

Park Tower Condominium Association

Financial Statements

For the Years Ended
February 28, 2025 and 2024

PARK TOWER CONDOMINIUM ASSOCIATION

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Balance Sheets, February 28, 2025 and 2024	4-5
Statements of Revenue, Expenses and Changes in Fund Balances For the Years Ended February 28, 2025 and 2024	6
Statements of Cash Flows For the Years Ended February 28, 2025 and 2024	7-8
Notes to Financial Statements	9-16
Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 28, 2025 and 2024	17-21
Supplementary Information on Future Major Repairs and Replacements	22-26



Picker and Associates LLC CPA's and Consultants

Ralph Picker, CPA
Managing Principal
Licensed in Illinois and Arizona

Corporate Office - 750 W. Lake Cook Rd., Suite 375 • Buffalo Grove, IL 60089
Southwest Office - 10050 E Mountainview Lake Dr. Unit #37 • Scottsdale AZ 85258
Main Phone - (847) 541-4000 • SW Phone - 847-757-2055 • Fax - (847) 541-4085 • Web - pickercpa.com

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, 2025, 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, 2025, 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 2024 financial statements, and our report dated September 17, 2023 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 29, 2024, 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
May 30, 2025

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets February 28, 2025 and 2024

	2025			2024
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	\$ 1,351,348	\$ 1,446,484	\$ 2,797,832	\$2,630,624
Certificates of deposit	255,421	3,150,197	3,405,618	1,849,200
Investments		470,502	470,502	2,023,394
Assessments receivable, less allowance of \$154,000 in 2025 and \$135,000 in 2024	146,965		146,965	240,149
Scavenger receivable	52,476		52,476	52,476
Other receivable	15,000		15,000	14,000
Prepaid expense	139,913		139,913	135,008
Interfund receivable	220,985		220,985	235,652
Total current assets	2,182,108	5,067,183	7,249,291	7,180,503
Property and equipment				
Condominium unit	502,218		502,218	502,218
Fitness equipment	154,424		154,424	142,066
Accumulated depreciation	(452,333)		(452,333)	(419,531)
Net property and equipment	204,309		204,309	224,753
Scavenger receivable, noncurrent	-		-	-
Total assets	\$ 2,386,417	\$ 5,067,183	\$ 7,453,600	\$7,405,256

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd February 28, 2025 and 2024

	2025			2024
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 250,177	\$ 97,699	\$ 347,876	\$ 393,274
Accrued payroll	111,032		111,032	98,143
Accrued expenses	31,754		31,754	29,548
Prepaid assessments	99,267		99,267	72,617
Prepaid health club memberships	67,000		67,000	69,000
Security deposits	48,278		48,278	48,278
Interfund payable		220,985	220,985	235,652
Total liabilities	<u>607,508</u>	<u>318,684</u>	<u>926,192</u>	<u>946,512</u>
Fund balances	<u>1,778,909</u>	<u>4,748,499</u>	<u>6,527,408</u>	<u>6,458,744</u>
Total liabilities and fund balances	<u><u>\$2,386,417</u></u>	<u><u>\$5,067,183</u></u>	<u><u>\$ 7,453,600</u></u>	<u><u>\$7,405,256</u></u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Revenue, Expenses and Changes in Fund Balances For the Years Ended February 28, 2025 and 2024

