
260 WEST BROADWAY CONDOMINIUM

Financial Statements

For The Years Ended December 31, 2020 and 2019

Prisand, Mellina, Unterlack & Co., LLP
Certified Public Accountants

260 WEST BROADWAY CONDOMINIUM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers and Unit-Owners of
260 WEST BROADWAY CONDOMINIUM
260 West Broadway
New York, NY 10013

We have audited the accompanying financial statements of 260 WEST BROADWAY CONDOMINIUM, which comprise the balance sheets, with supporting schedules, as of December 31, 2020 and 2019, and the related statements of operations, with supporting schedules, changes in members' equity (deficiency), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 260 WEST BROADWAY 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

As discussed in Note 2, 260 WEST BROADWAY CONDOMINIUM has omitted the supplementary information on future major repairs and replacements of 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, who considers it to be an essential part of 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 the missing information.

Risland, Mellin, Unterbeck + Co, LLP

Plainview, New York
April 13, 2021

**260 WEST BROADWAY CONDOMINIUM
BALANCE SHEETS
AS OF DECEMBER 31,**

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 240,932 | \$ 97,488 |
| Accounts receivable | 22,230 | 24,758 |
| Prepaid expenses | 38,222 | 50,899 |
| Total Current Assets | <u>301,384</u> | <u>173,145</u> |
| Reserve Funds: (Note 3) | | |
| Capital reserve fund | 294,802 | 208,668 |
| HVAC replacement reserve fund | 9,231 | 29,176 |
| Total Reserve Funds | <u>304,033</u> | <u>237,844</u> |
| Other Assets: | | |
| Cash - security deposits | 177,576 | 149,147 |
| Utility deposit - Con Edison | 1,320 | 1,320 |
| Total Other Assets | <u>178,896</u> | <u>150,467</u> |
| Total Assets | <u>\$ 784,313</u> | <u>\$ 561,456</u> |

The accompanying notes are an integral part of this statement.

**260 WEST BROADWAY CONDOMINIUM
BALANCE SHEETS
AS OF DECEMBER 31,**

| | 2020 | 2019 |
|--|------------|------------|
| LIABILITIES AND MEMBERS' EQUITY (DEFICIENCY) | | |
| Current Liabilities: | | |
| Accrued loan interest | \$ - | \$ 626 |
| First loan payable - current portion (Note 4) | - | 174,480 |
| Second loan payable - current portion (Note 4) | 136,283 | 129,637 |
| Accounts payable | 69,175 | 89,310 |
| Due to unit owners - real estate tax refunds (Note 5) | 35,801 | 35,801 |
| Advance common charges | 21,983 | 27,843 |
| Accrued wages and payroll taxes | 4,304 | 9,967 |
| Accrued income taxes | - | 581 |
| Total Current Liabilities | 267,546 | 468,245 |
| Long-Term and Other Liabilities: | | |
| Second loan payable - net of current portion (Note 4) | 143,209 | 279,492 |
| Unamortized debt issuance costs (Note 2) | - | (804) |
| Net Long-Term Debt | 143,209 | 278,688 |
| Security deposits payable | 182,576 | 154,147 |
| Deferred revenue from special assessment (Notes 2 and 6) | 70,521 | 10,686 |
| Total Long-Term and Other Liabilities | 396,306 | 443,521 |
| Total Liabilities | 663,852 | 911,766 |
| Members' Equity (Deficiency): | | |
| Contributed capital | 64,433 | 64,433 |
| Fund balance (deficiency) | 56,028 | (414,743) |
| Total Members' Equity (Deficiency) | 120,461 | (350,310) |
| Total Liabilities and Members' Equity (Deficiency) | \$ 784,313 | \$ 561,456 |

The accompanying notes are an integral part of this statement.

**260 WEST BROADWAY CONDOMINIUM
SUPPORTING SCHEDULES - BALANCE SHEETS
AS OF DECEMBER 31,**

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Accounts Receivable: | | |
| Common charges (Note 2) | \$ 18,011 | \$ 8,641 |
| Due from vendor | 4,219 | - |
| Due from unit-owner - common charge adjustment (Note 8) | - | 16,117 |
| Total Accounts Receivable | \$ 22,230 | \$ 24,758 |
| Prepaid Expenses: | | |
| Insurance | \$ 36,770 | \$ 39,844 |
| Service contracts | 1,452 | 11,055 |
| Total Prepaid Expenses | \$ 38,222 | \$ 50,899 |

The accompanying notes are an integral part of this statement.

