

**Park Tower Condominium
Association
Financial Statements
For the Years Ended
February 28, 2023 and 2022**

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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

Opinion

We have audited the accompanying financial statements of Park Tower Condominium Association, which comprise the balance sheets as of February 28, 2023, 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, 2023, 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 2022 financial statements, and our report dated August 3, 2022 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, 2022, 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 17-21, 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 22-26, 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
September 17, 2023

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets
February 28, 2023 and 2022

	2023		2022	
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	\$1,254,740	\$2,082,885	\$ 3,337,625	\$4,828,254
Certificates of deposit	1,129,003		1,129,003	27,264
Investments	1,496,573		1,496,573	
Assessments receivable, less allowance of \$151,000 in 2023 and \$83,000 in 2022	134,063		134,063	201,946
Scavenger receivable	11,991		11,991	11,991
Other receivable	12,000		12,000	7,000
Prepaid expense	121,085		121,085	61,700
Interfund receivable		2,132,947	2,132,947	6,085
Total current assets	<u>4,159,455</u>	<u>4,215,832</u>	<u>8,375,287</u>	<u>5,144,240</u>
Property and equipment				
Condominium unit	502,218		502,218	502,218
Fitness equipment	142,066		142,066	80,408
Accumulated depreciation	<u>(387,612)</u>		<u>(387,612)</u>	<u>(360,096)</u>
Net property and equipment	<u>256,672</u>		<u>256,672</u>	<u>222,530</u>
Scavenger receivable, noncurrent	<u>82,874</u>		<u>82,874</u>	<u>82,874</u>
Total assets	<u>\$4,499,001</u>	<u>\$4,215,832</u>	<u>\$ 8,714,833</u>	<u>\$5,449,644</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd
February 28, 2023 and 2022

	2023			2022
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 394,145	\$ 24,034	\$ 418,179	\$ 295,494
Accrued payroll	92,649		92,649	74,981
Accrued expenses	27,513		27,513	21,076
Prepaid assessments	62,469		62,469	73,708
Prepaid health club memberships	71,000		71,000	22,000
Security deposits	48,528		48,528	48,528
Interfund payable	2,132,947		2,132,947	6,085
Total liabilities	<u>2,829,251</u>	<u>24,034</u>	<u>2,853,285</u>	<u>541,872</u>
Fund balances	<u>1,669,750</u>	<u>4,191,798</u>	<u>5,861,548</u>	<u>4,907,772</u>
Total liabilities and fund balances	<u>\$4,499,001</u>	<u>\$4,215,832</u>	<u>\$8,714,833</u>	<u>\$5,449,644</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Revenue, Expenses and Changes in Fund Balances
For the Years Ended February 28, 2023 and 2022

	2023		2022	
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$5,826,512	\$ -	\$5,826,512	\$5,607,930
Garage revenue	942,476		942,476	943,329
Interest income	14,281	19,644	33,925	9,706
Other revenue	1,346,367		1,346,367	1,188,807
Total revenue	<u>8,129,636</u>	<u>19,644</u>	<u>8,149,280</u>	<u>7,749,772</u>
Expenses				
Administrative	791,124		791,124	699,270
Payroll	1,834,493		1,834,493	1,780,165
Utilities	1,114,247		1,114,247	1,146,570
Building services	114,902		114,902	98,286
Contracts	929,117		929,117	869,421
Repairs and maintenance	438,754		438,754	426,921
Recreational services	67,428		67,428	26,675
Garage	636,766		636,766	597,578
Major repairs and replacements		1,268,673	1,268,673	1,345,133
Total expenses	<u>5,926,831</u>	<u>1,268,673</u>	<u>7,195,504</u>	<u>6,990,019</u>
Excess (deficit) of revenue over expenses	2,202,805	(1,249,029)	953,776	759,753
Monthly transfers	(2,136,859)	2,136,859		
Other transfers - fixed assets	61,658	(61,658)		
Fund balances, beginning of year	<u>1,542,146</u>	<u>3,365,626</u>	<u>4,907,772</u>	<u>4,148,019</u>
Fund balances, end of year	<u>\$1,669,750</u>	<u>\$4,191,798</u>	<u>\$5,861,548</u>	<u>\$4,907,772</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows
For the Years Ended February 28, 2023 and 2022