	2025			2024
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Assessments	\$6,332,366	\$ -	\$6,332,366	\$6,088,811
Garage revenue	1,050,515		1,050,515	1,009,074
Interest income	58,378	219,091	277,469	269,838
Other revenue	1,320,103		1,320,103	1,451,685
Total revenue	8,761,362	219,091	8,980,453	8,819,408
Expenses				
Administrative	917,264		917,264	781,238
Payroll	2,170,827		2,170,827	1,894,202
Utilities	1,228,544		1,228,544	1,191,121
Building services	105,689		105,689	90,768
Contracts	911,011		911,011	971,861
Repairs and maintenance	462,316		462,316	418,136
Recreational services	43,492		43,492	70,169
Garage	699,856		699,856	668,713
Major repairs and replacements		2,372,790	2,372,790	2,136,004
Total expenses	6,538,999	2,372,790	8,911,789	8,222,212
Excess (deficit) of revenue over expenses	2,222,363	(2,153,699)	68,664	597,196
Monthly transfers	(2,569,871)	2,569,871		
Fund balances, beginning of year	2,126,417	4,332,327	6,458,744	5,861,548
Fund balances, end of year	<u>\$1,778,909</u>	<u>\$4,748,499</u>	<u>\$6,527,408</u>	<u>\$6,458,744</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows For the Years Ended February 28, 2025 and 2024

	2025			2024
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities:				
Excess (deficit) of revenue over	\$ 2,222,363	\$ (2,153,699)	\$ 68,664	\$ 597,196
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities				
Bad debt expense (recovery)	19,000		19,000	(16,000)
Depreciation	32,802		32,802	31,919
(Increase) decrease in assets:				
Assessments receivable	74,184		74,184	(90,086)
Scavenger	-		-	42,389
Other receivables	(1,000)		(1,000)	(2,000)
Prepaid expense	(4,905)		(4,905)	(13,923)
Increase (decrease) in liabilities:				
Accounts payable	(4,895)	(40,503)	(45,398)	(24,905)
Accrued payroll	12,889		12,889	5,494
Accrued expenses	2,206		2,206	2,035
Prepaid assessment	26,650		26,650	10,148
Prepaid health club memberships	(2,000)		(2,000)	(2,000)
Net cash provided by (used in) operating activities	<u>2,377,294</u>	<u>(2,194,202)</u>	<u>183,092</u>	<u>540,017</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Statements of Cash Flows, cont'd For the Years Ended February 28, 2025 and 2024

	2025			2024
	Operating Fund	Reserve Fund	Total	Total
Cash flows from investing activities				
Purchase of fitness equipment	(12,358)		(12,358)	
Net purchase of investments		1,552,892	1,552,892	(526,821)
Certificate of deposit activity	13,721	(1,570,139)	(1,556,418)	(720,197)
Net cash provided by (used in) investing activities	1,363	(17,247)	(15,884)	(1,247,018)
Cash flows from financing activities				
Net interfund transfers	(2,555,204)	2,555,204		
Net increase (decrease) in cash	(176,547)	343,755	167,208	(707,001)
Cash, beginning of year	1,527,895	1,102,729	2,630,624	3,337,625
Cash, end of year	<u>\$ 1,351,348</u>	<u>\$ 1,446,484</u>	<u>\$ 2,797,832</u>	<u>\$ 2,630,624</u>

The accompanying notes are an integral part of these financial statements

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 \$32,802 and \$31,919 for the years ended February 28, 2025 and 2024, 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 May 30, 2025, 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, 2025 and 2024. 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, 2025 and 2024. The Association has federal and state net operating loss carry forwards, amounting to approximately \$945,000, and \$429,000, respectively, expiring in various years through 2044, 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, 2025, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before 2022.

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 \$4,748,499 and \$4,332,327 at February 28, 2025 and 2024, respectively.

The Association engaged an independent engineer who conducted a study in June 2024 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, 2025, the Association recorded laundry room income of \$96,043, antenna fees income of \$120,446 and commercial rent income of \$46,916.

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, 2025 and February 29, 2024 were as follows:

	2025	2024
HVAC	\$1,286,683	301,704
Hallway Remodeling	439,343	1,472,300
Seal coating	211,960	
Plumbing	204,293	110,365
Elevator repairs	143,240	39,620
Garage equipment repair	23,817	
Security	27,109	87,759
Pool	19,045	
Other	12,000	
Riser	5,300	(4,574)
Tuckpointing		113,185
Electrical repairs		15,645
Total	<u>\$2,372,790</u>	<u>\$2,136,004</u>

Note 7 - Investments

The Association held investments in U.S. Government Securities totaling \$470,502 and \$2,023,394 at February 28, 2025 and 2024, respectively. 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, 2025 and 2024, respectively.

