

Park Tower Condominium
Association
Financial Statements
For the Years Ended
February 29, 2024 and 2023

PARK TOWER CONDOMINIUM ASSOCIATION

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Balance Sheets, February 29, 2024 and 2023	4-5
Statements of Revenue, Expenses and Changes in Fund Balances For the Years Ended February 29, 2024 and 2023	6
Statements of Cash Flows For the Years Ended February 29, 2024 and 2023	7-8
Notes to Financial Statements	9-16
Schedules of Operating Revenue and Expenses - Budget and Actual For the Years Ended February 29, 2024 and 2023	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 29, 2024, 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 29, 2024, 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 2023 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 28, 2023, 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 9, 2024

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets
February 29, 2024 and 2023

	2024		2023	
	Operating Fund	Reserve Fund	Total	Total
<u>Assets</u>				
Current assets				
Cash	\$ 1,527,895	\$ 1,102,729	\$ 2,630,624	\$3,337,625
Certificates of deposit	269,142	1,580,058	1,849,200	1,129,003
Investments		2,023,394	2,023,394	1,496,573
Assessments receivable, less allowance of \$135,000 in 2024 and \$151,000 in 2023	240,149		240,149	134,063
Scavenger receivable	52,476		52,476	11,991
Other receivable	14,000		14,000	12,000
Prepaid expense	135,008		135,008	121,085
Interfund receivable	235,652		235,652	2,132,947
 Total current assets	 <u>2,474,322</u>	 <u>4,706,181</u>	 <u>7,180,503</u>	 <u>8,375,287</u>
Property and equipment				
Condominium unit	502,218		502,218	502,218
Fitness equipment	142,066		142,066	142,066
Accumulated depreciation	(419,531)		(419,531)	(387,612)
 Net property and equipment	 <u>224,753</u>		 <u>224,753</u>	 <u>256,672</u>
 Scavenger receivable, noncurrent	 -		 -	 82,874
 Total assets	 <u>\$ 2,699,075</u>	 <u>\$ 4,706,181</u>	 <u>\$ 7,405,256</u>	 <u>\$8,714,833</u>

The accompanying notes are an integral part of these financial statements

PARK TOWER CONDOMINIUM ASSOCIATION

Balance Sheets, cont'd
February 29, 2024 and 2023

	2024			2023
	Operating Fund	Reserve Fund	Total	Total
<u>Liabilities and Fund Balances</u>				
Current liabilities				
Accounts payable	\$ 255,072	\$ 138,202	\$ 393,274	\$ 418,179
Accrued payroll	98,143		98,143	92,649
Accrued expenses	29,548		29,548	27,513
Prepaid assessments	72,617		72,617	62,469
Prepaid health club memberships	69,000		69,000	71,000
Security deposits	48,278		48,278	48,528
Interfund payable		235,652	235,652	2,132,947
Total liabilities	<u>572,658</u>	<u>373,854</u>	<u>946,512</u>	<u>2,853,285</u>
Fund balances	<u>2,126,417</u>	<u>4,332,327</u>	<u>6,458,744</u>	<u>5,861,548</u>
Total liabilities and fund balances	<u><u>\$2,699,075</u></u>	<u><u>\$4,706,181</u></u>	<u><u>\$ 7,405,256</u></u>	<u><u>\$8,714,833</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 29, 2024 and 2023

