

300 WEST 23RD STREET CONDOMINIUM

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

300 WEST 23RD STREET CONDOMINIUM

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheets.....	2
Statement of Operations and Members' Equity.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5 - 7
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION.....	8
SUPPLEMENTARY INFORMATION	
Schedules of Major Repairs and Replacements.....	9

MICHAEL A. ROZYCKI, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

629 FIFTH AVENUE, SUITE 109
PELHAM, NY 10803
Phone 914.654.0663
Fax 914.654.0936

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of 300 WEST 23RD STREET CONDOMINIUM, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Responsibility for the Financial Statements

The Board of Managers and management are 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.

Auditor's Responsibility

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 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 auditor's 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

The Condominium has not presented supplementary information about future major repairs and replacements to common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such omitted 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the omitted information.

Pelham, New York
April 30, 2021

Michael A. Rozycki, CPA, PLLC

300 WEST 23RD STREET CONDOMINIUM

BALANCE SHEETS

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash, operating account	\$ 230,752	\$ 57,473
Cash, interest bearing accounts	127,336	77,108
Receivables from unit-owners	11,247	79,854
Unexpired insurance premiums	20,813	25,267
Prepaid expenses	273	327
Security deposit account	<u>3,150</u>	<u>1,200</u>
Total assets	<u>\$ 393,571</u>	<u>\$ 241,229</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 56,106	\$ 69,346
Contractors payable for major repairs and replacements	23,623	-
Revenue received in advance	145,289	1,600
Refundable security deposit	<u>3,150</u>	<u>1,600</u>
Total liabilities	<u>228,168</u>	<u>72,546</u>
Commitments and Contingencies - Note 7		
MEMBERS' EQUITY		
Members' equity, undesignated	<u>165,403</u>	<u>168,683</u>
Total liabilities and members' equity	<u>\$ 393,571</u>	<u>\$ 241,229</u>

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues:		
Residential common charges	\$ 790,030	\$ 989,974
Commercial common charges	137,009	158,524
Assessment for major repairs and replacements	-	481,760
Lobby office rent	19,950	18,150
Interest income	282	1,191
	<u>947,271</u>	<u>1,649,599</u>
Expenses:		
Salaries and wages	420,255	406,793
Payroll tax expense	35,722	34,577
Employee union benefits	66,114	64,000
Workers compensation insurance	36,912	35,337
Uniform purchase and maintenance	5,701	14,990
Heat	100,381	145,867
Electricity for common areas	18,000	18,000
Repairs and maintenance	18,514	11,192
Elevator maintenance, inspection, testing and repair	15,947	14,835
Major repairs and replacements	42,905	726,511
Insurance	94,307	89,925
Management fee	74,524	67,838
Professional fees	9,300	9,000
Administrative	3,467	4,854
Telephone and communications	4,886	4,580
Franchise taxes	54	113
	<u>946,989</u>	<u>1,648,412</u>
Net operating surplus	282	1,187
Adjustment to prior period common charges	(3,562)	-
Members' equity, beginning of year	<u>168,683</u>	<u>167,496</u>
Members' equity, end of year	<u><u>\$ 165,403</u></u>	<u><u>\$ 168,683</u></u>

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities</u>		
Net operating surplus	\$ 282	\$ 1,187
Adjustments to reconcile net operating surplus to net cash used in operating activities:		
Adjustment to prior period common charges	(3,562)	-
(Increase) decrease in assets:		
Receivables from unit-owners	68,607	(72,982)
Unexpired insurance premiums	4,454	9,139
Deposit on elevator modernization	-	89,110
Prepaid expenses	54	(327)
Security deposit account	(1,950)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	10,383	(79,231)
Revenue received in advance	143,689	(125,175)
Refundable security deposit	1,550	-
Net increase (decrease) in cash	223,507	(178,279)
Cash, beginning of year	134,581	312,860
Cash, end of year	\$ <u>358,088</u>	\$ <u>134,581</u>

Supplemental Cash Flow Disclosure

Cash used for:

Franchise taxes	\$ <u>-</u>	\$ <u>-</u>
-----------------	-------------	-------------

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. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 30, 2021, the date the financial statements were first available to be issued.

3. Summary of Significant Accounting Policies

Basis of Presentation - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as detailed in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Condominium has determined that it meets the definition of a Common Interest Realty Association (CIRA) for accounting purposes and therefore follows the CIRA accounting guidance in ASC 972.

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.

Fair Value of Financial Instruments - Financial instruments include cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued expenses, and other liabilities. The recorded values of cash and cash equivalents, accounts receivable and accounts payable and accrued expenses approximate their fair values based on their short-term nature.

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 after all reasonable collection methods are exhausted. Accordingly, no amount has been established as an allowance 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.

Revenue Recognition - 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. Common charge revenue is recognized as income in the period earned and is reported at estimated net realizable amounts. Payments received in advance are deferred until earned.

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 2020 and 2019 and as such is subject to tax on income generated from other than is exempt purpose. The Condominium is subject to New York State franchise taxes at prevailing corporate tax rates and methods. The Condominium's tax filings are subject to audit by various taxing authorities for the years 2018 through 2020. In evaluating the Condominium's tax provisions and accruals, management believes that its estimates are appropriate based on current facts and circumstances.

The Condominium has incurred cumulative net operating losses for tax purposes which are available to be carried forward to future tax periods. It is not likely that the Condominium will benefit from any deferred tax benefits resulting from prior losses and accordingly no deferred tax assets have been recognized.