**260 WEST BROADWAY CONDOMINIUM
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

| | 2020 | 2019 |
|--|--------------|------------|
| REVENUE | | |
| Common charges | \$ 1,058,466 | \$ 904,671 |
| Assessment - debt service (Note 6) | 314,702 | 605,196 |
| HVAC system charges | 20,740 | 29,475 |
| Other unit-owner fees | 16,566 | 17,230 |
| Laundry income | - | 2,005 |
| | 1,410,474 | 1,558,577 |
| COST OF OPERATIONS | | |
| Administrative expenses | 109,904 | 125,962 |
| Operating expenses | 715,856 | 667,645 |
| Repairs and maintenance | 73,997 | 81,035 |
| Financial expenses | 19,314 | 41,734 |
| Provision for income taxes (Note 2) | 2,169 | 2,515 |
| | 921,240 | 918,891 |
| Excess of revenue over expenses before other items, special assessment and major repairs and improvement projects | 489,234 | 639,686 |
| Common charge adjustment (Note 8) | 2,595 | 16,117 |
| Interest and dividends | 554 | 3,001 |
| | 492,383 | 658,804 |
| Excess of revenue over expenses before special assessment and major repairs and improvement projects | 492,383 | 658,804 |
| Special assessment - net of deferral (Notes 2 and 6) | 32,249 | 7,731 |
| Major repairs and improvement projects (Note 3) | (53,861) | (30,373) |
| | 470,771 | 636,162 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 470,771 | \$ 636,162 |

The accompanying notes are an integral part of this statement.

**260 WEST BROADWAY CONDOMINIUM
SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Administrative Expenses: | | |
| Management fee | \$ 70,430 | \$ 68,789 |
| Professional fees | 16,384 | 34,456 |
| Other administrative expenses | 16,149 | 16,480 |
| Telephone and communications | 6,941 | 6,237 |
| | <u> </u> | <u> </u> |
| Total Administrative Expenses | <u>\$ 109,904</u> | <u>\$ 125,962</u> |
| Operating Expenses: | | |
| Utilities | | |
| Gas - heat | \$ 65,914 | \$ 55,177 |
| Electricity and gas | 45,720 | 46,397 |
| Water and sewer | 25,145 | 38,830 |
| | <u> </u> | <u> </u> |
| | 136,779 | 140,404 |
| | <u> </u> | <u> </u> |
| Payroll | | |
| Wages | 315,809 | 290,281 |
| Union and health benefits (Note 7) | 120,181 | 92,419 |
| Payroll taxes | 27,306 | 25,397 |
| Workers' compensation and disability insurance | 25,736 | 30,106 |
| | <u> </u> | <u> </u> |
| | 489,032 | 438,203 |
| | <u> </u> | <u> </u> |
| Other | | |
| Insurance | 81,555 | 77,287 |
| Miscellaneous operating and permits | 8,490 | 11,751 |
| | <u> </u> | <u> </u> |
| | 90,045 | 89,038 |
| | <u> </u> | <u> </u> |
| Total Operating Expenses | <u>\$ 715,856</u> | <u>\$ 667,645</u> |

The accompanying notes are an integral part of this statement.

**260 WEST BROADWAY CONDOMINIUM
SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Repairs and Maintenance: | | |
| Elevator maintenance and repairs | \$ 26,789 | \$ 27,308 |
| Materials and supplies | 16,982 | 5,451 |
| HVAC maintenance and repairs | 9,603 | 14,757 |
| Equipment | 8,891 | 7,135 |
| Exterminating | 4,377 | 4,513 |
| Heating, plumbing and boiler | 3,107 | 15,076 |
| Doors, locks and windows | 2,688 | 1,917 |
| Electrical and intercom | 588 | 1,889 |
| Water treatment | 530 | 605 |
| Uniforms | 442 | 2,384 |
| | <u>\$ 73,997</u> | <u>\$ 81,035</u> |
| Financial Expenses: | | |
| First loan interest (Note 4) | \$ 1,070 | \$ 15,667 |
| Second loan interest (Note 4) | 17,440 | 23,656 |
| Amortization of debt issuance costs (Note 2) | 804 | 2,411 |
| | <u>\$ 19,314</u> | <u>\$ 41,734</u> |
| Major Repairs and Improvement Projects: | | |
| Flood mitigation | \$ 32,249 | \$ 7,731 |
| Plumbing upgrades | 21,612 | - |
| Boiler upgrade | - | 14,820 |
| HVAC upgrade projects | - | 7,822 |
| | <u>\$ 53,861</u> | <u>\$ 30,373</u> |

The accompanying notes are an integral part of this statement.

