



## ***THE PARKSHORE CONDOMINIUM ASSOCIATION***

*Financial Statements*  
*December 31, 2019 and 2018*

FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

---

***TABLE OF CONTENTS***

	<u>PAGE(S)</u>
Independent Auditors' Report	3 – 4
Balance Sheets	5
Statements of Revenues, Expenses and Changes in Fund Balance	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 14
Supplementary Information	
Schedules of Operating Revenues and Expenses	16 – 18
Schedules of Garage Revenues and Expenses	19
Supplementary Information on Future Major Repairs and Replacements	20 – 22

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Parkshore Condominium Association  
Chicago, Illinois

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of The Parkshore Condominium Association (an Illinois nonprofit corporation) (the "Association"), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of revenues, expenses and changes in fund balance and cash flows for the years then ended, and the related notes to financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parkshore Condominium Association as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



### ***Report on Summarized Comparative Information***

We have previously audited The Parkshore Condominium Association's 2018 financial statements, and our report dated April 13, 2019 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***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 revenues and expenses and garage revenues and expenses on pages 16 - 19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on pages 20 - 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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 audits 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.

*Kutchnins, Robbins & Diamond, Ltd.*

Schaumburg, Illinois  
March 31, 2020

# THE PARKSHORE CONDOMINIUM ASSOCIATION

- 5 -

## BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

See notes to financial statements.

ASSETS	2019			2018
	Operating Fund	Reserve Fund	Total	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents				
Cash	\$ 252,713	\$ 2,219,900	\$ 2,472,613	\$ 1,969,577
Certificates of deposit	-	917,015	917,015	824,372
Accounts receivable, net of allowance for doubtful accounts of \$12,571 in 2018	28,591	-	28,591	31,122
Refuse rebate receivable	-	-	-	19,800
Interest receivable	-	14,276	14,276	4,295
Prepaid expenses	139,122	-	139,122	117,660
Interfund receivable	-	185,152	185,152	431,485
Total current assets	<u>420,426</u>	<u>3,336,343</u>	<u>3,756,769</u>	<u>3,398,311</u>
<b>PROPERTY AND EQUIPMENT</b>				
Condominium unit	201,358	-	201,358	201,358
Building equipment and furniture	132,465	-	132,465	183,112
Less: accumulated depreciation	(260,279)	-	(260,279)	(334,116)
Net property and equipment	<u>73,544</u>	<u>-</u>	<u>73,544</u>	<u>50,354</u>
<b>OTHER NONCURRENT ASSETS</b>				
Refuse rebate receivable	-	-	-	28,050
	<u>\$ 493,970</u>	<u>\$ 3,336,343</u>	<u>\$ 3,830,313</u>	<u>\$ 3,476,715</u>
<i>LIABILITIES AND FUND BALANCE</i>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 134,655	\$ 433,484	\$ 568,139	\$ 113,084
Prepaid assessments	58,060	-	58,060	68,061
Accrued payroll	80,043	-	80,043	69,109
Accrued expenses	36,060	-	36,060	40,078
Interfund payable	185,152	-	185,152	431,485
Total current liabilities	<u>493,970</u>	<u>433,484</u>	<u>927,454</u>	<u>721,817</u>
<b>FUND BALANCE</b>	<u>-</u>	<u>2,902,859</u>	<u>2,902,859</u>	<u>2,754,898</u>
	<u>\$ 493,970</u>	<u>\$ 3,336,343</u>	<u>\$ 3,830,313</u>	<u>\$ 3,476,715</u>

**THE PARKSHORE CONDOMINIUM ASSOCIATION**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2019 AND 2018

See notes to financial statements.