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

3. Summary of Significant Accounting Policies (continued)

Income Taxes (Continued) - The Condominium has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 - *Accounting for Uncertainty in Income Taxes*. The Condominium will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authorities. The Condominium continually evaluates changes in the tax law and new authoritative rulings. At present, there are no uncertain tax positions recorded that would have a material impact on the financial statements.

Recent Accounting Pronouncement - In May 2014, the Financial Accounting Standards Board issued Accounting Standard Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", effective for 2020 calendar year financial statements. The Association believes that its revenue transactions are not within the scope of Topic 606 and has concluded that Topic 606 is not applicable to these financial statements.

4. Lobby Office Lease

Commencing August 2020, the Condominium entered into a one-year lease for the lobby office space at the annual rate of \$21,000 with a new tenant. During 2019, the Condominium extended the lease for one year with the tenant in occupancy at the annual rate of \$19,200.

5. Excess Condominium Expense Reimbursements

In May 1996, the Association and the commercial unit owner entered into an agreement 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 residential unit 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, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Wages	\$ 161,206	\$ 161,123
Payroll tax expense	10,423	10,459
Employee union benefits	190,098	184,521
Electricity	<u>171,697</u>	<u>167,665</u>
Totals	<u>\$ 533,424</u>	<u>\$ 523,768</u>

6. Funding for Future Major Repairs and Replacements

The Association has not conducted a formal study to determine the remaining useful lives of all 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 various building systems on a recurrent basis and intends to repair or replace elements of the common property as the need arises. When funds are required to meet future needs for major repairs and replacements, the Association has the right to increase regular common charges, authorize special assessments, or delay non-essential major repairs and replacements until funds become available. The effect on future common charge assessments has not been determined at this time.

7. Commitments and Contingencies

In general, the Association is subject to various legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. In any instance we would immediately notify our insurance carrier. 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.

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

8. Employee Multiemployer Pension Plan

For its union employees, the Condominium contributes to a multiemployer pension plan administered by CSEA Local 32B-32J union. The risk of participating in U.S. multiemployer pension plans is different from single-employer pension plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits of employment to other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company stops participating in its multiemployer pension plan, it may be required to pay the plan an amount based on the underfunded status of the entire plan.

The Condominium's participation in the plan for the years ended December 31, 2020 and 2019 is outlined in the following table. All information in the table is as of December 31 of the relevant year unless otherwise noted.

The Plan Protection Act ("PPA") zone status column ranks the funded status of multiemployer pension plans depending upon a plan's current and projected funding. The zone status is based on information that the Corporation received from the plan. Among other factors, the plan is in the Red Zone (Critical) if it has a current funded percentage less than 65%. A plan is in the Yellow Zone (Endangered) or Orange Zone (Seriously Endangered) if it has a current funded percentage of less than 80%, or projects a credit balance deficit within seven years. A plan is in the Green Zone (Healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years. The Funding Improvement Plan ("FIP")/Rehabilitation Plan ("RP") status column indicates plans for which a FIP or RP is either pending or in place.

The following table contains information about the Condominium's multiemployer pension plan for the years ended December 31, 2020 and 2019:

Plan Name	Employer Identification Number - Plan Number	PPA Status		FIP/RP Status Pending/ Implemented	Company Contributions		Expiration dates of Collective Bargaining Agreements
		2020	2019		2020	2019	
Building Service 32BJ Pension Fund	13-1879376-001	Red	Red	Yes	\$65,965	\$61,622	4/21/18 - 4/20/22
Total contributions to multiemployer pension plans					\$65,965	\$61,622	

Assets contributed to multiemployer pension plans may be used to provide benefits of employment to other participating employers. If a plan employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If the Corporation withdraws from the plan, it may be required to pay to the plan an amount based upon the underfunded status of the plan (the "withdrawal liability"). The Corporation currently has no intention of withdrawing from the multiemployer plan in which it participates.

The Corporation's contributions to the plan, as well as the wages it pays its employees, are determined through contract with the Union. The Corporation's contributions did not exceed more than 5.0% of the total contributions made to the plan by all participating employers. Current contributions include an amount for the Union's pension rehabilitation plan. Union benefit costs for the year ending December 31, 2019 include a retroactive audit adjustment for the period January 1, 2015 through March 31, 2018.

9. Subsequent Events

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The spread of the virus began causing business disruptions domestically beginning in January 2020. The extent of the impact of the COVID-19 pandemic on the Association's operational and financial performance will depend on future developments all of which are highly uncertain and cannot be predicted. While the Association may not be currently experiencing adverse financial effects, it is possible that if present conditions persist, over time, unit owners may experience financial difficulties causing them to be unable to meet their individual financial obligations to the Condominium Association.

SUPPLEMENTARY INFORMATION

MICHAEL A. ROZYCKI, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

629 FIFTH AVENUE, SUITE 109
PELHAM, NY 10803
Phone 914.654.0663
Fax 914.654.0936

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

I have audited the financial statements of 300 WEST 23RD STREET CONDOMINIUM as of and for the years ended December 31, 2020 and 2019, and have issued a report thereon dated April 30, 2021 which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Major Repairs and Replacements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the Board of Managers and 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 my opinion, the information is fairly stated in all material respects to the financial statements as a whole.

Pelham, New York
April 30, 2021



300 WEST 23RD STREET CONDOMINIUM
SCHEDULE OF MAJOR REPAIRS AND REPLACEMENTS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Major Repairs and Replacements</u>		
Oil tank environmental remediation	\$ 39,817	\$ 101,123
Sidewalk masonry repairs	538	64,148
Tree guards	2,550	-
Elevator modernization and code compliance	<u>-</u>	<u>561,240</u>
Totals	<u>\$ 42,905</u>	<u>\$ 726,511</u>