	2023			2022
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities:				
Excess (deficit) of revenue over	\$2,202,805	\$ (1,249,029)	\$ 953,776	\$ 759,753
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities				
Bad debt expense (recoveries)	68,000		68,000	23,000
Depreciation	27,516		27,516	41,573
(Increase) decrease in assets:				
Assessments receivable	(117)		(117)	16,765
Other receivables	(5,000)		(5,000)	4,141
Prepaid expense	(59,385)		(59,385)	(35,798)
Increase (decrease) in liabilities:				
Accounts payable	114,305	8,380	122,685	(18,323)
Accrued payroll	17,668		17,668	6,461
Accrued expenses	6,437		6,437	2,069
Prepaid assessment	(11,239)		(11,239)	30,868
Prepaid health club memberships	49,000		49,000	17,000
Net cash provided by (used in) operating activities	<u>2,409,990</u>	<u>(1,240,649)</u>	<u>1,169,341</u>	<u>847,509</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd
For the Years Ended February 28, 2023 and 2022

	2023		2022
	Operating Fund	Reserve Fund	Total
Cash flows from investing activities			
Purchase of building improvements	(61,658)		(61,658)
Net purchase of investments	(1,496,573)		(1,496,573)
Certificate of deposit activity	(1,101,739)		(1,101,739)
Net cash (used in) investing activities	<u>(2,659,970)</u>		<u>(2,659,970)</u>
Cash flows from financing activities			
Net interfund transfers	<u>63,831</u>	<u>(63,831)</u>	
Net increase (decrease) in cash	<u>(186,149)</u>	<u>(1,304,480)</u>	<u>(1,490,629)</u>
Cash, beginning of year	<u>1,440,889</u>	<u>3,387,365</u>	<u>4,828,254</u>
Cash, end of year	<u>\$1,254,740</u>	<u>\$ 2,082,885</u>	<u>\$ 3,337,625</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 \$27,516 and \$41,573 for the years ended February 28, 2023 and 2022, 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 September 17, 2023, 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, 2023 and 2022. 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, 2023 and 2022. The Association has federal and state net operating loss carry forwards, amounting to approximately \$1,073,000, and \$773,000, respectively, expiring in various years through 2042, 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, 2023, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before 2020.

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 \$4,191,798 and \$3,365,626 at February 28, 2023 and 2022, respectively.

The Association engaged an independent engineer who conducted a study in July 2022 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, 2023, the Association recorded laundry room income of \$85,159, antenna fees income of \$134,189 and commercial rent income of \$56,589.

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, 2023 and February 28, 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Riser	\$ 474,712	\$ 295,461
HVAC	288,866	164,334
Miscellaneous major repairs	191,320	
Roof	126,088	162,733
Building improvements	69,150	75,649
Pool	64,890	15,654
Garage	34,634	296,390
Plumbing	17,015	103,633
Equipment	1,998	
Tuckpointing		227,880
Landscaping		<u>3,399</u>
Total	<u>\$1,268,673</u>	<u>\$1,345,133</u>

Note 7 – Investments

The Association held investments in U.S. Government Securities totaling \$1,496,573 at February 28, 2023. No investments were held for the year ending February 28, 2022. The Association has the ability and intent to hold these investments to maturity and has classified these securities as held-to-maturity investments. These securities are purchased at either a premium or discount to the market at the time of purchase. U.S. Treasury Bills are recorded using the interest method, which interest is earned over the life of the security and is the difference between the face value and the purchase price. U.S. Treasury Notes are recorded at amortized cost which approximates fair value, and pay interest semi-annually.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 8 – Fair value measurements

The Association measures certain financial assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This topic also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 8 – Fair value measurements, cont’d

U.S. Treasury debt securities: valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within fair value hierarchy, the Association’s assets at fair value as of February 28, 2023.