	2019		2018	
	Operating Fund	Reserve Fund	Total	Total
<b>REVENUES</b>				
Assessments	\$ 5,093,386	\$ -	\$ 5,093,386	\$ 4,771,312
Parking garage revenue	410,014	-	410,014	421,073
Commercial rent	49,116	-	49,116	55,901
Interest income	-	51,518	51,518	19,411
Other income	483,555	-	483,555	473,501
Total revenues	<u>6,036,071</u>	<u>51,518</u>	<u>6,087,589</u>	<u>5,741,198</u>
<b>EXPENSES</b>				
Payroll and related	1,730,051	-	1,730,051	1,624,095
Administrative	224,041	-	224,041	234,391
Utilities	1,030,926	-	1,030,926	1,073,291
Building services	154,330	-	154,330	107,891
Repairs and maintenance	573,914	-	573,914	532,937
Other	149,701	-	149,701	161,147
Parking garage expenses	613,379	-	613,379	580,619
Major repairs and replacements	-	1,463,286	1,463,286	189,751
Total expenses	<u>4,476,342</u>	<u>1,463,286</u>	<u>5,939,628</u>	<u>4,504,122</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>1,559,729</b>	<b>(1,411,768)</b>	<b>147,961</b>	<b>1,237,076</b>
<b>MONTHLY CAPITAL CONTRIBUTIONS</b>	<b>(1,633,104)</b>	<b>1,633,104</b>	<b>-</b>	<b>-</b>
<b>TRANSFER OF OPERATING DEFICIT</b>	<b>73,375</b>	<b>(73,375)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>-</u>	<u>2,754,898</u>	<u>2,754,898</u>	<u>1,517,822</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ 2,902,859</u>	<u>\$ 2,902,859</u>	<u>\$ 2,754,898</u>

# THE PARKSHORE CONDOMINIUM ASSOCIATION

- 7 -

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

See notes to financial statements.

	2019		2018	
	Operating Fund	Reserve Fund	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess (deficit) of revenues over expenses	\$ 1,559,729	\$ (1,411,768)	\$ 147,961	\$ 1,237,076
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash from operating activities				
Bad debts	3,133	-	3,133	7,200
Depreciation	8,068	-	8,068	8,278
Changes in assets and liabilities				
Accounts receivable	2,531	-	2,531	(15,709)
Refuse rebate receivable	44,717	-	44,717	29,025
Interest receivable	-	(9,981)	(9,981)	-
Prepaid expenses	(21,462)	-	(21,462)	(25,296)
Accounts payable	21,571	433,484	455,055	(424,064)
Prepaid assessments	(10,001)	-	(10,001)	38,039
Accrued payroll	10,934	-	10,934	35,009
Accrued expenses	(4,018)	-	(4,018)	(18,876)
Net cash from operating activities	<u>1,615,202</u>	<u>(988,265)</u>	<u>626,937</u>	<u>870,682</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of furniture	<u>(31,258)</u>	<u>-</u>	<u>(31,258)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interfund borrowings	(172,958)	172,958	-	-
Interfund transfers	<u>(1,633,104)</u>	<u>1,633,104</u>	<u>-</u>	<u>-</u>
Net cash from financing activities	<u>(1,806,062)</u>	<u>1,806,062</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(222,118)</u>	<u>817,797</u>	<u>595,679</u>	<u>870,682</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>474,831</u>	<u>2,319,118</u>	<u>2,793,949</u>	<u>1,923,267</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 252,713</u>	<u>\$ 3,136,915</u>	<u>\$ 3,389,628</u>	<u>\$ 2,793,949</u>
<b>CASH AND CASH EQUIVALENTS COMPOSITION</b>				
Cash	\$ 252,713	\$ 2,219,900	\$ 2,472,613	\$ 1,969,577
Certificates of deposit	-	917,015	917,015	824,372
	<u>\$ 252,713</u>	<u>\$ 3,136,915</u>	<u>\$ 3,389,628</u>	<u>\$ 2,793,949</u>

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### **NATURE OF OPERATIONS**

The ParkShore Condominium Association (the "Association"), incorporated on June 28, 1995, is a not-for-profit corporation, organized under the laws of the State of Illinois as provided in the Condominium Property Act, and is subject to the terms and conditions of the Declaration of Condominium Ownership. The Association serves as a means through which unit owners collectively administer, manage, operate and control the common area condominium property. The property is located in Chicago, Illinois and consists of 483 original residential units in a 56-story high-rise building.

