

Park Tower Condominium Association

Financial Statements

For the Years Ended
February 28, 2022 and 2021

PARK TOWER CONDOMINIUM ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Park Tower Condominium Association, which comprise the balance sheets as of February 28, 2022, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Park Tower Condominium Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited the Park Tower Condominium Association's 2021 financial statements, and our report dated October 29, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Park Tower Condominium Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Park Tower Condominium Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Park Tower Condominium Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating revenue and expenses – budget and actual, on pages 16-20, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management. The 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 21-24, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 3, 2022

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets February 28, 2022 and 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	\$1,440,889	\$3,387,365	\$ 4,828,254	\$3,886,622
Certificates of deposit	27,264		27,264	121,387
Assessments receivable, less allowance of \$83,000 in 2022 and \$60,000 in 2021	201,946		201,946	241,711
Scavenger receivable	11,991		11,991	11,991
Other receivable	7,000		7,000	11,141
Prepaid expense	61,700		61,700	25,902
Interfund receivable	6,085		6,085	220,353
Total current assets	1,756,875	3,387,365	5,144,240	4,519,107
Property and equipment				
Condominium unit	502,218		502,218	502,218
Fitness equipment	80,408		80,408	80,408
Accumulated depreciation	(360,096)		(360,096)	(318,523)
Net property and equipment	222,530		222,530	264,103
Scavenger receivable, noncurrent	82,874		82,874	82,874
Total assets	\$2,062,279	\$3,387,365	\$ 5,449,644	\$4,866,084

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd February 28, 2022 and 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 279,840	\$ 15,654	\$ 295,494	\$ 313,817
Accrued payroll	74,981		74,981	68,520
Accrued expenses	21,076		21,076	19,007
Prepaid assessments	73,708		73,708	42,840
Prepaid health club memberships	22,000		22,000	5,000
Security deposits	48,528		48,528	48,528
Interfund payable		6,085	6,085	220,353
Total liabilities	<u>520,133</u>	<u>21,739</u>	<u>541,872</u>	<u>718,065</u>
Fund balances	<u>1,542,146</u>	<u>3,365,626</u>	<u>4,907,772</u>	<u>4,148,019</u>
Total liabilities and fund balances	<u>\$2,062,279</u>	<u>\$3,387,365</u>	<u>\$5,449,644</u>	<u>\$4,866,084</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Revenue, Expenses and Changes in Fund Balances For the Years Ended February 28, 2022 and 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$5,607,930	\$ -	\$5,607,930	\$5,424,717
Garage revenue	943,329		943,329	743,013
Interest income	4,972	4,734	9,706	38,231
Other revenue	1,188,807		1,188,807	1,145,710
Total revenue	<u>7,745,038</u>	<u>4,734</u>	<u>7,749,772</u>	<u>7,351,671</u>
Expenses				
Administrative	699,270		699,270	468,771
Payroll	1,780,165		1,780,165	1,742,304
Utilities	1,146,570		1,146,570	1,221,078
Building services	102,304		102,304	119,411
Contracts	865,403		865,403	816,612
Repairs and maintenance	426,921		426,921	409,174
Recreational services	26,675		26,675	31,870
Garage	597,578		597,578	519,647
Major repairs and replacements		1,345,133	1,345,133	812,733
Total expenses	<u>5,644,886</u>	<u>1,345,133</u>	<u>6,990,019</u>	<u>6,141,600</u>
Excess (deficit) of revenue over expens	2,100,152	(1,340,399)	759,753	1,210,071
Monthly transfers	(1,995,759)	1,995,759		
Fund balances, beginning of year	<u>1,437,753</u>	<u>2,710,266</u>	<u>4,148,019</u>	<u>2,937,948</u>
Fund balances, end of year	<u>\$1,542,146</u>	<u>\$3,365,626</u>	<u>\$4,907,772</u>	<u>\$4,148,019</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows For the Years Ended February 28, 2022 and 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities:				
Excess (deficit) of revenue over	\$2,100,152	\$ (1,340,399)	\$ 759,753	\$ 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)	23,000		23,000	(30,000)
Depreciation	41,573		41,573	9,814
(Increase) decrease in assets:				
Assessments receivable	16,765		16,765	13,410
Other receivables	4,141	-	4,141	213,495
Prepaid expense	(35,798)		(35,798)	(22,695)
Increase (decrease) in liabilities:				
Accounts payable	37,924	(56,247)	(18,323)	(226,384)
Accrued payroll	6,461		6,461	(1,981)
Accrued expenses	2,069		2,069	11,366
Prepaid assessment	30,868		30,868	(4,016)
Prepaid health club memberships	17,000		17,000	(68,000)
Security deposits				135
Net cash provided by (used in) operating activities	<u>2,244,155</u>	<u>(1,396,646)</u>	<u>847,509</u>	<u>1,105,215</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd For the Years Ended February 28, 2022 and 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
Cash flows from investing activities				
Purchase of building improvements				(65,818)
Certificate of deposit activity	94,123		94,123	705,082
Net cash (used in) investing activities	94,123		94,123	639,264
Cash flows from financing activities				
Net interfund transfers	(1,781,491)	1,781,491		
Net increase in cash	556,787	384,845	941,632	1,744,479
Cash, beginning of year	884,102	3,002,520	3,886,622	2,142,143
Cash, end of year	<u>\$1,440,889</u>	<u>\$ 3,387,365</u>	<u>\$ 4,828,254</u>	<u>\$ 3,886,622</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 \$41,573 and \$9,814 for the years ended February 28, 2022 and 2021, 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 August 3, 2022, 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, 2022 and 2021. 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, 2022 and 2021. The Association has federal and state net operating loss carry forwards, amounting to approximately \$1,049,000, and \$787,000, respectively, expiring in various years through 2041, 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, 2022, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before 2019.