**260 WEST BROADWAY CONDOMINIUM
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|------------------|---------------------|
| CONTRIBUTED CAPITAL | | |
| Balance - January 1, | \$ 64,433 | \$ 64,433 |
| Transactions during the year | - | - |
| Balance - December 31, | <u>\$ 64,433</u> | <u>\$ 64,433</u> |
| FUND BALANCE (DEFICIENCY) | | |
| Balance - January 1, | \$ (414,743) | \$ (1,050,905) |
| Excess of revenue over expenses | <u>470,771</u> | <u>636,162</u> |
| Balance - December 31, | <u>\$ 56,028</u> | <u>\$ (414,743)</u> |

The accompanying notes are an integral part of this statement.

**260 WEST BROADWAY CONDOMINIUM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenue over expenses before special assessment and major repairs and improvement projects | \$ 492,383 | \$ 658,804 |
| Adjustments to reconcile excess of revenue over expenses before special assessment and major repairs and improvement projects to cash provided by operating activities: | | |
| Amortization of debt issuance costs | 804 | 2,411 |
| Decrease (increase) in accounts receivable | 2,528 | (6,486) |
| Decrease (increase) in prepaid expenses | 12,677 | (855) |
| (Decrease) increase in accounts payable | (20,135) | 1,008 |
| (Decrease) increase in other current liabilities | (12,730) | 6,855 |
| Total Adjustments | <u>(16,856)</u> | <u>2,933</u> |
| Cash Provided By Operating Activities | <u>475,527</u> | <u>661,737</u> |
| CASH FLOWS FROM INVESTING AND OTHER ACTIVITIES | | |
| (Increase) in capital reserve fund | (86,134) | (2,997) |
| Decrease (increase) in HVAC replacement reserve fund | 19,945 | (7,528) |
| Increase in deferred revenue from special assessment | 59,835 | 10,686 |
| Special assessment - net of deferral | 32,249 | 7,731 |
| Major repairs and improvement projects | (53,861) | (30,373) |
| Cash (Used) By Investing And Other Activities | <u>(27,966)</u> | <u>(22,481)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Amortization of first loan payable | (174,480) | (426,640) |
| Amortization of second loan payable | (129,637) | (123,420) |
| Cash (Used) By Financing Activities | <u>(304,117)</u> | <u>(550,060)</u> |
| Net increase in cash and cash equivalents | 143,444 | 89,196 |
| Cash and cash equivalents at beginning of year | <u>97,488</u> | <u>8,292</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 240,932</u> | <u>\$ 97,488</u> |
| SUPPLEMENTAL DISCLOSURES | | |
| Interest paid | \$ 19,136 | \$ 40,856 |
| Income taxes paid - net of refunds | \$ 2,750 | \$ 2,575 |

The accompanying notes are an integral part of this statement.

260 WEST BROADWAY CONDOMINIUM

Notes to Financial Statements

Note 1 - THE ASSOCIATION

260 WEST BROADWAY CONDOMINIUM (the "Condominium") commenced operations during 1982 in accordance with the terms of an offering plan pursuant to Article 9-B of the Real Property Law of the State of New York. The Condominium consists of 52 residential units (prior to combinations) and one commercial unit located at 260 Broadway, New York, New York. The primary purpose of the Condominium is to manage the operations of the Property and maintain the common elements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recognition of Assets

Real property and common areas acquired from the Sponsor and subsequent major repairs or improvements to such property are not recorded in the Condominium's financial statements because those properties are owned by the individual unit-owners in common and not by the Condominium.

Future Major Repairs and Improvement Projects

The Condominium's governing documents do not require the accumulation of funds in advance of actual need to finance estimated future major repairs and improvement projects. Consistent with general practice in New York City, the Condominium has not promulgated a study to determine the remaining useful lives of the components of the building and estimates of the costs of major repairs and improvement projects that may be required. When funds are required for major repairs and improvement projects, the Condominium has the right to utilize available cash reserves, increase common charges, implement special assessments, borrow or delay repairs and replacements until funds are available.

Debt Issuance Costs

In accordance with FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs related to a recognized debt liability are required to be presented in the accompanying balance sheets as a direct deduction from the carrying amount of the debt liability. Debt issuance costs are being amortized over the life of the related debt obligation on the straight-line basis. The amortization of debt issuance costs is reported as a financial expense in the Statements of Operations.

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Notes to Financial Statements

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition and Accounts Receivable

In accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, the Condominium recognizes revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Condominium expects to be entitled in exchange for those goods or services.