The ParkShore building includes three commercial units, which are assessed their proportionate share of common area maintenance ("CAM") costs in accordance with an operating agreement. CAM reimbursements include utilities, insurance and various repair and maintenance costs, as defined by the agreement.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting:*** The financial statements reflect the assets, liabilities, revenues and expenses of the Association on the accrual basis of accounting. The Association's governing documents provide certain guidelines for its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund 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 major repairs and replacements.

***Recently Adopted Accounting Pronouncement:*** Effective January 1, 2019, the Association adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606) and the related amendments to all contracts using the modified retrospective method. No adjustment was required to the opening fund balances at the date of initial application. The core principal of the new guidance is that revenue should be recognized to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. In addition, new and expanded revenue disclosures are required.

The Association's contracts with customers are predominantly related to operating assessments for the maintenance and management of common area property. These performance obligations are met on a periodic basis throughout the year. As such, the timing of revenue recognition under both the prior and the new guidance is the same for the Association's transactions. Given the nature of the Association's revenue transactions, the new guidance had no impact on the Association's operating revenue, results of operations, and financial position for the year ended December 31, 2019. The Association updated its revenue recognition policy to reflect the requirements of the new guidance and included additional disclosures regarding the Association's revenue transactions.

***Cash and Cash Equivalents:*** Cash and cash equivalents consist primarily of checking, money market accounts, and highly liquid investments (including certificates of deposit) held at various financial institutions.

***Receivables and Credit Policies:*** Accounts receivable are stated at the amount billed to the unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly delinquent. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances and, based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected.



## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Property and Equipment:** Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. Those properties are owned by the individual owners in common and not by the Association. It is the Association's responsibility to preserve and maintain the common areas. Property and equipment acquired by the Association is capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 27.5 years.

**Maintenance and Repairs:** Consistent with the nature of the organization, normal operating expenses incurred for repairs and improvements to the common elements are included in the operating fund. Major capital repairs and replacements resulting from actions of the Board of Directors are included in expenses of the reserve fund.

**Income Taxes:** Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a homeowners' association for the years ended December 31, 2019 and 2018. Under that election, the Association is not taxed on income related to its exempt purpose, which is the management, maintenance and care of Association property. The Association is generally taxed only on its nonexempt function income (including interest income, rental income and other user fees), net of related expenses, at applicable federal and state corporate rates. An analysis of operations indicates no income tax was due for the years ended December 31, 2019 and 2018, due to operating losses for tax purposes. The Association has approximately \$2,814,000 of Illinois net operating loss carryforwards, expiring in various years from 2020 through 2031, to apply against future Illinois taxable income. Deferred tax assets arising from the benefit of these net operating loss carryforwards totaling approximately \$267,000 are offset by a corresponding valuation allowance, as the Association believes that it is not probable that the Illinois net operating loss carryforwards will be utilized. The valuation allowance increased by approximately \$4,000 during 2019.

**Assessments:** Association unit owners are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet date represent fees due from unit owners. Prepaid assessments are recorded as a liability at the balance sheet date, as such amounts are deferred from revenue recognition until the subsequent period for which they pertain. Any excess assessments at year end are retained by the Association for use in future years.

**Revenue Recognition:** The Association recognizes operating assessment revenue from owners and other owner service charges based on satisfaction of its performance obligations. Assessments are the predominant revenue source and involve a single performance obligation related to the maintenance and management of the common area property. Since the performance obligations are rendered evenly throughout the year, operating assessments are recognized on a periodic basis throughout the year. Other revenue sources are related to services provided on behalf of owners and are recognized as the performance obligation (completion of specific service to owners) is rendered to the owner or deferred until all significant obligations have been completed. The timing from the satisfaction of the Association's performance obligations to invoicing and ultimate timing of payment is generally less than 60 days on average.