	Assets at Fair Value as of February 28, 2023			
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	\$ 1,496,573	\$ -	\$ -	\$ 1,496,573
Total investment	<u>\$ 1,496,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,496,573</u>

Note 9 - 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.

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	Association Contributions		Collective Bargaining Surcharge Imposed	Agreement Exp. Date
		Act 2023	Zone 2022		Pending/ Implemented	2023		
A	51-6055057-001	N/A	Green	Not Applicable	\$ 33,244	\$ 34,700	No	11/30/2023
B	36-6102397-001	N/A	Green	Not Applicable	\$ 8,052	\$ 9,679	No	11/30/2022
C	36-6102397-001	N/A	Green	Not Applicable	\$ 37,213	\$ 27,609	Unknown	10/30/2024

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 9 - Pension plan, cont'd

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 2023 and 2022.

Note 10 – 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 \$1,552,000 at February 28, 2023.

Note 11 – COVID-19

In March 2020 the World Health Organization declared the COVID-19 pandemic a public health emergency. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, were severely impacted and may continue to impact the economy. Management has been carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as of February 28, 2023 as a result of this uncertainty.

SUPPLEMENTARY INFORMATION

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual
For the Years Ended February 28, 2023 and 2022
(Unaudited)

	2023		2022
	Budget	Actual	Actual
Revenue			
Assessments	\$5,826,400	\$5,826,512	\$5,607,930
Garage revenue			
Parking	353,300	334,260	326,827
Valet parking	200,100	192,134	190,396
Commercial parking	141,400	186,415	131,510
Tandem parking	90,300	89,500	86,881
Reserve parking	74,900	71,025	74,830
Guest parking	22,900	39,491	31,131
Miscellaneous garage revenue	11,500	20,209	96,540
Cash sales	7,100	9,442	5,214
Total garage revenue	901,500	942,476	943,329
Interest income	6,500	14,281	4,972
Other revenue			
Cable	482,000	482,025	445,685
Service recoveries	119,100	213,448	127,994
Fines	24,400	100,699	76,075
Laundry	91,200	85,159	83,634
Health club	87,600	80,451	74,867
Transfers fees	63,500	61,888	65,450
Commercial rent	83,100	56,589	80,410
Rent	45,000	32,608	43,050
Late fees	27,000	27,510	37,995
Bike fees	10,800	10,785	9,870
Lockout fees	6,000	8,400	6,150

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2023 and 2022
 (Unaudited)

	2023		2022
	Budget	Actual	Actual
Other revenue, cont'd			
Antenna fees	104,600	134,189	78,173
Miscellaneous revenue	55,900	52,616	59,454
Total other revenue	1,200,200	1,346,367	1,188,807
Total operating revenue	<u>\$7,934,600</u>	<u>\$8,129,636</u>	<u>\$ 7,745,038</u>
Expenses			
Administrative			
Insurance	\$ 371,900	\$ 333,529	\$ 310,080
Management fee	127,200	127,200	127,200
Bad debts expense (recoveries)	30,000	117,765	43,269
Legal fees	21,500	42,588	32,045
Association owned commercial unit	42,300	42,432	40,839
Depreciation		27,516	41,573
Real estate taxes	22,000	22,910	33,180
Professional fees	9,000	16,897	10,558
Office expenses	23,300	15,255	20,074
Miscellaneous administrative	10,600	13,763	11,777
Telephone	10,400	9,193	9,615
Association owned mgmt office	6,400	6,396	6,156
Office equipment	7,500	5,990	2,746
Audit fees	5,700	5,700	5,500
Training	5,600	3,990	4,658
Total administrative	<u>693,400</u>	<u>791,124</u>	<u>699,270</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2023 and 2022
 (Unaudited)

