 2020, 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 15-19, 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 20-23, 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
October 29, 2021

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets
February 28, 2021 and February 29, 2020

	2021		2020
	Operating Fund	Reserve Fund	Total
<u>Assets</u>			
Current assets			
Cash	\$ 884,102	\$3,002,520	\$ 3,886,622
Certificates of deposit	121,387		121,387
Assessments receivable, less allowance of \$60,000 in 2021 and \$90,000 in 2020	241,711		241,711
Scavenger receivable	11,991		11,991
Other receivable	11,141		11,141
Prepaid expense	25,902		25,902
Interfund receivable	220,353		220,353
Total current assets	<u>1,516,587</u>	<u>3,002,520</u>	<u>4,519,107</u>
Property and equipment			
Condominium unit	502,218		502,218
Fitness equipment	80,408		80,408
Accumulated depreciation	<u>(318,523)</u>		<u>(318,523)</u>
Net property and equipment	<u>264,103</u>		<u>264,103</u>
Scavenger receivable, noncurrent	82,874		82,874
Total assets	<u>\$1,863,564</u>	<u>\$3,002,520</u>	<u>\$ 4,866,084</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd
February 28, 2021 and February 29, 2020

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 241,916	\$ 71,901	\$ 313,817	\$ 540,201
Accrued payroll	68,520		68,520	70,501
Accrued expenses	19,007		19,007	7,641
Prepaid assessments	42,840		42,840	46,856
Prepaid health club memberships	5,000		5,000	73,000
Security deposits	48,528		48,528	48,393
Interfund payable		220,353	220,353	126,809
Total liabilities	425,811	292,254	718,065	913,401
Fund balances	1,437,753	2,710,266	4,148,019	2,937,948
Total liabilities and fund balances	<u>\$1,863,564</u>	<u>\$3,002,520</u>	<u>\$4,866,084</u>	<u>\$3,851,349</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Revenue, Expenses and Changes in Fund Balances
For the Years Ended February 28, 2021 and February 29, 2020

	2021		2020
	Operating Fund	Reserve Fund	Total
Revenue			
Assessments	\$5,424,717	\$ -	\$5,424,717
Garage revenue	743,013		743,013
Interest income	8,200	30,031	38,231
Other revenue	1,145,710		1,145,710
Total revenue	<u>7,321,640</u>	<u>30,031</u>	<u>7,351,671</u>
Expenses			
Administrative	468,771		468,771
Payroll	1,742,304		1,742,304
Utilities	1,221,078		1,221,078
Building services	119,411		119,411
Contracts	816,612		816,612
Repairs and maintenance	409,174		409,174
Recreational services	31,870		31,870
Garage	519,647		519,647
Major repairs and replacements		812,733	812,733
Total expenses	<u>5,328,867</u>	<u>812,733</u>	<u>6,141,600</u>
Excess (deficit) of revenue over expenses	1,992,773	(782,702)	1,210,071
Monthly transfers	(1,791,100)	1,791,100	
Fund balances, beginning of year	<u>1,236,080</u>	<u>1,701,868</u>	<u>2,937,948</u>
Fund balances, end of year	<u>\$1,437,753</u>	<u>\$2,710,266</u>	<u>\$4,148,019</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows
For the Years Ended February 28, 2021 and February 29, 2020

	2021		2020
	Operating Fund	Reserve Fund	Total
Cash flows from operating activities:			
Excess (deficit) of revenue over	\$1,992,773	\$ (782,702)	\$ 1,210,071
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities			
Bad debt expense (recoveries)	(22,309)		(22,309)
Depreciation	9,814		9,814
(Increase) decrease in assets:			
Assessments receivable	5,719		5,719
Other receivables	3,204	210,291	213,495
Prepaid expense	(22,695)		(22,695)
Increase (decrease) in liabilities:			
Accounts payable	(127,450)	(98,934)	(226,384)
Accrued payroll	(1,981)		(1,981)
Accrued expenses	11,366		11,366
Prepaid assessment	(4,016)		(4,016)
Prepaid health club memberships	(68,000)		(68,000)
Security deposits	135		135
Net cash provided by (used in) operating activities	<u>1,776,560</u>	<u>(671,345)</u>	<u>1,105,215</u>
Cash flows from investing activities			
Purchase of building improvements	(65,818)		(65,818)
Certificate of deposit activity	<u>133,807</u>	<u>571,275</u>	<u>705,082</u>
Net cash (used in) investing activities	<u>67,989</u>	<u>571,275</u>	<u>639,264</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd
For the Years Ended February 28, 2021 and February 29, 2020

	2021		2020
	Operating Fund	Reserve Fund	Total
Cash flows from financing activities			
Net interfund transfers	(1,884,644)	1,884,644	
Net increase in cash	(40,095)	1,784,574	1,744,479
Cash, beginning of year	924,197	1,217,946	2,142,143
Cash, end of year	\$ 884,102	\$ 3,002,520	\$ 3,886,622
			\$ 2,142,143

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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 \$9,814 and \$20,718 for the years ended February 28, 2021 and February 29, 2020, respectively.