The amount of operating revenue recorded reflects the consideration to which the Association expects to be entitled in exchange of goods or services. For assessments, these amounts are fixed, as they are based upon the approved operating budget. For service charges to owners, the specific charge is based on an hourly rate or actual cost to provide the service to the owner. Revenue amounts are generally believed to be collectable, as the Association has experience negligible bad debts historically.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued):** Amounts collected for future major repairs and replacements are reflected by the Association as capital contributions and not reflected as reserve fund revenue. This is consistent with the tax treatment of reserve contributions for condominium association unit owners. Reserve funds are not earmarked for specific reserve project costs that can be identified individually as a performance obligation. Instead, these funds are pooled together as a collective fund for future major repairs and replacements in general and are available as needed. As a result, these capital contribution transactions are not subject to the provisions of Topic 606.

The Association's revenue sources can be combined based upon similar characteristics of the related performance obligations. The following is a breakdown of the Association's revenue by source:

	<u>2019</u>	<u>2018</u>
Owner assessments (maintenance and management of common area property)	\$ 5,701,657	\$ 5,364,226
Owner service charges (user fees)	334,414	357,561
Interest income	<u>51,518</u>	<u>19,411</u>
Total revenue	<u>\$ 6,087,589</u>	<u>\$ 5,741,198</u>

Payments received for assessments received in advance of the Association satisfying its performance obligation are recorded as prepaid assessments in the accompanying balance sheets. In 2019, the Association recognized revenue of \$68,061 from amounts that were included in prepaid assessments at December 31, 2018. Prepaid assessments totaled \$58,060 at December 31, 2019. The performance obligation surrounding this liability will be satisfied in 2020.

Other revenue sources related to services provided on behalf of owners are primarily made up of garage rental revenue, commercial rental income, maintenance fees, and various other service charges to owners.

The nature, amount, timing, and uncertainty of revenue and cash flows for the aforementioned revenue categories are not significantly impacted by economic factors, as there are no outside customers for a condominium association, only owners, who pay a fixed charge for operating and maintenance of the property and user fees for various maintenance charges and other fees.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications:** Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Subsequent Events:** Management has evaluated subsequent events through March 31, 2020, the date the financial statements were available to be issued.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018****RESERVES FOR FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. The Association budgeted and transferred a total of \$1,633,104 and \$1,176,713 to the reserve fund in the years ended December 31, 2019 and 2018, respectively. These funds are held in separate money market accounts and certificates of deposit and are to be used for the repair and replacement of common areas only. It is the Association's policy to allocate interest earned on such funds to the reserve fund. The reserve fund balance totaled \$2,902,859 and \$2,754,898 at December 31, 2019 and 2018, respectively.

The Association obtained a reserve study in July 2018 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 based on the study's estimates of future replacement costs, considering amounts previously accumulated in the reserve fund. Actual expenses, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to increase regular assessments, levy special assessments, or it may delay major repairs and replacements until funds are available.

**INTERFUND TRANSACTIONS**

Transactions occurred in 2019 and 2018 between the operating and reserve funds in the normal course of operations. Interfund transactions include the transfer of the operating fund surplus or deficit to or from the reserve fund. The operating shortage of \$73,375 is to be transferred to the operating fund in 2020. Excess operating income of \$230,703 was transferred to reserves in 2019. A total of \$185,152 and \$431,485 was due from the operating fund to the reserve fund at December 31, 2019 and 2018, respectively, as included in the accompanying balance sheets.

**COMMERCIAL LEASES**

The Association, in the capacity as lessor, has executed leases with various commercial entities, including a cleaner, a spa facility, a residential tenant lease, and a roof antenna.

The Association has a lease with the owner of the cleaners that expired at December 31, 2018 and was not renewed. Rental income totaled \$6,000 during the year ended December 31, 2018.

The Association has executed a lease with the spa owner, with an extended expiration of December 31, 2023. This lease provides for monthly rentals ranging from \$1,792 to \$2,095 through the lease term. Rent payments totaled \$19,804 and \$19,104 during the years ended December 31, 2019 and 2018, respectively.

The Association executed a lease with a tenant to rent a unit through December 31, 2019. This lease includes monthly rentals ranging from \$1,650 to \$1,700 over the term of the lease. Rent payments totaled \$20,400 and \$20,750 during the years ended December 31, 2019 and 2018, respectively.