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 \$3,365,626 and \$2,710,266 at February 28, 2022 and 2021, 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, 2022, the Association recorded laundry room income of \$83,634, antenna fees income of \$78,173 and commercial rent income of \$80,410.

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, 2022 and February 28, 2021 were as follows:

	2022	2021
Garage	\$ 296,390	\$ 408,829
Riser	295,461	(25,841)
Tuckpointing	227,880	
HVAC	164,334	273,256
Roof	162,733	
Plumbing	103,633	73,933
Building improvements	75,649	
Pool	15,654	64,184
Landscaping	3,399	
Various major repairs		18,372
Total	<u>\$1,345,133</u>	<u>\$ 812,733</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	Estimated		Surcharge Imposed	Collective Bargaining Agreement Exp. Date
		Act 2022	Zone 2021		Association 2022	Contributions 2021		
A	51-6055057-001	N/A	Green	Not Applicable	\$ 34,700	\$ 15,530	No	11/30/2023
B	36-6102397-001	N/A	Green	Not Applicable	\$ 9,679	\$ 5,183	No	11/30/2022
C	36-6102397-001	N/A	Green	Not Applicable	\$ 27,609	\$ 20,809	Unknown	10/30/2024

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 2022 and 2021.

Note 8 – 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 \$1,547,000 at February 28, 2022.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 9 – 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, 2022 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 10 – Commitments

In 2021, the Association entered into a contract for dual temp pumps for \$86,474. There was a deposit of \$42,000 as of February 28, 2022. The project is expected to be completed during 2022 and 2023. The project is funded by the reserve fund.

In 2021, the Association entered into a contract for roof replacement for \$236,400. There was a deposit of \$118,200 as of February 28, 2022. The project is expected to be completed during 2022 and 2023. The project is funded by the reserve fund.

SUPPLEMENTARY INFORMATION

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 28, 2022 and 2021 (Unaudited)

	2022		2021
	Budget	Actual	Actual
Revenue			
Assessments	\$5,607,700	\$5,607,930	\$5,424,717
Garage revenue			
Parking	341,000	326,827	216,300
Valet parking	201,600	190,396	190,660
Commercial parking	51,000	131,510	58,163
Miscellaneous garage revenue	94,300	96,540	11,682
Tandem parking	88,300	86,881	75,280
Reserve parking	72,500	74,830	169,130
Guest parking	15,600	31,131	16,319
Cash sales	6,900	5,214	5,479
Total garage revenue	871,200	943,329	743,013
Interest income	6,500	4,972	8,200
Other revenue			
Cable	445,200	445,685	426,810
Service recoveries	113,300	127,994	125,817
Laundry	89,000	83,634	79,316
Commercial rent	80,800	80,410	76,404
Fines	28,800	76,075	80,913
Health club	74,400	74,867	114,775
Transfers fees	63,500	65,450	33,250
Rent	48,600	43,050	21,600
Late fees	27,000	37,995	36,610
Bike fees	9,900	9,870	9,960
Lockout fees	6,000	6,150	4,450

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2022 and 2021 (Unaudited)