	2024		2023
	Operating Fund	Reserve Fund	Total
Revenue			
Assessments	\$6,088,811	\$ -	\$6,088,811
Garage revenue	1,009,074		1,009,074
Interest income	58,727	211,111	269,838
Other revenue	1,451,685		1,451,685
Total revenue	<u>8,608,297</u>	<u>211,111</u>	<u>8,819,408</u>
Expenses			
Administrative	781,238		781,238
Payroll	1,894,202		1,894,202
Utilities	1,191,121		1,191,121
Building services	90,768		90,768
Contracts	971,861		971,861
Repairs and maintenance	418,136		418,136
Recreational services	70,169		70,169
Garage	668,713		668,713
Major repairs and replacements		2,136,004	2,136,004
Total expenses	<u>6,086,208</u>	<u>2,136,004</u>	<u>8,222,212</u>
Excess (deficit) of revenue over expenses	2,522,089	(1,924,893)	597,196
Monthly transfers	(2,065,422)	2,065,422	
Fund balances, beginning of year	<u>1,669,750</u>	<u>4,191,798</u>	<u>5,861,548</u>
Fund balances, end of year	<u>\$2,126,417</u>	<u>\$4,332,327</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 29, 2024 and 2023

	2024		2023	
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities:				
Excess (deficit) of revenue over	\$ 2,522,089	\$ (1,924,893)	\$ 597,196	\$ 953,776
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities				
Bad debt expense (recovery)	(16,000)		(16,000)	68,000
Depreciation	31,919		31,919	27,516
(Increase) decrease in assets:				
Assessments receivable	(90,086)		(90,086)	(117)
Scavenger	42,389			
Other receivables	(2,000)		(2,000)	(5,000)
Prepaid expense	(13,923)		(13,923)	(59,385)
Increase (decrease) in liabilities:				
Accounts payable	(139,073)	114,168	(24,905)	122,685
Accrued payroll	5,494		5,494	17,668
Accrued expenses	2,035		2,035	6,437
Prepaid assessment	10,148		10,148	(11,239)
Prepaid health club memberships	(2,000)		(2,000)	49,000
Net cash provided by (used in) operating activities	2,350,742	(1,810,725)	497,628	1,169,341

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 29, 2024 and 2023

	2024		2023
	Operating Fund	Reserve Fund	Total
Cash flows from investing activities			
Purchase of building improvements			(61,658)
Net purchase of investments		(526,821)	(1,496,573)
Certificate of deposit activity	(10,723)	(709,474)	(1,101,739)
Net cash used in investing activities	(10,723)	(1,236,295)	(2,659,970)
Cash flows from financing activities			
Net interfund transfers	(2,065,420)	2,065,420	
Net increase (decrease) in cash	274,599	(981,600)	(1,490,629)
Cash, beginning of year	1,253,296	2,084,329	4,828,254
Cash, end of year	\$ 1,527,895	\$ 1,102,729	\$ 3,337,625

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 \$31,919 and \$27,516 for the years ended February 29, 2024 and 2023, 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 9, 2024, 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 29, 2024 and 2023. Under that election, membership income is exempt from taxation if certain elections are made, and the Association is generally taxed only on its non-membership income, net of related expenses, at regular federal and state corporate rates. An analysis of non-membership income indicates there was no income tax due for the years ended February 29, 2024 and 2023. The Association has federal and state net operating loss carry forwards, amounting to approximately \$883,000, and \$543,000, respectively, expiring in various years through 2043, 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 29, 2024, the Association is no longer subject to examination by federal and state taxing authorities for the years ending before 2021.

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 \$4,332,327 and \$4,191,798 at February 29, 2024 and 2023, 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 29, 2024, the Association recorded laundry room income of \$105,911, antenna fees income of \$106,746 and commercial rent income of \$83,835.

PARK TOWER CONDOMINIUM ASSOCIATION

Notes to Financial Statements

Note 6 - Major repairs and replacements

Major repairs and replacement expenses for the years ended February 29, 2024 and February 28, 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Hallway Remodeling	\$1,472,300	\$ 64,890
HVAC	301,704	288,866
Tuckpointing	113,185	
Plumbing	110,365	17,015
Security	87,759	1,998
Elevator repairs	39,620	
Electrical repairs	15,645	
Riser	(4,574)	474,712
Miscellaneous major repairs		191,320
Roof		126,088
Building improvements		69,150
Garage		34,634
	<u> </u>	<u> </u>
Total	<u>\$2,136,004</u>	<u>\$ 1,268,673</u>

Note 7 - Investments

The Association held investments in U.S. Government Securities totaling \$2,023,394 and \$1,496,573 at February 29, 2024 and 2023, 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, 2024.