Assets at Fair Value as of February 28, 2025				
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	\$ 470,502	\$ -	\$ -	\$ 470,502
Total investment	<u>\$ 470,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,502</u>

Assets at Fair Value as of February 28, 2024				
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	\$ 2,023,394	\$ -	\$ -	\$ 2,023,394
Total investment	<u>\$ 2,023,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,023,394</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.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 9 - 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	Association Contributions		Collective Bargaining Agreement	
		Act 2025	Zone 2024		2025	2024	Surcharge Imposed	Exp. Date
A	51-6055057-001	N/A	Green	Not Applicable	\$ 68,352	\$ 53,233	No	11/30/2026
B	36-6102397-001	N/A	Green	Not Applicable	\$ 18,552	\$ 17,919	No	11/30/2025
C	36-6102397-001	N/A	Green	Not Applicable	\$ 160,776	\$ 163,590	Unknown	10/30/2027

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 2025 and 2024.

Note 10 - Subsequent events

In April 2025, the Association entered into a contract with a vendor for \$79,400 to replace a tower pump.

SUPPLEMENTARY INFORMATION

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 28, 2025 and 2024 (Unaudited)

	2025		2024
	Budget	Actual	Actual
Revenue			
Assessments	\$6,332,000	\$6,332,366	\$6,088,811
Garage revenue			
Parking	389,800	375,680	359,645
Valet parking	220,800	241,913	218,854
Commercial parking	172,900	198,614	182,914
Tandem parking	99,800	95,160	93,250
Reserve parking	79,800	75,600	72,424
Guest parking	35,800	33,551	38,037
Miscellaneous garage revenue	19,700	23,916	32,701
Cash sales	10,000	6,081	11,249
Total garage revenue	1,028,600	1,050,515	1,009,074
Interest income	50,000	58,378	58,727
Other revenue			
Cable	493,300	493,193	513,994
Service recoveries	155,900	174,775	227,920
Fines	42,000	75,750	81,350
Laundry	96,400	96,043	105,911
Health club	138,700	157,777	149,235
Transfers fees	62,800	54,150	58,872
Commercial rent	50,100	46,916	83,835
Rent	24,000	23,465	22,300
Late fees	30,600	19,905	29,465
Bike fees	10,800	11,144	10,938
Lockout fees	7,200	7,535	8,155

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2025 and 2024 (Unaudited)

	2025		2024
	Budget	Actual	Actual
Other revenue, cont'd			
Antenna fees	122,900	120,446	106,746
Miscellaneous revenue	56,400	39,004	52,964
Total other revenue	1,291,100	1,320,103	1,451,685
Total operating revenue	<u>\$8,701,700</u>	<u>\$8,761,362</u>	<u>\$ 8,608,297</u>
Expenses			
Administrative			
Insurance	\$ 506,200	\$ 505,814	\$ 457,197
Management fee	127,700	127,624	127,200
Bad debts expense (recovery)	26,000	71,503	(16,000)
Legal fees	33,800	24,511	25,774
Association owned commercial unit	46,100	46,115	44,341
Depreciation		32,802	31,919
Real estate taxes	30,400	31,073	30,176
Professional fees	9,600	18,056	10,664
Office expenses	22,300	16,546	17,545
Miscellaneous administrative	11,300	13,877	15,068
Telephone	9,500	8,327	9,880
Association owned mgmt office	7,000	6,951	6,684
Office equipment	8,400	6,552	6,068
Audit fees	5,800	5,800	5,700
Training	8,702	1,713	9,022
Total administrative	<u>852,802</u>	<u>917,264</u>	<u>781,238</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2025 and 2024 (Unaudited)