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 October 29, 2021, the date that the financial statements were available to be issued.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

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

Revenue recognition

Accounting principles generally accepted in the United States of America ("U.S. GAAP") prescribe rules regarding the recognition, measurement, presentation and disclosure of revenue and related contract acquisition and fulfillment costs. 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 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 and assessments from unit owners made to accumulate funds for the purpose of repairing and replacing the property's common elements are allocated as increases in the Association's reserve fund. Neither of these types of assessments represents revenue from contracts with customers and, thus, such membership assessments are not covered by the rules cited in the previous paragraph.

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, 2021 and February 29, 2020. 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, 2021 and February 29, 2020. The Association has federal and state net operating loss carry forwards, amounting to approximately \$975,000, and \$892,000, respectively, expiring in various years through 2040, 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.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 3 - Income taxes, cont'd

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, 2021, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before 2018.

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 \$2,710,266 and \$1,701,868 at February 28, 2021 and February 29, 2020, 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 – Lease agreements

The Association entered into various lease agreements throughout the years with different lease terms, renewal terms and rent payments. For the year ended February 28, 2021, the Association recorded laundry room income of \$79,316, antenna fees income of \$106,174 and commercial rent income of \$76,404.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 6 - Major repairs and replacements

Major repairs and replacement expenses for the years ended February 28, 2021 and February 29, 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Garage	\$ 408,829	\$ 202,262
HVAC	273,256	162,143
Plumbing	73,933	124,211
Pool	64,184	997
Various major repairs	18,372	108,748
Riser	(25,841)	831,650
Landscaping		208,085
Building improvements		18,938
Key FOB		<u>17,806</u>
Total	<u>\$ 812,733</u>	<u>\$ 1,674,840</u>

Note 7 - Pension plan

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, 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 2021	Zone 2020		2021	2020		
A	51-6055057-001	N/A	Green	Not Applicable	\$ 15,530	\$ 41,738	No	11/30/2023
B	36-6102397-001	N/A	Green	Not Applicable	\$ 5,183	\$ 8,992	No	11/30/2022
C	36-6102397-001	N/A	Green	Not Applicable	\$ 20,809	\$ 25,091	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 2021 and 2020.

Note 8 – Reclassifications

The Association has reclassified certain items in the 2020 financial statements to conform with the presentation of the 2021 financial statements. The reclassifications did not affect the Association's 2020 financial position or results of operations.

Note 9 – Concentration of credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash in financial institutions, which time to time exceed Federal Depository Insurance Corporation and Securities Investor Protection Corporation insurance limits. Amounts exceeding federally and securities insured limits totaled approximately \$597,000 at February 28, 2021.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 10 – COVID-19

Since March 2020 the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant uncertainty. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Association has had to implement a remote workforce and search for ways to avoid disruption of the Association's operations and adapt to the continually changing environment – all the while keeping employees safe. Outside the Association's control, some contracted work may be delayed due to COVID-19 restrictions (permits not being issued, inspections stopped, etc.). The Association is focused on a strong balance sheet to withstand a downturn.

The Association has determined that these events are non-adjusting events. Accordingly, financial position and results of operations as of and for the year ended February 28, 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of governmental and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations for the Association for future periods.

Note 11 – Commitments

In January 2020, the Association entered into a contract for garage repairs for \$605,090. As of February 28, 2021, a total of \$307,652 of the contract has been incurred, with the remaining project expected to be completed during 2021 and 2022. The project is funded by the reserve fund.

Note 12 – Subsequent event

Subsequent to February 28, 2021 the Association entered into several contracts relating to a roof panel replacement and for masonry improvements. The combined contracts total approximately \$403,000. These projects are expected to be completed during 2021 and 2022, and will be funded from current reserves.

SUPPLEMENTARY INFORMATION

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual
For the Years Ended February 28, 2021 and February 29, 2020
(Unaudited)

	2021		2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Assessments	<u>\$5,423,500</u>	<u>\$5,424,717</u>	<u>\$5,238,413</u>
Garage revenue			
Parking	328,800	216,300	276,459
Valet parking	186,300	190,660	194,503
Reserve parking	70,200	169,130	97,452
Tandem parking	87,100	75,280	76,152
Commercial parking	159,400	58,163	152,758
Guest parking	39,000	16,319	36,028
Miscellaneous garage revenue	14,000	11,682	7,756
Cash sales	<u>14,600</u>	<u>5,479</u>	<u>7,518</u>
Total garage revenue	<u>899,400</u>	<u>743,013</u>	<u>848,626</u>
Interest income	<u>7,000</u>	<u>8,200</u>	<u>8,748</u>
Other revenue			
Cable	412,400	426,810	388,545
Service recoveries	103,700	125,817	147,661
Health club	114,600	114,775	108,342
Fines	17,000	80,913	27,770
Laundry	95,000	79,316	88,045
Commercial rent	76,600	76,404	40,082
Late fees	25,200	36,610	19,895
Transfers fees	63,500	33,250	51,350
Rent	21,600	21,600	19,100
Bike fees	12,300	9,960	13,710
Lockout fees	6,000	4,450	5,750