Members are subject to monthly common charges and operating assessments based on their respective ownership in order to provide funds for the Condominium's operating expenses. Such amounts are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Condominium's performance obligations related to its common charges and operating assessments are satisfied over time on a daily pro-rata basis. Special assessments, if any, provide funds for the Condominium's major repairs and improvements projects and to replenish the capital reserve fund. The performance obligations related to special assessments are satisfied when the funds are expended for their designated purpose.

Common charges and assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the members. The Condominium's policy is to retain legal counsel and place liens on the units of members whose assessments are unreasonably delinquent. Any excess assessments at year end are retained by the Condominium for use in future years. As of December 31, 2020 and 2019, the Condominium's accounts receivable from members were \$18,011 and \$24,758, respectively. Based upon past experience and other factors, the Condominium considers all accounts receivable at December 31, 2020 to be collectible. Accordingly, no allowance for doubtful accounts is required.

Deferred Revenue (Contract Liability) From Special Assessments Received In Advance

The Condominium recognizes special assessment revenue from members as the related performance obligations are satisfied. A deferred revenue (contract liability) from special assessments received in advance is recorded when the Condominium has received payment in advance of the satisfaction of the performance obligations related to a special assessment. As of December 31, 2020 and 2019, the Condominium's deferred revenue (contract liability) from special assessments received in advance was \$70,521 and \$10,686, respectively.

Income Taxes

Condominium associations may be taxed either as a homeowners' association or as a regular corporation. For the year ended December 31, 2020, the Condominium has elected to be taxed as a homeowners' association. As a homeowners' association, the Condominium's net non-exempt function income is taxed at a special Federal tax rate.

New York State Franchise tax is calculated at the higher of tax based on net non-exempt function income, capital base or prescribed minimum amounts. New York City Unincorporated Business Tax is calculated based on net non-exempt function income.

The Condominium's tax returns for all years since 2017 remain open to examination by the respective taxing authorities. There are currently no tax examinations in progress.

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Notes to Financial Statements

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of Cash Flows

The Condominium considers all highly liquid investments (not allocated to the reserve funds) with a maturity of three months or less at the date of purchase to be cash equivalents.

Note 3 - RESERVE FUNDS

Capital Reserve Fund

During 2020 and 2019, the following transactions have taken place in the Condominium's capital reserve fund.

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Balance - January 1, | \$ 208,668 | \$ 205,671 |
| Partial proceeds from special assessment (Note 6) | 73,667 | - |
| Transfers from HVAC replacement reserve fund | 55,250 | - |
| Monthly funding | 1,898 | - |
| Interest and dividends - net of bank fees | 429 | 2,997 |
| Net transfers (to) operations primarily to pay for major repairs and improvement projects | <u>(45,110)</u> | <u>-</u> |
| Balance - December 31, | <u>\$ 294,802</u> | <u>\$ 208,668</u> |

The capital reserve fund is held as follows:

| | | |
|--|-------------------|-------------------|
| Merrill Lynch - Preferred Deposit Program and Cash | \$ 238,960 | \$ 152,967 |
| Signature Bank - Money Market Accounts | <u>55,842</u> | <u>55,701</u> |
| Balance - December 31, | <u>\$ 294,802</u> | <u>\$ 208,668</u> |

HVAC Replacement Reserve Fund

During 2016, the Board of Managers established an HVAC Replacement Reserve Fund in order to provide a capital fund for future replacement of the HVAC System equipment and infrastructure that the Condominium owns and to which certain apartment owners are connected (the "HVAC System Subscribers"). This HVAC Replacement Reserve Fund holds contributions charged to each HVAC Subscriber on a monthly basis, which are in addition to their monthly common charges. The HVAC Replacement Reserve Fund contribution is calculated by the Board of Managers as the present value of \$2,000/ton of capacity assumed future replacement cost with a 20 year estimated useful life for the equipment and a 2% annual interest rate.

Prior to HVAC Phase II commissioning (in early 2018), the HVAC System has 96.5 tons of subscribed capacity and under the above calculations, the annual contribution from subscribers to the HVAC Replacement Reserve Fund is approximately \$7,600.

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Notes to Financial Statements

Note 3 - **RESERVE FUNDS** (continued)

HVAC Replacement Reserve Fund (continued)

During 2020 and 2019, the following transactions have taken place in the HVAC Replacement Reserve Fund.

| | <u>2020</u> | <u>2019</u> |
|--|-----------------|------------------|
| Balance - January 1, | \$ 29,176 | \$ 21,648 |
| Partial proceeds from special assessment (Note 6) | 55,250 | - |
| Monthly funding | 5,696 | 7,593 |
| Transfers (to) capital reserve fund | (55,250) | - |
| Transfers (to) operations primarily to pay for major repairs and improvement projects | (25,546) | - |
| Bank charges | (95) | (65) |
| Balance - December 31, | <u>\$ 9,231</u> | <u>\$ 29,176</u> |

The HVAC Replacement Reserve Fund is held in a money market account at Merrill Lynch.