	2025		2024
	Budget	Actual	Actual
Payroll			
Janitor	940,900	990,858	811,896
Employee benefits	421,600	414,116	380,358
Office salaries	300,500	278,592	295,670
Doormen	209,700	246,384	186,931
Payroll taxes	158,900	133,637	124,363
Health club and pool	75,500	79,760	67,361
Workers compensation	21,100	27,480	27,623
Total payroll	2,128,200	2,170,827	1,894,202
Utilities			
Gas	592,300	460,278	493,006
Water	404,100	364,088	342,363
Electricity	436,400	404,178	355,752
Total utilities	1,432,800	1,228,544	1,191,121
Building services			
Exterminating	49,800	50,570	35,843
Association owned engineer unit	21,500	21,566	20,736
Cleaning supplies	19,800	18,424	17,538
Licenses and permits	7,500	2,582	4,387
Maintenance supplies	9,400	8,718	7,831
Light bulbs	8,100	3,829	4,384
Extraordinary items		-	49
Total building services	116,100	105,689	90,768

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2025 and 2024 (Unaudited)

	2025		2024
	Budget	Actual	Actual
Contracts			
Cable	493,300	497,674	518,150
Security	175,000	106,964	170,381
Elevator contract	118,900	124,835	109,417
Landscaping	52,700	48,613	44,698
Trash removal	41,200	48,027	42,201
HVAC contract	38,500	35,830	31,424
Window washing	30,000	20,990	20,455
Metal maintenance	18,000	14,039	14,604
Uniforms	15,100	8,105	14,090
Plants	6,400	5,934	6,441
Total contracts	989,100	911,011	971,861
Repairs and maintenance			
Resident reimbursed repairs	78,000	121,619	106,848
Building repairs	78,500	79,836	75,945
HVAC repairs	90,100	121,047	74,147
Fire safety	33,300	40,539	38,788
Plumbing repairs	25,700	6,016	25,864
Electrical repairs	12,500	12,489	8,981
Security equipment	11,300	13,979	7,274
Moving fees security	14,900	18,140	12,325
Roof repairs	9,600	10,155	8,265
Filters	5,800	6,031	4,076
Lock and keys	18,300	21,624	27,784
Window repairs	4,200	469	4,171
Equipment maintenance	7,500	6,436	12,238
Snow removal	5,400	2,436	3,483
Floor repairs	3,600	1,500	7,947
Total repairs and maintenance	398,700	462,316	418,136

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd For the Years Ended February 28, 2025 and 2024 (Unaudited)

	2025		2024
	Budget	Actual	Actual
Recreational services			
Pool expenses	8,000	14,182	33,038
Health club	17,400	18,861	23,860
Social activities	10,700	10,449	13,271
Total recreational services	36,100	43,492	70,169
Garage			
Payroll	382,300	404,665	347,425
Employee benefits	173,700	174,699	182,283
Parking tax	51,000	53,052	52,032
Payroll tax	28,700	32,700	30,091
Maintenance expense	11,300	15,049	9,430
Miscellaneous garage	11,800	10,549	32,321
Workers comp	5,800	5,628	4,874
Garage repairs	12,500	382	2,899
Parking expenses	4,000	3,132	7,358
Total garage	681,100	699,856	668,713
Total operating expenses	<u>\$6,634,902</u>	<u>\$6,538,999</u>	<u>\$6,086,208</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements (Unaudited)

An independent engineer conducted a study in June 2024, 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 June 2024 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 4.8% 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 June 2024 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)	19	\$ 60,000
Roofs, tower, main and mechanical penthouse, modified bitumen	12	659,200
Roof, lobby canopy, thermoplastic	6	36,000
Roofs, 2nd floor walkway, (Incl. gutter system), thermoplastic	15	66,600
Roofs, 2nd floor walkway, racquetball court and exercise room	2	94,600
Roof, 2nd floor, center/east, thermoplastic	12	101,400
Roof, 2nd floor, northwest, thermoplastic	5	351,500
Roof, 2nd floor, southwest, thermoplastic	10	81,900
Roof, 2nd floor, concrete, waterproof coating and repairs	0	225,000
Roof, 2nd floor, sun deck, planters	12	287,500
Roof, 2nd floor, sun deck, wood decking (Incl. pergolas, siding), repairs/paint	9	49,000
Roof, 2nd floor, sun deck, wood decking (Incl. pergolas, siding), replacement	3	375,000
Roof, 2nd floor, sun deck, steel railings (Incl. east of pool enclosure)	1	88,400
Roof, 2nd floor, membrane (beneath decking and pavers)	3	148,200
Roof, pool enclosure, inspections, sealants and repairs	9	61,100
Walls, concrete, mechanical penthouse, repairs and coating	3	84,000
Walls, curtain wall, inspections and infiltration remediation (2027 is evaluation)	0	42,000
Walls, curtain wall, inspections, extensive sealants and capital repairs	6	4,263,000