	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	\$ 2,023,394	\$ -	\$ -	\$ 2,023,394

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 Pending/ Implemented	Association Contributions		Collective Bargaining Surcharge Agreement	
		Act Zone	Status 2024 2023		2024	2023	Imposed	Exp. Date
A	51-6055057-001	N/A	Green	Not Applicable	\$ 53,233	\$ 33,244	No	11/30/2023
B	36-6102397-001	N/A	Green	Not Applicable	\$ 17,919	\$ 8,052	No	11/30/2022
C	36-6102397-001	N/A	Green	Not Applicable	\$ 163,590	\$ 37,213	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 2024 and 2023.

Note 10 - Subsequent events

In February 2024, the Association entered into a contract with a vendor for \$293,316 to remodel some of its elevators.

In April 2024, the Association entered into multiple contracts with vendors for a total of \$474,014 applicable to the HVAC Riser Project.

In April 2024, the Association entered into a contract with a vendor for \$166,200 to replace the 2nd Floor Deck Membrane.

In May 2024, the Association entered into a contract with a vendor for \$142,600 to replace custom coils.

SUPPLEMENTARY INFORMATION

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual
For the Years Ended February 29, 2024 and 2023
(Unaudited)

	2024		2023
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Assessments	<u>\$6,088,500</u>	<u>\$6,088,811</u>	<u>\$5,826,512</u>
Garage revenue			
Parking	371,500	359,645	334,260
Valet parking	192,200	218,854	192,134
Commercial parking	163,000	182,914	186,415
Tandem parking	99,000	93,250	89,500
Reserve parking	76,600	72,424	71,025
Guest parking	32,500	38,037	39,491
Miscellaneous garage revenue	13,800	32,701	20,209
Cash sales	<u>8,100</u>	<u>11,249</u>	<u>9,442</u>
Total garage revenue	<u>956,700</u>	<u>1,009,074</u>	<u>942,476</u>
Interest income	<u>6,500</u>	<u>58,727</u>	<u>14,281</u>
Other revenue			
Cable	513,300	513,994	482,025
Service recoveries	138,100	227,920	213,448
Fines	28,000	81,350	100,699
Laundry	93,500	105,911	85,159
Health club	123,500	149,235	80,451
Transfers fees	68,500	58,872	61,888
Commercial rent	87,900	83,835	56,589
Rent	22,300	22,300	32,608
Late fees	35,700	29,465	27,510
Bike fees	11,700	10,938	10,785
Lockout fees	6,600	8,155	8,400

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 29, 2024 and 2023
 (Unaudited)

	2024		2023
	Budget	Actual	Actual
Other revenue, cont'd			
Antenna fees	107,600	106,746	134,189
Miscellaneous revenue	60,600	52,964	52,616
Total other revenue	1,297,300	1,451,685	1,346,367
Total operating revenue	<u>\$8,349,000</u>	<u>\$8,608,297</u>	<u>\$ 8,129,636</u>
Expenses			
Administrative			
Insurance	\$ 401,900	\$ 457,197	\$ 333,529
Management fee	127,200	127,200	127,200
Bad debts expense (recovery)	51,000	(16,000)	117,765
Legal fees	39,500	25,774	42,588
Association owned commercial unit	44,300	44,341	42,432
Depreciation		31,919	27,516
Real estate taxes	28,400	30,176	22,910
Professional fees	9,600	10,664	16,897
Office expenses	22,700	17,545	15,255
Miscellaneous administrative	10,600	15,068	13,763
Telephone	10,300	9,880	9,193
Association owned mgmt office	6,700	6,684	6,396
Office equipment	7,500	6,068	5,990
Audit fees	5,700	5,700	5,700
Training	7,100	9,022	3,990
Total administrative	<u>772,500</u>	<u>781,238</u>	<u>791,124</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 29, 2024 and 2023
 (Unaudited)