The Association executed a lease agreement with a telecommunications company, for use of the Association's roof for an antenna. The original lease term ends October 2020 with renewal options for five additional terms of five years each. The Association will receive monthly rent in the amount of \$743 over the term of the lease. Rent payments totaled \$8,912 during each of the years ended December 31, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

**COMMERCIAL LEASES (CONTINUED)**

Approximate minimum rental payments on all commercial leases subsequent to December 31, 2019 are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2020	\$ 27,688
2021	22,800
2022	23,940
2023	25,140
	\$ 99,568

**UNION AGREEMENTS**

***Maintenance Employees***

The Association participates in a multiemployer defined benefit pension plan covering its union employees. The risks of participating in a multiemployer plan differs from single-employer plans. The potential risks include, but are not limited to, the use of the Association’s contributions to provide benefits to employees of other participating employers, the Association becoming obligated for other participating employers’ unfunded obligations and, upon the Association’s withdrawal from the plan, the Association being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The plan in which the Association participated for the years ended December 31, 2019 and 2018 is summarized below. The certified zone status (as defined by the Pension Protection Act) included in the table below represents the level at which the plan is funded and is based on the certified information received from the plan. The latest certified zone status is for the plan’s year end in 2018. Among other factors, plans in the red zone generally are less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The Association does not intend to withdraw from the plan.

Name of Plan	Employer ID Number	Expiration Date of Collective Bargaining Agreement	Certified Zone Status	Financial Improvement/ Rehabilitation Plan Status	Surcharge Imposed	Contributions Made
--------------	--------------------	--	-----------------------	---	-------------------	--------------------

**2019**

S.E.I.U. Local No. 1 Pension Trust Fund	51-6055057	11/30/20	Green	No	No	\$ 38,729
---	------------	----------	-------	----	----	-----------

**2018**

S.E.I.U. Local No. 1 Pension Trust Fund	51-6055057	11/30/20	Green	No	No	\$ 37,272
---	------------	----------	-------	----	----	-----------

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

**UNION AGREEMENTS (CONTINUED)**

***Doorstaff Employees***

The Association participates in the S.E.I.U. Local 1 401(k) plan for the doorstaff employees. The Association made contributions to the plan totaling \$11,890 and \$9,182 during the years ended December 31, 2019 and 2018, respectively.

**MAJOR REPAIRS AND REPLACEMENTS**

Major repairs and replacement expenses for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Plaza, parking garage, and driveway rehabilitation	\$ 536,656	\$ -
Elevator repairs	-	6,642
Concrete	4,988	-
Garage door	9,988	-
Reserve study	-	9,850
Sundeck	1,950	-
Painting	2,337	17,075
Plumbing repairs	-	10,804
Storage lockers	10,385	-
HVAC repairs	-	25,899
Boiler repairs	842,102	76,320
Spa repairs/ improvements	-	12,770
Fitness center	-	24,072
Electrical	-	76
Interior repairs	7,170	-
Pool	47,710	-
Miscellaneous	-	6,243
	<u>\$ 1,463,286</u>	<u>\$ 189,751</u>

**COMMITMENTS**

The Association executed a contract for phase II and III of the boiler project in May 2019 in the amount of \$798,000. A total of \$600,000 of the costs were incurred in 2019. The remainder of the project is anticipated to be completed in 2020.

The Association executed a contract for plaza and parking garage rehabilitation in May 2019 in the amount of \$341,282. Change orders decreased the commitment to \$292,179. A total of \$103,441 of the costs were incurred in 2019. The remainder of the project is anticipated to be completed in 2020.

The Association executed a contract for an elevator project in August 2019 in the amount of \$39,000. A total deposit of \$11,700 was paid in 2019 and has been recorded as prepaid expenses as of December 31, 2019. The project commenced in 2020 and is anticipated to be completed in 2020.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

**COMMITMENTS (CONTINUED)**

The Association has a commitment with a neighboring condominium association in conjunction with a joint driveway waterproofing project. The full project is in the amount of \$1,000,064 and the Association's portion is anticipated to be \$484,721. Of the Association's portion, an estimated total of \$397,471 of the costs were incurred in 2019. The remainder of the project is anticipated to be completed in 2020.