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 systematic repairs	2	138,000
Walls, metal siding, racquetball court, exercise room and mall atrium	8	220,000
Windows and doors, lobby, party room and aerobic exercise room	6	559,000
Windows and doors, 2nd floor walkway and weight exercise room	5	252,000
Windows and doors, pool	4	251,600
Windows and doors, mall (entrances)	4	60,000
Windows and doors, mall, skylight	5	89,000
Interior Building Elements		
Hallway renovation project, near term, remaining cost	0	300,000
Elevator cab finishes, traction, passenger (near term includes limited at 5-8)	0	100,000
Elevator cab finishes, traction, service	17	46,000
Elevator cab finishes, hydraulic, garage/mail	9	44,000
Exercise equipment, cardiovascular	2	59,000
Exercise equipment, strength training	5	77,000
Exercise rooms, renovations	2	72,000
Floor coverings, carpet, hallways	11	582,800
Floor coating, 2nd floor walkway and pool area (replace with epoxy)	11	39,200
Floor coverings, vinyl, service elevator foyers/trash areas, residential floors	23	93,600
Light fixtures, hallways	20	235,600
Lobby, renovation	4	200,000
Mailboxes (residential)	4	123,760
Mall, corridors, renovations (furniture is near term)	1	132,000
Mall, market, renovations	2	97,000
Mall, office, renovations	6	41,000
Mall, rest rooms, renovations	11	50,000
Paint finishes, hallways (Incl. elevator foyer wall coverings)	11	374,000
Party room, renovations, phased (including kitchen)	2 to 11	96,000
Rest/locker rooms, 2nd floor, renovations	12	66,000
Signage (near term is lower levels)	1	85,000
Wall repairs, fiber line installation	0	124,000

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, total replacement	13	780,000
Air handling unit, lobby, total replacement (Incl return air fan)	13	245,000
Air handling unit, mall corridors (replacement)	2	130,000
Air handling units, party room, laundry room and basement (replacement)	2	186,000
Air handling unit, pool, (Incl. return air fan) (replacement)	2	137,000
Air handling unit, racquetball court, rooftop unit (near term remaining)	0	25,000
Air handling unit, elevator room, low rise	1	26,000
Boilers, building heat, 29, 291-MBH	9	2,500,000
Boilers, building heat, feed water system (tank and pumps)	9	76,000
Boilers, domestic hot water, residential, high zone, 800-MBH	6	208,000
Boilers, domestic hot water, residential, low zone, 1,255-MBH	9	183,000
Boilers, domestic hot water, commercial, 660-MBH	1	70,000
Building automation system	1	167,000
Chillers, 600-tons, capital repairs	1	142,000
Chillers, 600-tons, replacement	10	1,520,000
Cooling tower, residential, 1,051-tons, capital repairs (liner, fill, baffles)	13	80,000
Cooling tower, residential, 1,051-tons, replacement	18	720,000
Cooling tower, commercial, replacement	24	90,000
Electrical system, main panels	15	650,000
Elevators, hydraulic, garage/mail, pumps and controls	10	190,000
Elevators, hydraulic, garage/mail, cylinders	21	128,000
Elevator, hydraulic, refuse, controls	25	156,000
Elevator, hydraulic, refuse, pump and cylinder	17	78,000
Elevators, traction, passenger, controls and equipment	7	1,960,000
Elevators, traction, service, controls and equipment	8	1,100,000
Exhaust fans, main kitchen and rest room (near term is rest room components)	0	198,000
Expansion tanks (main building heating and cooling system)	9	252,000
Heat exchangers, building heating, main	9	370,000
Heat exchangers, remaining (pool air handler, fin tubes, low level)	9	183,000
Life safety system, control panels (Incl. detectors)	12	95,000

