

300 WEST 23RD STREET CONDOMINIUM

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2011 AND 2010

300 WEST 23RD STREET CONDOMINIUM

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statement of Operations and Members' Equity.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5-7
SUPPLEMENTARY INFORMATION	
Schedule of Major Repairs and Replacements.....	8

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, 2011 and 2010 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, I express no such opinion. 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 Major Repairs and Replacements 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.

Michael A. Rozycki, CPA, PLLC

Pelham, New York
April 27, 2012

300 WEST 23RD STREET CONDOMINIUM

BALANCE SHEET

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash	\$ 246,579	\$ 106,303
Receivables from unit-owners	24,583	101,434
Other receivable	4,222	-
Unexpired insurance premiums	<u>15,705</u>	<u>14,360</u>
Total current assets	291,089	222,097
Receivable, unit-owner	<u>13,872</u>	<u>15,872</u>
Total assets	<u>\$ 304,961</u>	<u>\$ 237,969</u>
 LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 38,052	\$ 65,629
Common charge revenue received in advance	91,751	-
Refundable security deposit	<u>2,200</u>	<u>-</u>
Total current liabilities	132,003	65,629
Commitments and contingencies (Note 8)		
 MEMBERS' EQUITY		
Members' equity, undesignated	<u>172,958</u>	<u>172,340</u>
Total liabilities and members' equity	<u>\$ 304,961</u>	<u>\$ 237,969</u>

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Residential common charges	\$ 682,516	\$ 680,861
Commercial common charges	118,242	114,450
Lobby office rent	5,500	-
Other unit owner fees	700	20,841
Interest income	292	215
	<u>807,250</u>	<u>816,367</u>
Expenses:		
Salaries	292,560	286,667
Payroll tax expense	26,914	26,313
Employee benefits	46,533	43,667
Workers compensation insurance	15,697	11,584
Uniforms	10,391	6,032
Heating oil	191,177	156,080
Electricity for common areas	18,000	18,000
Supplies	1,915	-
Repairs and maintenance	17,603	29,511
Elevators	22,350	25,903
Major repairs and replacements	-	23,961
Licenses and permits	100	100
Insurance	71,807	72,685
Management fee	70,457	71,070
Professional fees	11,637	17,181
Administrative	3,253	1,586
Telephone and communications	5,445	4,660
Franchise taxes	293	312
Other	500	-
	<u>806,632</u>	<u>795,312</u>
Net income for the year	618	21,055
Members' Equity:		
Members' equity, beginning of year	<u>172,340</u>	<u>151,285</u>
Members' equity, end of year	<u>\$ 172,958</u>	<u>\$ 172,340</u>

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Cash Flows From Operating Activities</u>		
Net income (loss) for the year	\$ 618	\$ 21,055
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables from unit-owners	78,851	(75,664)
Other receivables	(4,222)	1,000
Unexpired insurance premiums	(1,345)	(330)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(27,577)	4,518
Common charge revenue received in advance	91,751	(30,155)
Refundable security deposit	2,200	-
Net increase (decrease) in cash	140,276	(79,576)
Cash, beginning of year	106,303	185,879
Cash, end of year	\$ <u>246,579</u>	\$ <u>106,303</u>

Supplemental Disclosure

Cash used for:

Franchise taxes	\$ <u>-</u>	\$ <u>355</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 - Amounts due from unit owners are deemed fully collectible by the Association. It is the Association's policy to retain legal counsel and place liens against unit owners whose common charges and assessments are in arrears. Accordingly, no amount has been established for uncollectible accounts.

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.

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 use in future years.

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 2011 and 2010. The Condominium is subject to the New York State franchise tax at prevailing corporate tax rates.

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

3. Lobby Office Lease

In June 2011, the Condominium entered into a two year lease for the lobby office space commencing August 1, 2011 and ending July 31, 2013. Rental payments for the entire term of the lease aggregate \$26,400.

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, 2011 and 2010 consisted of the following:

	<u>2011</u>		<u>2010</u>
Wages	\$ 188,707	\$	207,376
Payroll tax expense	20,216		18,225
Employee benefits	114,322		101,125
Gas	-		4,806
Electricity	198,873		227,699
Totals	\$ 522,118	\$	559,231

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 2011 and 2010 totaled \$43,904 and \$41,764, respectively. Information as to the Association's portion of accumulated plan benefits and plan assets is not readily determinable. The Association's contributions to the Plan, as well as the wages it pays its employees, are determined through contract with the Union.

300 WEST 23RD STREET CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS

7. 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.

8. Commitments and Contingencies

The Association is subject to various legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. Although the outcome of legal proceedings and claims cannot be predicted with certainty, the Board of Managers and management estimate that any such matters would be resolved without a material adverse effect on the Association's future financial position or results of operations.

9. Subsequent Events

The Association has evaluated events and transactions that occurred between December 31, 2011 and April 27, 2012 and determined there were no events that would require disclosure or recognition in the financial statements, except as noted herein.

SUPPLEMENTARY INFORMATION

300 WEST 23RD STREET CONDOMINIUM
SCHEDULE OF MAJOR REPAIRS AND REPLACEMENTS
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Major Repairs and Replacements</u>		
Elevator Chapter K-3 compliance testing	\$ <u> -</u>	\$ <u> 23,961</u>
	\$ <u> -</u>	\$ <u> 23,961</u>