

300 WEST 23RD STREET CONDOMINIUM

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2004 AND 2003

300 WEST 23RD STREET CONDOMINIUM

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INDEPENDENT AUDITOR'S REPORT

The Board of Managers and Unit Owners
300 WEST 23RD STREET CONDOMINIUM

I have audited the accompanying balance sheet of 300 WEST 23RD STREET CONDOMINIUM as of December 31, 2004 and 2003 and the related statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Association's Board of Managers and management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 300 WEST 23RD STREET CONDOMINIUM and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Pelham, New York
January 26, 2005



300 WEST 23RD STREET CONDOMINIUM

BALANCE SHEET

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Current assets:		
Cash	\$ 14,093	\$ 1,565
Receivables, unit-owners	343,463	290,897
Receivables, other	14,593	14,593
Receivables, 300 WEST 23RD STREET OWNERS CORP. (Note 3)	135,544	60,090
Unexpired insurance premiums	11,563	10,289
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Total current assets	519,256	377,434
Receivable, unit-owner	23,872	23,872
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	\$ 543,128	\$ 401,306
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LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 80,463	\$ 105,591
Prepaid common charges	71,974	-
Due to 300 WEST 23RD STREET OWNERS CORP. (Note 3)	241,829	187,325
	<hr/>	<hr/>
Total current liabilities	394,266	292,916
Commitments and contingencies (Note 3)		
MEMBERS' EQUITY		
Members' equity, undesignated	148,862	108,390
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	\$ 543,128	\$ 401,306
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See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Residential common charges	\$ 886,890	\$ 928,364
Commercial common charges	98,680	139,947
Rental income	-	5,741
	985,570	1,074,052
Expenses:		
Salaries	244,133	236,507
Payroll tax expense	21,967	21,279
Employee benefits	52,827	52,827
Workers compensation insurance	17,723	15,961
Uniforms	4,418	3,196
Fuel	78,948	83,006
Electricity for common areas	18,000	31,595
Water and sewer	-	51,612
Supplies	9,968	13,795
Repairs and maintenance	153,637	124,456
Elevators	24,448	28,106
Major repairs and replacements	165,371	268,199
Licenses and permits	185	233
Insurance	65,859	49,324
Management fee	64,991	63,405
Professional fees	8,947	11,912
Administrative	5,536	9,892
Telephone and communications	5,886	5,213
Franchise taxes	226	380
Other	2,028	3,310
	945,098	1,074,208
Net income (loss) for the year	40,472	(156)
Members' Equity:		
Members' Equity, beginning of year	108,390	108,546
Members' Equity, end of year	\$ 148,862	\$ 108,390

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Cash Flows From Operating Activities</u>		
Net income (loss) for the year	\$ 40,472	\$ (156)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables, unit-owners	(52,566)	(76,705)
Receivables, other	-	(741)
Receivables, 300 WEST 23RD STREET OWNERS CORP.	(75,454)	(27,643)
Unexpired insurance premiums	(1,274)	(2,380)
Prepaid expenses	-	40,476
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(25,128)	38,353
Due to 300 WEST 23RD STREET OWNERS CORP.	54,504	49,839
Prepaid common charges	71,974	(20,229)
Net increase (decrease) in cash	<u>12,528</u>	<u>814</u>
Cash, beginning of year	<u>1,565</u>	<u>751</u>
Cash, end of year	\$ <u><u>14,093</u></u>	\$ <u><u>1,565</u></u>

Supplemental Disclosure

Cash paid for:

Franchise taxes	\$ <u><u>226</u></u>	\$ <u><u>480</u></u>
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See Accompanying Notes to Financial Statements

**300 WEST 23RD STREET CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS**

1. **Nature of Organization**

300 WEST 23RD STREET CONDOMINIUM (the "Association") was organized pursuant to Article 9B of the Real Property Law of the State of New York for the purpose of operating and maintaining the common property located at 300 West 23rd Street, New York, New York. The condominium is comprised of a residential unit, a commercial unit and a professional office.

The Condominium's residential unit is a cooperative housing corporation known as 300 WEST 23RD STREET OWNERS CORP. It comprises the 220 residential apartments in the building. The financial statements of 300 WEST 23RD STREET OWNERS CORP. should be read in conjunction with these financial statements.

2. **Summary of Significant Accounting Policies**

Basis of Presentation - The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles prescribed by the *Audit and Accounting Guide for Common Interest Realty Associations* issued by the American Institute of Certified Public Accountants.