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)	6	215,000
Life safety system, valves at fire standpipes	0	33,000
Light fixtures, exit and emergency (Incl. remote emergency fixtures) (near term is limited)	1	145,700
Pipes, risers, building heating, cooling and condensate, invasive study	1	37,000
Pipes, riser sections, building heating, cooling and condensate, 01/03 Tier (remaining)	0	362,170
Pipes, riser sections, building heating, cooling and condensate, Phased	4 to 11	6,646,800
Pipes, riser sections, domestic hot water, remaining phased	1 to 3	1,785,000
Pipes, riser sections, domestic cold water, waste and vent, phased	12 to 19	7,435,800
Pumps, building cooling, commercial at cooling tower, 7.5-HP (incl. controls, VFDs)	15	42,000
Pump, building cooling, residential, cooling tower, 75-HP (incl. controls)	10	59,000
Pumps, building heating, commercial, 10-HP (incl. Controls)	3	46,000
Pumps, HVAC, residential, fan coil loop/dual temperature, 100-HP (incl. controls, VFDs)	24	216,000
Pumps, building heating, residential, fin tubes, 10-HP (Incl. controls) (2025 is 1)	0	66,000
Pumps, domestic cold water, 30-to 60-HP (incl. controls, VFDs)	13	210,000
Pumps, fire suppression, 40-to 100-HP (incl. controls, jockey pumps)	4	206,000
Pumps, gas booster, 10-HP (Incl. controls)	15	74,000
Pumps, sewage ejection, 10-HP (Incl. controls)	14	34,000
Security system, camera system, phased	2 to 10	87,000
Security system, fob reader system, phased	3 to 10	36,000
Storage tank, domestic hot water, high zone	3	135,000
Trash compactor	14	17,500
Valves, large diameter, phased (fire pumps, main water, main mech.)	3 to 5	288,000
Property side elements		
Asphalt pavement, east and north (shared), total replacement	12	63,000
Concrete, on-grade at site, partial (sidewalks, pavement, curbs)	4	24,000
Fence, steel, east perimeter	1	50,000
Plaza, waterproof membrane and concrete, interim repairs/sealants (incl. circle drive)	1	50,000
Plaza, waterproof membrane and concrete, replacement (incl. circle drive)	18	1,265,000
Plaza, waterproof membrane, planters (except at lobby entrance)	9	177,000
Tractor (Incl. attachments)	2	31,000

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	39,000
Mechanical equipment, phased	2 to 8	68,000
Pool, main/indoor, vinyl liner and repairs	5	163,800
Pool, outdoor, plaster finish and repairs (kiddie pool)	6	35,000
Garage elements		
Concrete, elevated floor, inspections and capital repairs (1P level)	7	170,100
Concrete, on-grade, partial (2P level) (Incl. drain repairs)	5 to 30+	2,142,000
Doors and operators, vehicular	8	60,000
Doors and operators, fire	6	132,000
Exhaust system (fans, louvers and carbon monoxide detectors)	6	135,000
Fire suppression system, heads	0	151,200
Fire suppression system, piping	11	541,800
Light fixtures	10	56,000
Paint finishes	8	165,000
Traffic coating, elevated floor, overlay at drive lanes (1P level)	7	215,800
Traffic coating, elevated floor, total replacement (1P level)	17	567,000
Unit heaters (replacement of remaining original)	9	204,435
Unit heaters (or air handling units) (Near term is remaining original)	6	175,000
Reserve study update with site visit	2	12,000
		\$ 49,197,065