*SUPPLEMENTARY INFORMATION*

# THE PARKSHORE CONDOMINIUM ASSOCIATION

- 16 -

## SCHEDULES OF OPERATING REVENUES AND EXPENSES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018
	(UNAUDITED) BUDGET	ACTUAL	ACTUAL
<b>REVENUES</b>			
Assessments	\$ 5,093,373	\$ 5,093,386	\$ 4,771,312
Parking garage revenue	458,336	410,014	421,073
Commercial rent	49,365	49,116	55,901
Other income			
Laundry income	14,000	10,641	8,963
Maintenance fees	70,000	74,587	78,659
Storage income	-	19,240	-
Legal reimbursed	1,000	8,159	22,339
Late fees	8,000	12,250	13,000
Fines	-	7,904	-
Key charges and lockout fees	9,300	7,246	8,200
Cable television revenue	334,600	315,840	315,840
Bicycle room fees	7,000	7,829	7,106
Move fees	-	3,000	-
Miscellaneous	21,000	16,859	19,394
Total other income	464,900	483,555	473,501
Total operating revenues	6,065,974	6,036,071	5,721,787
<b>EXPENSES</b>			
Payroll and related			
Office payroll	228,300	235,254	225,929
Workers compensation	27,200	26,260	42,818
Payroll taxes	112,800	112,901	101,536
Office employee benefits	34,480	24,209	20,501
Doorstaff payroll	323,800	359,548	315,299
Doorstaff union benefits	82,100	83,100	80,437
Janitorial payroll	677,000	708,649	664,218
Janitorial union benefits	181,800	180,130	173,357
Total payroll and related	1,667,480	1,730,051	1,624,095



# THE PARKSHORE CONDOMINIUM ASSOCIATION

- 17 -

## SCHEDULES OF OPERATING REVENUES AND EXPENSES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018
	(UNAUDITED) BUDGET	ACTUAL	ACTUAL
<b>EXPENSES (CONTINUED)</b>			
Administrative			
Telephone	10,000	8,208	9,061
Audit	8,500	11,650	8,400
Bad debts	10,000	3,133	7,200
Dues and subscriptions	17,000	16,392	13,683
Legal	30,000	22,449	30,928
Professional fees	10,000	29,924	2,922
Management fee	93,600	93,600	93,600
Office equipment	2,000	475	86
Office supplies	1,600	-	-
Printing	1,000	566	905
Postage	1,800	1,965	4,707
Board meetings and social events	22,750	17,873	15,756
Office expense	4,000	4,029	9,903
Miscellaneous	9,500	12,123	21,836
Computer expenses	6,000	1,654	8,055
Copier expenses	-	-	7,349
	<u>227,750</u>	<u>224,041</u>	<u>234,391</u>
Total administrative			
Utilities			
Electricity	397,400	376,195	395,237
Water	195,000	174,069	166,692
Gas	196,700	159,799	188,519
Cable television	334,600	320,863	322,843
	<u>1,123,700</u>	<u>1,030,926</u>	<u>1,073,291</u>
Total utilities			
Building services			
Fees and permits	-	536	-
Snow and ice removal	4,000	1,965	584
Contingency	90,000	-	-
HVAC contract	31,800	35,404	23,117
Lightbulbs and ballasts	4,000	2,941	6,831
Exterminator	2,750	2,630	2,376
Scavenger	36,000	24,746	28,286
Association unit	-	-	10,135
Management office assessment	9,864	10,202	9,549
Lobby plant service	13,000	16,399	13,725
Security services and equipment	7,800	30,471	3,445
Receiving room service	18,000	18,093	-
Uniforms	9,500	10,943	9,843
	<u>226,714</u>	<u>154,330</u>	<u>107,891</u>
Total building services			