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2021 and February 29, 2020
 (Unaudited)

	2021		2020
	Budget	Actual	Actual
Other revenue, cont'd			
Antenna fees	95,900	106,174	100,012
Miscellaneous revenue	33,900	29,631	41,569
Total other revenue	1,077,700	1,145,710	1,051,831
Total operating revenue	<u>\$7,407,600</u>	<u>\$7,321,640</u>	<u>\$ 7,147,618</u>
Expenses			
Administrative			
Insurance	\$ 208,900	\$ 189,139	\$ 161,563
Management fee	127,200	127,200	114,900
Association owned commercial unit	39,500	39,496	38,161
Miscellaneous administrative	10,600	25,483	17,497
Office expenses	24,100	24,002	24,160
Real estate taxes	20,700	19,680	24,455
Legal fees	20,800	18,422	16,909
Depreciation		9,814	20,718
Telephone	10,400	9,467	8,641
Professional fees	9,500	8,073	26,120
Association owned mgmt office	6,000	5,953	5,752
Office equipment	9,500	5,702	4,740
Audit fees	5,500	5,500	5,500
Training	5,600	3,149	2,256
Bad debts expense (recoveries)	15,000	(22,309)	28,362
Total administrative	<u>513,300</u>	<u>468,771</u>	<u>499,734</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2021 and February 29, 2020
 (Unaudited)

	2021		2020
	Budget	Actual	Actual
Payroll			
Janitor	845,600	788,687	843,905
Employee benefits	351,700	353,800	316,503
Office salaries	265,300	272,639	263,449
Doormen	187,200	174,937	182,577
Payroll taxes	117,800	81,718	111,150
Health club and pool	69,800	39,222	63,566
Workers compensation	33,000	31,301	34,925
Miscellaneous payroll			10,419
Total payroll	1,870,400	1,742,304	1,826,494
Utilities			
Water	445,000	535,684	378,704
Electricity	385,900	347,599	365,508
Gas	433,100	337,795	353,446
Total utilities	1,264,000	1,221,078	1,097,658
Building services			
Exterminating	43,200	47,837	50,830
Cleaning supplies	14,700	18,759	9,760
Association owned engineer unit	18,500	18,470	18,221
Maintenance supplies	9,800	12,743	8,735
Extraordinary items		11,222	
Light bulbs	9,500	5,259	8,624
Licenses and permits	7,300	2,782	2,961
Miscellaneous building services	6,000	2,339	3,556
Total building services	109,000	119,411	102,687

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2021 and February 29, 2020
 (Unaudited)

	2021		2020
	Budget	Actual	Actual
Contracts			
Cable	412,400	428,568	359,533
Security	139,600	145,316	144,380
Elevator contract	104,000	105,941	95,422
Landscaping	34,500	35,889	29,236
Trash removal	33,400	31,537	30,270
Window washing	25,700	27,665	26,225
HVAC contract	32,600	19,769	30,775
Uniforms	11,000	11,136	12,732
Metal maintenance	20,900	10,791	19,493
Total contracts	<u>814,100</u>	<u>816,612</u>	<u>748,066</u>
Repairs and maintenance			
Resident reimbursed repairs	60,000	88,125	96,588
HVAC repairs	87,900	87,594	119,957
Building repairs	74,000	79,641	82,227
Plumbing repairs	30,000	33,860	29,229
Lock and keys	36,000	33,309	14,069
Fire safety	28,500	20,642	23,437
Electrical repairs	23,500	15,157	22,791
Roof repairs	9,500	10,897	4,527
Security equipment	12,500	9,895	9,853
Floor repairs	7,500	9,795	10,624
Moving fees security	16,800	7,651	9,760
Equipment maintenance	5,000	3,549	2,762
Window repairs	4,200	3,170	7,103
Snow removal	4,600	2,927	2,128
Filters	3,400	2,643	2,106
Miscellaneous repairs	5,000	319	2,850
Total repairs and maintenance	<u>408,400</u>	<u>409,174</u>	<u>440,011</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2021 and February 29, 2020
 (Unaudited)

	2021		2020
	Budget	Actual	Actual
Recreational services			
Pool expenses	6,800	18,444	6,501
Health club	17,900	12,678	20,732
Social activities	11,400	748	10,005
Total recreational services	<u>36,100</u>	<u>31,870</u>	<u>37,238</u>
Garage			
Payroll	320,900	290,148	268,770
Employee benefits	144,500	146,751	124,853
Parking tax	50,800	26,711	46,905
Payroll tax	28,000	24,229	20,334
Garage repairs	20,900	9,403	36,950
Workers comp	9,000	8,056	8,110
Miscellaneous garage	18,100	6,315	23,892
Maintenance expense	5,000	5,035	4,923
Parking expenses	4,000	2,999	13,505
Total garage	<u>601,200</u>	<u>519,647</u>	<u>548,242</u>
Total operating expenses	<u>\$5,616,500</u>	<u>\$5,328,867</u>	<u>\$5,300,130</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