

**300 WEST 23RD STREET CONDOMINIUM**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021 AND 2020

**300 WEST 23RD STREET CONDOMINIUM**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Balance Sheets.....	3
Statement of Operations and Members' Equity.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 9
<b>SUPPLEMENTARY INFORMATION</b>	
Schedules of Major Repairs and Replacements.....	10

# MICHAEL A. ROZYCKI, CPA, PLLC

*CERTIFIED PUBLIC ACCOUNTANT*

---

438 FIFTH AVENUE, SUITE 200  
PELHAM, NY 10803-1257  
Phone 914.654.0663  
Fax 914.654.0936

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders  
300 WEST 23RD STREET CONDOMINIUM

### Opinion

We have audited the accompanying financial statements of 300 WEST 23RD STREET CONDOMINIUM, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our 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, 2021 and 2020, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 300 WEST 23RD STREET CONDOMINIUM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

The Board of Managers and managing agent (cumulatively "Management") are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 300 WEST 23RD STREET CONDOMINIUM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 300 WEST 23RD STREET CONDOMINIUM's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 300 WEST 23RD STREET CONDOMINIUM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Major Repairs and Replacements and Repairs and Maintenance are presented for purposes of additional analysis and are not a required part of the 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 audit 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.

**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 missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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. Our opinion on the basic financial statements is not affected by this missing information.

Pelham, New York  
April 15, 2022



**300 WEST 23RD STREET CONDOMINIUM**

**BALANCE SHEETS**

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash, operating account	\$ 112,426	\$ 230,752
Cash, interest bearing accounts	53,536	127,336
Receivables from unit-owners	32,524	11,247
Unexpired insurance premiums	9,387	20,813
Prepaid expenses	273	273
Security deposit account	<u>3,150</u>	<u>3,150</u>
Total assets	<u>\$ 211,296</u>	<u>\$ 393,571</u>

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 32,858	\$ 56,106
Contractors payable for major repairs and replacements	5,375	23,623
Revenue received in advance	3,938	145,289
Refundable security deposit	<u>3,150</u>	<u>3,150</u>
Total liabilities	<u>45,321</u>	<u>228,168</u>

Commitments and Contingencies - Note 6

<b>MEMBERS' EQUITY</b>		
Members' equity, undesignated	<u>165,975</u>	<u>165,403</u>
Total liabilities and members' equity	<u>\$ 211,296</u>	<u>\$ 393,571</u>

See Accompanying Notes to Financial Statements

**300 WEST 23RD STREET CONDOMINIUM**  
**STATEMENT OF OPERATIONS AND MEMBERS' EQUITY**  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>		
Residential common charges	\$ 918,728	\$ 790,030
Commercial common charges	159,458	137,009
Lobby office rent	21,500	19,950
Interest income	572	282
	<u>1,100,258</u>	<u>947,271</u>
<b>Expenses:</b>		
Salaries and wages	433,322	420,255
Payroll tax expense	36,832	35,722
Employee union benefits	68,170	66,114
Workers compensation insurance	14,210	36,912
Uniform purchase and maintenance	7,681	5,701
Heat	122,325	100,381
Electricity for common areas	18,000	18,000
Repairs and maintenance	33,441	18,514
Elevator maintenance, inspection, testing and repair	23,140	15,947
Major repairs and replacements	146,605	42,905
Insurance	100,709	94,307
Management fee	76,760	74,524
Professional fees	9,600	9,300
Administrative	3,835	3,467
Telephone and communications	5,056	4,886
Franchise taxes	-	54
	<u>1,099,686</u>	<u>946,989</u>
Net operating surplus	572	282
Adjustment to prior period common charges	-	(3,562)
Members' equity, beginning of year	165,403	168,683
Members' equity, end of year	\$ 165,975	\$ 165,403

See Accompanying Notes to Financial Statements

300 WEST 23RD STREET CONDOMINIUM

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Net operating surplus	\$ 572	\$ 282
Adjustments to reconcile net operating surplus to net cash used in operating activities:		
Adjustment to prior period common charges	-	(3,562)
<b><u>(Increase) decrease in assets:</u></b>		
Receivables from unit-owners	(17,339)	68,607
Unexpired insurance premiums	11,426	4,454
Prepaid expenses	-	54
Security deposit account	-	(1,950)
<b><u>Increase (decrease) in liabilities:</u></b>		
Accounts payable and accrued expenses	(41,496)	10,383
Revenue received in advance	(145,289)	143,689
Refundable security deposit	-	1,550
<b><u>Net increase (decrease) in cash</u></b>	<u>(192,126)</u>	<u>223,507</u>
Cash, beginning of year	<u>358,088</u>	<u>134,581</u>
Cash, end of year	<u>\$ 165,962</u>	<u>\$ 358,088</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 23<sup>rd</sup> 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 15, 2022, 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.