Cash Equivalents - The Association considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents for purposes of the Statement of Cash Flows.

Accounts Receivable, Common Charges - Association members are subject to monthly common charges based on an annual budget determined by the Board of Managers to provide funds for the Associations' operating expenses and major repairs and replacements to the common property. Any excess operating funds at year end are retained by the Association for the use in future years.

Property and Equipment - Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Associations' financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Income Taxes - Condominium associations may be taxed as either homeowners associations or as regular corporations. The 300 WEST 23RD STREET CONDOMINIUM has elected to be taxed as a regular corporation for 2003 and 2002. The Condominium is also subject to the New York State franchise tax at prevailing corporate tax rates.

Use of 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 in the financial statements. Accordingly, actual results could differ from those estimates.

**300 WEST 23RD STREET CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS**

3. Due To/From 300 WEST 23RD STREET OWNERS CORP.

Amounts due to the Corporation at December 31, 2004 and 2003 consist primarily of insurance premiums paid on behalf of the Condominium under the terms of the cooperative's underlying mortgage. The amounts due from the Corporation are for expenses in excess of residential common charges. (See Note 4)

4. Excess Condominium Expense Reimbursements

In May 1996, the Association and the commercial unit owner entered into a settlement wherein certain revisions were made to the operating budget of the Condominium with respect to the common elements and allocation of common expenses. Pursuant to the settlement agreement, the Corporation is to reimburse the Association for certain expenses in excess of its residential common charges.

Expenses in excess of residential unit common charges for the years ended December 31, 2004 and 2003 consisted of the following:

	<u>2004</u>	<u>2003</u>
Wages	\$ 160,865	\$ 145,461
Payroll tax expense	12,344	8,684
Employee benefits	37,067	41,286
Gas	5,324	5,270
Electricity	<u>177,807</u>	<u>126,379</u>
Totals	<u>\$ 393,407</u>	<u>\$ 327,080</u>

5. Future Major Repairs and Replacements

The Association has not conducted a formal study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The study is not required by governing law or the By-laws of the Association. The Board of Managers reviews the condition of the building's systems on a continual basis and intends to repair or replace elements of the common property as the need arises.

When additional replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular common charges, authorize special assessments, or delay major repairs and replacements until funds are available. The effect on future common charge assessments has not been determined at this time.

Please refer to the supplementary information on page 9 for a schedule of current capital improvement projects.

**300 WEST 23RD STREET CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS**

6. **Employee's Pension Plan**

Substantially all of the Association's employees are covered by a multiemployer pension plan through Building Service Local 32B-J Pension Fund. The Association's contributions to the plan for 2004 and 2003 totaled \$23,625 and \$20,613, respectively. Information as to the Association's portion of accumulated plan benefits and plan assets is not determinable.

The Association's contributions to the Plan, as well as the wages it pays its employees, are determined through contract with the Union.

7. **Reclassifications**

Certain amounts from the prior year's financial statement presentation have been reclassified to comply with the format of the current year financial statements

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Managers and Unit Owners
300 WEST 23RD STREET CONDOMINIUM

My report on my audit of the basic financial statements of 300 WEST 23RD STREET CONDOMINIUM appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Common Property Improvements, Repairs and Maintenance on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Association has not presented supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be a part of, the basic financial statements generally accepted in the United States of America.

Pelham, New York
January 26, 2005



300 WEST 23RD STREET CONDOMINIUM
SCHEDULES OF COMMON PROPERTY IMPROVEMENTS, REPAIRS AND MAINTENANCE
For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Common Property Improvements</u>		
Lobby and common area renovations	\$ 60,593	\$ 252,828
Elevator cab renovation	17,508	15,371
Awning and marquee	52,258	-
Gas riser replacements	20,668	-
Building exterior and vault	14,344	-
	\$ 165,371	\$ 268,199
	\$ 165,371	\$ 268,199

Repairs and Maintenance

Plumbing	\$ 56,524	\$ 39,491
Boiler repairs and maintenance	32,808	40,313
Painting and plastering, water damage	30,321	15,653
Doors, locks and windows	14,523	12,609
Exterminating	4,311	4,001
Intercom and electrical	8,963	2,913
Architect and engineering for repairs	-	3,918
Cleaning and housekeeping	3,414	-
Compactor chute cleaning	1,936	2,502
Miscellaneous	837	3,056
	\$ 153,637	\$ 124,456
	\$ 153,637	\$ 124,456