	2023		2022
	Budget	Actual	Actual
Payroll			
Janitor	849,000	824,858	801,361
Employee benefits	92,900	338,841	336,521
Office salaries	278,700	279,772	274,554
Doormen	213,100	187,668	181,809
Payroll taxes	114,400	106,091	101,204
Health club and pool	75,500	68,697	49,707
Workers compensation	30,100	28,566	35,009
Total payroll	<u>1,653,700</u>	<u>1,834,493</u>	<u>1,780,165</u>
Utilities			
Gas	512,400	535,264	434,016
Water	491,400	344,765	391,088
Electricity	377,700	234,218	321,466
Total utilities	<u>1,381,500</u>	<u>1,114,247</u>	<u>1,146,570</u>
Building services			
Exterminating	46,200	54,233	40,803
Association owned engineer unit	19,800	19,843	19,098
Cleaning supplies	18,900	18,037	16,066
Licenses and permits	7,400	7,648	2,275
Maintenance supplies	10,000	6,375	7,535
Light bulbs	7,400	6,066	4,235
Extraordinary items	5,000	2,700	8,274
Total building services	<u>114,700</u>	<u>114,902</u>	<u>98,286</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2023 and 2022
 (Unaudited)

	2023		2022
	Budget	Actual	Actual
Contracts			
Cable	482,000	487,123	445,225
Security	160,000	163,824	155,264
Elevator contract	110,500	111,784	108,031
Landscaping	36,500	36,392	31,590
Trash removal	35,500	33,541	33,209
HVAC contract	38,000	32,272	26,257
Window washing	26,800	29,205	36,215
Metal maintenance	16,500	19,346	18,188
Uniforms	14,200	9,046	11,424
Plants	6,000	6,584	4,018
Total contracts	<u>926,000</u>	<u>929,117</u>	<u>869,421</u>
Repairs and maintenance			
Resident reimbursed repairs	70,000	141,655	92,571
Building repairs	78,500	86,688	85,398
HVAC repairs	96,000	84,962	131,332
Fire safety	30,400	35,164	28,629
Plumbing repairs	28,900	22,818	7,943
Electrical repairs	12,500	12,813	4,074
Security equipment	9,800	12,080	8,377
Moving fees security	18,900	10,776	15,621
Roof repairs	10,000	9,217	8,744
Filters		7,550	4,437
Lock and keys	21,800	5,940	18,409
Window repairs	4,200	3,773	6,876
Equipment maintenance	3,000	3,167	7,318
Snow removal	4,800	2,151	7,192
Floor repairs	3,600		
Total repairs and maintenance	<u>392,400</u>	<u>438,754</u>	<u>426,921</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 28, 2023 and 2022
 (Unaudited)

	2023		2022
	Budget	Actual	Actual
Recreational services			
Pool expenses	22,200	41,671	14,008
Health club	18,300	17,635	12,644
Social activities	11,200	8,122	23
Total recreational services	<u>51,700</u>	<u>67,428</u>	<u>26,675</u>
Garage			
Payroll	362,000	361,467	321,626
Employee benefits	165,400	161,911	158,581
Parking tax	44,400	54,016	41,551
Payroll tax	27,800	28,237	26,277
Maintenance expense	10,800	10,095	13,560
Miscellaneous garage	10,500	8,893	19,253
Workers comp	6,900	5,600	7,647
Garage repairs	19,000	4,975	7,045
Parking expenses	4,000	1,572	2,038
Total garage	<u>650,800</u>	<u>636,766</u>	<u>597,578</u>
Total operating expenses	<u>\$5,864,200</u>	<u>\$5,926,831</u>	<u>\$5,644,886</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements
(Unaudited)

An independent engineer conducted a study in July 2022, to estimate the current replacement costs and remaining useful lives of the Association’s common area property components. The study’s estimated future replacement costs are based on the July 2022 costs, plus an annual 3.5% inflation increase between the date of the study and date the component will require repair or replacement. The study’s recommended funding plan considers the future replacement costs, over a thirty-year period, and estimates a 1.3% annual rate of return on funds invested for future major repairs and replacements. The Board of Directors has not designated the amount of current reserve funds accumulated for each component.