# THE PARKSHORE CONDOMINIUM ASSOCIATION

- 18 -

## SCHEDULES OF OPERATING REVENUES AND EXPENSES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018
	(UNAUDITED) BUDGET	ACTUAL	ACTUAL
<b>EXPENSES (CONTINUED)</b>			
Repairs and maintenance			
Landscaping	26,265	17,750	17,415
Window washing	37,725	26,345	29,295
Fire protection	31,000	36,085	34,313
Elevator maintenance contract	47,500	36,600	38,038
Garage repairs and maintenance	12,000	65,457	15,243
Public area maintenance	8,000	9,445	3,625
Common area repairs	10,000	43,360	21,772
Interior repairs	11,000	14,600	5,105
Maintenance equipment	2,500	2,415	9,680
Maintenance supplies	37,000	23,705	23,108
Cleaning supplies	13,000	16,897	10,632
Pool chemicals and supplies	10,000	16,081	11,017
Amenity expenses	2,500	655	3,094
Loading dock maintenance	4,000	13,347	32,762
Metal maintenance	9,000	8,352	5,840
Flooring repair and cleaning	21,000	7,982	15,430
Roof repairs	6,000	-	8,426
Locks and keys	7,000	5,850	2,746
Windows and glass	22,000	30,361	13,721
Elevator repairs	7,500	11,809	30,398
HVAC repairs	65,000	65,899	121,493
Electric repairs	15,000	29,551	29,631
Plumbing repairs	75,000	85,325	42,724
Exercise room	8,000	6,043	7,429
	<u>487,990</u>	<u>573,914</u>	<u>532,937</u>
Total repairs and maintenance			
Other			
Depreciation	-	8,068	8,278
Insurance	141,000	141,633	152,869
	<u>141,000</u>	<u>149,701</u>	<u>161,147</u>
Total other			
Parking garage expenses	552,240	613,379	580,619
	<u>552,240</u>	<u>613,379</u>	<u>580,619</u>
Total operating expenses	<u>4,426,874</u>	<u>4,476,342</u>	<u>4,314,371</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 1,639,100</u>	<u>\$ 1,559,729</u>	<u>\$ 1,407,416</u>

**THE PARKSHORE CONDOMINIUM ASSOCIATION**

- 19 -

SCHEDULES OF GARAGE REVENUES AND EXPENSES  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018
	(UNAUDITED) BUDGET	ACTUAL	ACTUAL
<b>GARAGE REVENUES</b>			
Monthly parking assessments	\$ 291,336	\$ 292,431	\$ 277,074
Transient parking	125,000	117,583	143,371
Other	42,000	-	628
	<u>458,336</u>	<u>410,014</u>	<u>421,073</u>
<b>GARAGE EXPENSES</b>			
Payroll	509,700	353,418	336,708
Payroll taxes	-	50,408	50,087
Health, welfare and pension	-	156,601	133,842
Uniforms	-	157	1,746
Repairs and maintenance	5,000	-	6,090
Supplies	7,000	-	2,462
Liability insurance	-	739	3,043
Workers compensation insurance	19,300	20,870	20,170
Data processing	-	2,307	60
Management fee	6,240	6,000	7,809
Printing	-	28	2,115
Licenses and permits	-	9,574	4,388
Telephone	-	8,669	3,270
General expenses	17,000	2,834	1,175
Accounting fees	-	528	530
Parking tax	-	1,246	7,124
	<u>564,240</u>	<u>613,379</u>	<u>580,619</u>
<b>DEFICIT OF GARAGE REVENUES OVER EXPENSES</b>	<u>\$ (105,904)</u>	<u>\$ (203,365)</u>	<u>\$ (159,546)</u>

**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS  
AND REPLACEMENTS  
DECEMBER 31, 2019 AND 2018**

An independent consultant conducted a reserve study in July 2018 to estimate the remaining useful lives and replacement costs of the components of common property. Replacement costs were based on the estimated future costs to repair or replace the common property components at the time of the study and do not consider the effects of inflation. The replacement costs and useful lives have been derived from the 2018 study. The Association has not designated funds for any specific component.