	2022		2021
	Budget	Actual	Actual
Other revenue, cont'd			
Antenna fees	98,600	78,173	106,174
Miscellaneous revenue	26,500	59,454	29,631
 Total other revenue	 1,111,600	 1,188,807	 1,145,710
 Total operating revenue	 <u>\$7,597,000</u>	 <u>\$7,745,038</u>	 <u>\$ 7,321,640</u>
 Expenses			
Administrative			
Insurance	\$ 304,300	\$ 310,080	\$ 189,139
Management fee	127,200	127,200	127,200
Bad debts expense (recoveries)	27,000	43,269	(22,309)
Depreciation		41,573	9,814
Association owned commercial unit	40,900	40,839	39,496
Real estate taxes	19,900	33,180	19,680
Legal fees	20,900	32,045	18,422
Office expenses	23,900	20,074	24,002
Miscellaneous administrative	10,600	11,777	25,483
Professional fees	22,100	10,558	8,073
Telephone	10,400	9,615	9,467
Association owned mgmt office	6,200	6,156	5,953
Audit fees	5,500	5,500	5,500
Training	7,100	4,658	3,149
Office equipment	7,200	2,746	5,702
 Total administrative	 <u>633,200</u>	 <u>699,270</u>	 <u>468,771</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2022 and 2021 (Unaudited)

	2022		2021
	Budget	Actual	Actual
Payroll			
Janitor	841,700	801,361	788,687
Employee benefits	367,700	336,521	353,800
Office salaries	269,600	274,554	272,639
Doormen	203,400	181,809	174,937
Payroll taxes	125,800	101,204	81,718
Health club and pool	72,900	49,707	39,222
Workers compensation	33,800	35,009	31,301
Total payroll	1,914,900	1,780,165	1,742,304
Utilities			
Gas	423,000	434,016	337,795
Water	528,000	391,088	535,684
Electricity	375,500	321,466	347,599
Total utilities	1,326,500	1,146,570	1,221,078
Building services			
Exterminating	45,000	40,803	47,837
Association owned engineer unit	19,100	19,098	18,470
Cleaning supplies	18,100	16,066	18,759
Extraordinary items	5,000	8,274	11,222
Maintenance supplies	10,300	7,535	12,743
Light bulbs	9,500	4,235	5,259
Miscellaneous building services	6,000	4,018	2,339
Licenses and permits	7,400	2,275	2,782
Total building services	120,400	102,304	119,411

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2022 and 2021 (Unaudited)

	2022		2021
	Budget	Actual	Actual
Contracts			
Cable	445,200	445,225	428,568
Security	149,000	155,264	145,316
Elevator contract	106,900	108,031	105,941
Window washing	26,000	36,215	27,665
Trash removal	34,500	33,209	31,537
Landscaping	35,400	31,590	35,889
HVAC contract	30,800	26,257	19,769
Metal maintenance	16,500	18,188	10,791
Uniforms	13,100	11,424	11,136
Total contracts	857,400	865,403	816,612
Repairs and maintenance			
HVAC repairs	77,400	131,332	87,594
Resident reimbursed repairs	66,000	92,571	88,125
Building repairs	72,000	85,398	79,641
Fire safety	28,500	28,629	20,642
Lock and keys	21,800	18,409	33,309
Moving fees security	17,500	15,621	7,651
Roof repairs	10,000	8,744	10,897
Security equipment	10,900	8,377	9,895
Plumbing repairs	30,000	7,943	33,860
Equipment maintenance	8,000	7,318	3,549
Snow removal	4,600	7,192	2,927
Window repairs	4,200	6,876	3,170
Filters	3,400	4,437	2,643
Electrical repairs	12,500	4,074	15,157
Floor repairs	3,600		9,795
Miscellaneous repairs			319
Total repairs and maintenance	370,400	426,921	409,174

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2022 and 2021 (Unaudited)

	2022		2021
	Budget	Actual	Actual
Recreational services			
Pool expenses	7,200	14,008	18,444
Health club	18,000	12,644	12,678
Social activities	2,400	23	748
Total recreational services	27,600	26,675	31,870
Garage			
Payroll	323,300	321,626	290,148
Employee benefits	156,600	158,581	146,751
Parking tax	18,000	41,551	26,711
Payroll tax	29,200	26,277	24,229
Miscellaneous garage	23,400	19,253	6,315
Maintenance expense	5,800	13,560	5,035
Workers comp	9,200	7,647	8,056
Garage repairs	19,000	7,045	9,403
Parking expenses	4,000	2,038	2,999
Total garage	588,500	597,578	519,647
Total operating expenses	<u>\$5,838,900</u>	<u>\$5,644,886</u>	<u>\$5,328,867</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