The following information is based on the July 2022 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)	0	\$ 184,118
Roofs, tower, main and mechanical penthouse, modified bitumen	13	998,742
Roof, lobby canopy, thermoplastic	8	126,226
Roofs, 2nd floor walkway, (Incl. gutter system), thermoplastic	17	111,449
Roofs, 2nd floor walkway, racquetball court and exercise room	4	272,986
Roof, 2nd floor, center/east, thermoplastic	14	151,510
Roof, 2nd floor, northwest, thermoplastic	7	1,130,344
Roof, 2nd floor, southwest, thermoplastic	12	114,237
Roof, 2nd floor, concrete, waterproof coating and repairs	2	1,271,130
Roof, 2nd floor, sun deck, planters	14	428,145
Roof, 2nd floor, sun deck, wood decking (Incl. pergolas, siding)	0	291,838
Roof, 2nd floor, sun deck, wood decking (Incl. pergolas, siding)	4	1,250,891
Roof, 2nd floor, sun deck, steel railings (Incl. east of pool enclosure)	3	75,393
Roof, 2nd floor, membrane (beneath decking and pavers)	4	468,311
Roof, pool enclosure, inspections, sealants and repairs	11	202,559
Roof, pool enclosure, replacement	0	119,800
Walls, concrete, mechanical penthouse, repairs and coating	6	378,644
Walls, curtain wall, inspections and infiltration remediation	0	872,300
Walls, curtain wall, inspections, extensive sealants	8	11,442,456

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
Exterior Building Elements, cont'd		
Walls, masonry, inspections and repairs, subsequent	3	1,292,186
Walls, metal siding, racquetball court, exercise room and mall atrium	10	263,782
Windows and doors, lobby, revolving doors	6	137,677
Windows and doors, lobby, party room and aerobic exercise room	6	607,867
Windows and doors, 2nd floor walkway and weight exercise room	4	253,029
Windows and doors, pool	4	253,603
Windows and doors, mall (entrances)	4	57,376
Windows and doors, mall, skylight	7	101,782
Interior Building Elements		
Hallway project mock up, near term	0	66,800
Elevator cab finishes, traction, passenger	1	273,548
Elevator cab finishes, traction, service	1	118,207
Elevator cab finishes, hydraulic, garage/mail	1	111,400
Exercise equipment, cardiovascular	0	683,840
Exercise equipment, strength training	8	246,605
Exercise rooms, renovations	4	374,115
Floor coverings, carpet, hallways	1	2,615,080
Floor coating, 2nd floor walkway and pool area	0	175,347
Floor coverings, vinyl, service elevator foyers/trash areas, residential floors	4	341,171
Light fixtures, hallways	1	696,949
Lobby, renovation	5	509,070
Mailboxes (residential)	5	138,342
Mall, corridors, renovations	0	507,374
Mall, market, renovations	4	522,660
Mall, office, renovations	0	268,052
Mall, rest rooms, renovations	13	71,942
Paint finishes, hallways (Incl. elevator foyer wall coverings)	1	1,121,421
Party room, renovations, phased	0 to 9	265,262
Rest/locker rooms, 2nd floor, renovations	14	100,359
Signage (2023 is mock up)	0	266,108

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		
Air handling units, residential corridors, near term coils/dampers	0	169,000
Air handling units, residential corridors, total replacement	15	1,105,730
Air handling unit, lobby, capital repairs (incl. return air fan)	15	351,823
Air handling unit, mall corridors (replacement)	3	105,328
Air handling units, party room and basement (replacement)	3	156,329
Air handling unit, pool, (Incl. return air fan) (replacement)	4	113,605
Air handling unit, racquetball court, rooftop unit	2	88,895
Boilers, building heat, 29, 291-MBH	6	3,810,692
Boilers, building heat, feed water system (tank and pumps)	6	83,589
Boilers, domestic hot water, residential, high zone, 800-MBH	8	676,401
Boilers, domestic hot water, residential, low zone, 1,255-MBH	11	630,830
Boilers, domestic hot water, commercial, 660-MBH	3	377,712
Building automation system	3	489,424
Chillers, 600-tons, capital repairs	2	448,383
Chillers, 600-tons, replacement	12	2,266,603
Cooling tower, residential, 1,051-tons, capital repairs	1	215,981
Cooling tower, residential, 1,051-tons, replacement	20	1,333,159
Cooling tower, commercial, replacement	26	198,128
Electrical system, main panels	0	996,178
Elevators, hydraulic, garage/mail, pumps and controls	13	281,512
Elevators, hydraulic, garage/mail, cylinders	23	269,146
Elevator, hydraulic, refuse, controls	28	406,127
Elevator, hydraulic, refuse, pump and cylinder	18	141,169
Elevators, traction, passenger, controls and equipment	9	2,235,152
Elevators, traction, service, controls and equipment	10	1,410,599
Exhaust fans, main kitchen and rest room (near term is kitchen modifications)	2	425,295
Expansion tanks (main building heating and cooling system)	6	292,563
Heat exchangers, building heating, main	6	368,777
Heat exchangers, remaining (pool air handler, fin tubes, low level)	0	289,888
Life safety system, control panels (Incl. detectors)	0	438,571