**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.

**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.

**Member Assessments** - Association members are subject to monthly common charge assessments to provide funds for the Association's operating expenses. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The Association levies capital assessments and appropriates a percentage of monthly common charges to replenish capital reserves and to provide funds for major repairs and replacements. The performance obligations related to capital assessments are satisfied when those funds are expended for their designated purpose.

Accounts receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. It is the Association's policy to retain legal counsel and place liens on the properties of unit owners whose assessments are in arrears after all reasonable collection methods are exhausted. Any excess assessments at year end are retained by the Association for use in the succeeding year. It is the opinion of the Board of Managers that the Association will ultimately prevail against unit owners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control. Assessments receivable from unit owners as of the beginning and end of the year were \$1,383 and \$11,247, respectively.

**Contract Liabilities (Assessments Received in Advance)** - The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to a capital assessment. There were no contract liabilities (assessments received in advance) as of the beginning or end of the year.



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

---

**3. Summary of Significant Accounting Policies (continued)**

**Leases** – In February 2016, the FASB established Topic 842 - *Leases* – by issuing Accounting Standards Update No. 2016-02 (“ASU No. 2016-02”) that replaces existing lease guidance. Accordingly, the Corporation follows the new accounting guidance in ASC 842. The Corporation early adopted the new standard effective January 1, 2021. A modified retrospective transition approach is required, applying to all leases existing at the date of initial application.

**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 2021 and 2020 and as such is subject to tax on income generated from other than its 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 2019 through 2021. 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.

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.

**4. Lobby Office Lease**

The Association classifies its lease as an operating lease pursuant to ASC 842 – *Leases*. 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 2021, the Condominium extended the lease for one year with the tenant in occupancy at the annual rate of \$22,200.

**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, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Wages	\$ 167,760	\$ 161,206
Payroll tax expense	9,244	10,423
Employee union benefits	209,482	190,098
Electricity	181,828	171,697
Totals	\$ 568,314	\$ 533,424

**6. 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**

---

**7. 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.

The Association's governing documents do not require the accumulation of funds in advance of major repairs and replacements. 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.

**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, 2021 and 2020 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, 2021 and 2020:

Plan Name	Employer Identification Number - Plan Number	PPA Status		FIP/RP Status Pending/ Implemented	Company Contributions		Expiration dates of Collective Bargaining Agreements
		2021	2020		2021	2020	
		Building Service 32BJ Pension Fund	13-1879376-001		Red	Red	
<b>Total contributions to multiemployer pension plans</b>					<b>\$69,613</b>	<b>\$65,965</b>	

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 Condominium 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 Condominium currently has no intention of withdrawing from the multiemployer plan in which it participates.

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

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

---

9. **Contractual Obligation**

During the year ending December 31, 2021, the Association entered into a contract in the amount of \$565,000, exclusive of architectural and engineering fees, for the installation of two new boiler burner units. In November 2021, the Association remitted a deposit of \$124,300 and as of December 31, 2021, approximately \$440,700 remained to be paid to the contractor.

10. **Covid-19**

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 has caused business disruptions domestically that are anticipated to continue for the foreseeable future. The extent of the impact of the COVID-19 pandemic on the Association's future operational and financial performance will depend on future developments, all of which are highly uncertain and cannot be predicted.

**SUPPLEMENTARY INFORMATION**

**300 WEST 23RD STREET CONDOMINIUM**  
**SCHEDULE OF MAJOR REPAIRS AND REPLACEMENTS**  
For the Years Ended December 31, 2021 and 2020

---

	<u>2021</u>	<u>2020</u>
<b><u>Major Repairs and Replacements</u></b>		
Boiler replacement	\$ 129,675	\$ -
Local law 11 related repairs	16,930	-
Oil tank environmental remediation	-	39,817
Tree guards	-	2,550
Sidewalk masonry repairs	-	538
	<hr/>	<hr/>
Totals	\$ <u>146,605</u>	\$ <u>42,905</u>