<b>COMPONENT</b>	<b>(UNAUDITED)</b>	
	<b>ESTIMATED REMAINING USEFUL LIFE</b>	<b>ESTIMATED FUTURE COSTS OF REPLACEMENT</b>
<b>INTERIOR BUILDING COMPONENTS</b>		
Carpet - 56th floor and hallways	2	\$ 250,000
Concourse renovation	20	175,000
Elevator cab finishes	19	91,000
Exercise equipment - cardiovascular	5	43,000
Exercise equipment - weight training	10	23,000
Exercise room renovation	10	46,000
Furniture and decorations - hallways	14	116,000
Garage lobby renovation	11	50,000
Kitchen renovation - club room	14	88,000
Kitchen renovation - library	8	89,000
Laundry room renovation	15	47,700
Lighting - hallways and trash rooms	20	252,300
Lighting - stairwells (residential and garage)	20	52,000
Lobby renovation	5	247,000
Dressing room renovation	16	170,000
Mailboxes	13	101,000
Office renovation	7	103,200
Painting - interior common areas	2	178,000
Painting - residential stairwells	10	131,800
Painting - garage stairwells	10	11,400
Club room renovation	14	156,000
Library renovation	8	161,000
Restroom renovation - library	8	65,000
Restroom renovation - first floor	5	118,000
Tile - 56th floor and elevator lobbies	20	380,000
Vinyl flooring - trash rooms	20	44,200
Wallpaper - 56 floor, hallways, and elevator lobbies	14	488,000
Whirlpool renovation	5	36,000

# THE PARKSHORE CONDOMINIUM ASSOCIATION

- 21 -

## SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

COMPONENT	(UNAUDITED)	
	ESTIMATED REMAINING USEFUL LIFE	ESTIMATED FUTURE COSTS OF REPLACEMENT
<b>EXTERIOR BUILDING COMPONENTS</b>		
Railings at rooftop and ramp - painting	10	\$ 23,000
Concrete façade - finish	19	800,000
Concrete façade - restoration	9	370,000
Entrance renovation	8	193,000
Roof - main	7	91,800
Roofs - cooling towers	5	128,000
Roof - penthouse	5	122,000
Sealants	9	1,345,000
Windows	23	8,407,000
<b>GARAGE COMPONENTS</b>		
Ceiling tiles, grid and lighting - upper garage floor	13	111,800
Elevated concrete floor renovation - drive lanes	5	821,000
Elevated concrete floor renovation - parking areas	5	821,000
On-grade concrete floor renovation	15	15,000
Doors and operators - garage	6	58,400
Doors and operators - loading dock	13	65,700
Exhaust system - garage	13	288,000
Floor cleaner	10	20,000
Lighting - garage	16	88,400
<b>SITE COMPONENTS</b>		
Elevated plaza restoration	3	2,051,000
Entrance drive restoration	1	650,000
Garage ramp restoration	1	317,000

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS  
AND REPLACEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

COMPONENT	(UNAUDITED)	
	ESTIMATED REMAINING USEFUL LIFE	ESTIMATED FUTURE COSTS OF REPLACEMENT
<b>BUILDING SYSTEM COMPONENTS</b>		
Air compressor	15	\$ 8,000
Air conditioning equipment - exercise room	4	8,500
HVAC equipment - valet office and concourse	4	27,200
HVAC equipment - garage elevator equipment	4	11,000
Air handling units - common areas	30	310,800
Air handling unit - hallways	6	89,000
Boilers - building heat and domestic hot water	1	1,050,000
Building automation system - controls	10	40,000
Building automation system - sensors	25	152,000
Chillers - rebuild	13	446,000
Chillers - replacement	3	2,230,000
Cooling towers - rebuild	13	156,800
Cooling tower - replacement	3	823,000
Elevator hydraulic pumps and controls - garage	30	185,400
Elevator hydraulic cylinders - garage	18	110,000
Elevator traction controls and equipment - residential	30	2,826,000
Fans - kitchens and bathrooms	30	100,000
Generator	13	175,000
Heat exchanger - domestic hot water	1	50,000
Heat exchangers - air handling unit	1	84,000
Life safety systems	24	184,000