	2024		2023
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Payroll			
Janitor	880,400	811,896	824,858
Employee benefits	384,900	380,358	338,841
Office salaries	291,800	295,670	279,772
Doormen	198,500	186,931	187,668
Payroll taxes	137,600	124,363	106,091
Health club and pool	74,600	67,361	68,697
Workers compensation	24,600	27,623	28,566
	<u>1,992,400</u>	<u>1,894,202</u>	<u>1,834,493</u>
Utilities			
Gas	614,300	493,006	535,264
Water	403,500	342,363	344,765
Electricity	371,700	355,752	234,218
	<u>1,389,500</u>	<u>1,191,121</u>	<u>1,114,247</u>
Building services			
Exterminating	47,000	35,843	54,233
Association owned engineer unit	20,700	20,736	19,843
Cleaning supplies	19,800	17,538	18,037
Licenses and permits	7,400	4,387	7,648
Maintenance supplies	9,100	7,831	6,375
Light bulbs	7,400	4,384	6,066
Extraordinary items	5,000	49	2,700
	<u>116,400</u>	<u>90,768</u>	<u>114,902</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
 For the Years Ended February 29, 2024 and 2023
 (Unaudited)

	2024		2023
	Budget	Actual	Actual
Contracts			
Cable	513,300	518,150	487,123
Security	165,700	170,381	163,824
Elevator contract	115,800	109,417	111,784
Landscaping	49,100	44,698	36,392
Trash removal	40,700	42,201	33,541
HVAC contract	38,200	31,424	32,272
Window washing	27,600	20,455	29,205
Metal maintenance	16,500	14,604	19,346
Uniforms	14,400	14,090	9,046
Plants	6,400	6,441	6,584
Total contracts	<u>987,700</u>	<u>971,861</u>	<u>929,117</u>
Repairs and maintenance			
Resident reimbursed repairs	70,000	106,848	141,655
Building repairs	78,500	75,945	86,688
HVAC repairs	88,300	74,147	84,962
Fire safety	30,700	38,788	35,164
Plumbing repairs	27,500	25,864	22,818
Electrical repairs	12,500	8,981	12,813
Security equipment	9,800	7,274	12,080
Moving fees security	17,900	12,325	10,776
Roof repairs	9,500	8,265	9,217
Filters	5,700	4,076	7,550
Lock and keys	16,700	27,784	5,940
Window repairs	4,200	4,171	3,773
Equipment maintenance	12,000	12,238	3,167
Snow removal	5,400	3,483	2,151
Floor repairs	3,600	7,947	
Total repairs and maintenance	<u>392,300</u>	<u>418,136</u>	<u>438,754</u>

PARK TOWER CONDOMINIUM ASSOCIATION

Schedules of Operating Revenue and Expenses - Budget and Actual, cont'd
For the Years Ended February 29, 2024 and 2023
(Unaudited)

	2024		2023
	Budget	Actual	Actual
Recreational services			
Pool expenses	7,400	33,038	41,671
Health club	16,800	23,860	17,635
Social activities	16,700	13,271	8,122
Total recreational services	<u>40,900</u>	<u>70,169</u>	<u>67,428</u>
Garage			
Payroll	367,000	347,425	361,467
Employee benefits	180,600	182,283	161,911
Parking tax	44,400	52,032	54,016
Payroll tax	29,599	30,091	28,237
Maintenance expense	11,300	9,430	10,095
Miscellaneous garage	18,300	32,321	8,893
Workers comp	6,400	4,874	5,600
Garage repairs	16,000	2,899	4,975
Parking expenses	4,000	7,358	1,572
Total garage	<u>677,599</u>	<u>668,713</u>	<u>636,766</u>
Total operating expenses	<u><u>\$6,369,299</u></u>	<u><u>\$6,086,208</u></u>	<u><u>\$5,926,831</u></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