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		
Life safety system, devices (audio fixtures, voice panels at stairwells)	8	263,362
Light fixtures, exit and emergency (Incl. remote emergency fixtures)	2	405,018
Pipes, risers, building heating, cooling and condensate, invasive study	3	38,805
Pipes, riser sections, building heating, cooling and condensate, phased	6 to 13	8,532,891
Pipes, building heat and cooling, 06 tier insulation	0	94,500
Pipes, riser sections, domestic hot water, remaining phased	0 to 4	2,340,300
Pipes, riser sections, domestic cold water, waste and vent, phased	14 to 21	12,105,413
Pumps, building cooling, commercial at cooling tower, 7.5-HP	17	66,403
Pump, building cooling, residential, cooling tower, 75-HP	12	69,509
Pumps, building heating, commercial, 10-HP	5	46,320
Pumps, HVAC, residential, fan coil loop/dual temperature, 100-HP	0	520,226
Pumps, building heating, residential, fin tubes, 10-HP	0	108,271
Pumps, domestic cold water, 30-to 60-HP	15	311,615
Pumps, fire suppression, 40-to 100-HP	6	240,934
Pumps, gas booster, 10-HP	17	131,011
Pumps, sewage ejection, 10-HP (Incl. controls)	16	50,286
Security system, camera system, phased	1 to 9	319,732
Security system, fob reader system, phased	1 to 8	141,929
Storage tank, domestic hot water, at main boiler room	1	230,805
Storage tank, domestic hot water, high zone	5	154,399
Trash compactor	16	27,744
Valves, large diameter, phased	2 to 4	1,086,197
Property side elements		
Asphalt pavement, east and north (shared), total replacement	0	160,007
Concrete, on-grade at site, partial	0	213,965
Plaza, waterproof membrane and concrete, interim repairs/sealants	0	525,846
Plaza, waterproof membrane and concrete, replacement	20	2,276,318
Plaza, waterproof membrane, planters (except at lobby entrance)	11	212,426
Tractor (Incl. attachments)	0	137,054

PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements, cont'd
(Unaudited)

Building Components & Systems	Remaining Useful Lives (Years)	Future Replacement Cost
Pool Elements		
Hot tub (jacuzzi), insert	4	118,045
Mechanical equipment, phased	4 to 10	298,446
Pool, main/indoor, vinyl liner and repairs	7	442,797
Pool, outdoor, plaster finish and repairs (kiddie pool)	8 to 12	243,603
Garage elements		
Concrete, elevated floor, inspections and capital repairs (1P level)	9	944,571
Concrete, on-grade, partial (2P level)	7 to 30+	507,419
Doors and operators, vehicular	0	167,589
Doors and operators, fire	6	162,262
Exhaust system (fans, louvers and carbon monoxide detectors)	8	151,433
Fire suppression system, heads	2	134,974
Fire suppression system, piping	12	761,579
Light fixtures	12	81,598
Paint finishes	10	632,609
Traffic coating, elevated floor, overlay at drive lanes (1P level)	9	762,798
Traffic coating, elevated floor, total replacement (1P level)	19	968,941
Unit heaters (replacement of remaining original)	9	204,435
Reserve study update with site visit		12,000
		\$ 89,915,007