

300 WEST 23RD STREET CONDOMINIUM

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2008 AND 2007

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, 2008 and 2007 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.

The Schedule of Common Property Improvements on page 7 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
February 25, 2009
(Except for Note 7, as to which
the date is May 12, 2009)



300 WEST 23RD STREET CONDOMINIUM

BALANCE SHEET

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash	\$ -	\$ -
Receivables, unit-owners	56,741	174,263
Receivables, 300 WEST 23RD STREET OWNERS CORP. (Note 3)	121,502	81,244
Unexpired insurance premiums	<u>13,511</u>	<u>16,936</u>
Total current assets	191,754	272,443
Receivable, unit-owner	<u>17,872</u>	<u>17,872</u>
	<u>\$ 209,626</u>	<u>\$ 290,315</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 61,649	\$ 140,180
Other payables	<u>8,430</u>	<u>15,214</u>
Total current liabilities	70,079	155,394
Commitments and contingencies (Note 3)		
MEMBERS' EQUITY		
Members' equity, undesignated	<u>139,547</u>	<u>134,921</u>
	<u>\$ 209,626</u>	<u>\$ 290,315</u>

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Residential common charges	\$ 655,451	\$ 688,993
Commercial common charges	107,644	111,360
Other unit owner fees	6,235	-
	769,330	800,353
Expenses:		
Salaries	279,567	274,087
Payroll tax expense	25,633	25,133
Employee benefits	43,000	43,000
Workers compensation insurance	15,069	19,572
Uniforms	7,337	2,363
Heating oil	148,578	138,621
Electricity for common areas	18,000	18,000
Supplies	23,102	15,154
Repairs and maintenance	12,689	25,424
Elevators	24,379	24,811
Major repairs and replacements	7,647	56,465
Licenses and permits	1,130	210
Insurance	67,128	63,962
Management fee	66,615	66,615
Professional fees	8,547	15,165
Administrative	4,428	6,706
Telephone and communications	5,413	4,473
Franchise taxes	301	592
Other	6,141	-
	764,704	800,353
Net income (loss) for the year	4,626	-
Members' Equity:		
Uncollectible office rent from prior years	-	(13,941)
Members' Equity, beginning of year	134,921	148,862
Members' Equity, end of year	\$ 139,547	\$ 134,921

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash Flows From Operating Activities</u>		
Net income (loss) for the year	\$ 4,626	\$ -
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables, unit-owners	117,522	(32,255)
Receivables, other	-	(13,941)
Receivables, 300 WEST 23RD STREET OWNERS CORP.	(40,258)	(6,442)
Unexpired insurance premiums	3,425	307
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(78,531)	48,225
Other payables	<u>(6,784)</u>	<u>3,600</u>
Net increase (decrease) in cash	-	(506)
Cash, beginning of year	<u>-</u>	<u>506</u>
Cash, end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Supplemental Disclosure

Cash paid for:

Franchise taxes	\$ <u><u>296</u></u>	\$ <u><u>305</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 retail unit and a professional office.

The Condominium's residential unit is owned by the 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.

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.

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 - For Federal income tax purposes, condominium associations may elect to be taxed as either homeowners associations or as regular corporations. The 300 WEST 23RD STREET CONDOMINIUM has elected to be taxed as a homeowners association for 2008 and 2007. The Condominium is subject to the New York State franchise tax at prevailing corporate tax rates.

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

Amounts due to the Corporation at December 31, 2008 and 2007 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 additional common charges and expenses in excess of residential common charges. (See Note 4)

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

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, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Wages	\$ 188,515	\$ 175,185
Payroll tax expense	12,228	10,721
Employee benefits	97,217	104,529
Gas	6,320	4,933
Electricity	<u>258,607</u>	<u>215,393</u>
Totals	<u>\$ 562,887</u>	<u>\$ 510,761</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.

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 2008 and 2007 totaled \$27,168 and \$25,380, 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. Subsequent Event - Condominium Budget Revision

In May 2009, the Board of Directors of 300 WEST 23RD STREET OWNERS CORP. and the Board of Managers of the 300 WEST 23RD STREET CONDOMINIUM mutually agreed to re-allocate repairs and maintenance that are the sole responsibility of 300 WEST 23RD STREET OWNERS CORP. directly to the Corporation's operating budget rather than allocate them through the common charge of the Condominium. The 2008 and 2007 Statement of Operations in these financial statements has been restated to reflect this change. There is no effect on net income as a result of this change.

SUPPLEMENTARY INFORMATION

300 WEST 23RD STREET CONDOMINIUM
SCHEDULE OF COMMON PROPERTY IMPROVEMENTS
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Common Property Improvements</u>		
Planter	\$ 4,135	\$ -
Security system CCTV	3,512	-
Energy saving light bulbs	-	16,800
Boiler mixing valves	-	16,040
Oil lines and pre-heater	-	15,606
Boiler steam clean	-	8,019
	<u>\$ 7,647</u>	<u>\$ 56,465</u>