Note 4 - **LOANS PAYABLE**

First Loan Payable

On April 30, 2015, the Condominium obtained a \$2,000,000 loan payable from City National Bank (the "Lender"). The loan initially required payments of principal in the amount of \$33,333.33 per month plus interest. Per an amendment to the loan agreement dated July 31, 2015, effective August 1, 2015 and commencing with the September 1, 2015 payment, the loan required equal monthly payments of \$36,987, applied first to interest at a rate of 4.17% per annum with the balance as a reduction of principal based on a five year amortization schedule. During 2020, this loan was fully satisfied.

Second Loan Payable

On July 31, 2017, the Condominium obtained a second loan payable, in a maximum draw amount of \$1,000,000, from the Lender. Proceeds from this facility may be used only to pay for improvements to the Property. Per an amendment to the loan agreement dated December 11, 2017, the second loan payable has a five and one-half year term, which matures on December 31, 2022, with advances permitted during the first five months through December 31, 2017 (the "Draw Period"). The loan is collateralized by all of the Condominium's interests including its cash and reserve accounts, accounts receivable, furniture, fixtures and equipment, common charges and assessments. As of December 31, 2017, the end of the Draw Period, the second loan payable had an outstanding balance of \$650,000.

During the Draw Period, the loan required payments of interest only at a rate equal to the Prime Rate plus 0.25% per annum. As of December 31, 2017 (commencing with the January 31, 2018 payment), the loan requires sixty monthly payments of \$12,256, applied first to interest at a rate of 4.90% with the balance as a reduction of principal to fully amortize the \$650,000 of drawn loan proceeds over a five year period through December 31, 2022.

260 WEST BROADWAY CONDOMINIUM

Notes to Financial Statements

Note 4 - LOANS PAYABLE (continued)

Second Loan Payable (continued)

The loan may be prepaid in whole or in part, subject to a declining scale prepayment penalty as defined in the loan documents. During the last six months of the term, the loan may be prepaid without penalty.

During the next two years, the following principal payments are required.

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2021 | \$ 136,283 |
| 2022 | 143,209 |

Note 5 - REAL ESTATE TAX MATTERS

On behalf of the residential unit-owners, the Condominium routinely engages special legal counsel to protest the assessed valuation of the Property used for real estate taxation purposes. Protests are currently "open" for tax years 2019/20 and 2020/21.

As of December 31, 2020, a balance of \$35,801, representing prior year cash refunds, net of legal fees, remained to be distributed to the unit-owners.

Note 6 - ASSESSMENTS

Assessment - Debt Service

In order to generate funds to cover the debt service on the first loan payable (Note 4), the Condominium previously established an ongoing assessment of \$47,759 per month. During September 2015, the Condominium's ongoing assessment was reduced to \$38,207 per month. During 2018, the assessment was increased to \$50,433 per month in order to pay debt service on the Condominium's first loan and second loan payable (Note 4). During January 2020, the assessment was reduced to \$26,225 per month due to the anticipated maturity of the first loan payable on April 30, 2020. This assessment is included on each unit-owner's monthly bill as a financial assessment. As a result of the satisfaction of the first loan payable during 2020, the Board of Managers discontinued this assessment. During 2020 and 2019, the Condominium recorded \$314,702 and \$605,196, respectively, from the assessment.

Special Assessment

During 2019, the Condominium implemented a \$110,500 special assessment to raise funds for flood mitigation and handicap access projects. This assessment was billed to the unit-owners over twelve consecutive months from November 1, 2019 to October 31, 2020. During 2020 and 2019, the Condominium recorded \$92,084 and \$18,417, respectively, of the assessment. In each year, a portion of the special assessment has been recorded as revenue and a portion had been deferred (Note 2).

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Notes to Financial Statements

Note 7 - UNION BENEFITS

Effective January 1, 2019, the Condominium entered into an agreement with the Service Employees International Union ("SEIU") Local 32BJ. Union benefits will be phased in through 2022. Effective January 1, 2019, the Condominium's employees were covered by SEIU Local 32BJ's union sponsored, collectively bargained, multiemployer defined benefit pension and annuity plans. Health insurance coverage under the SEIU Local 32BJ plan commenced on January 1, 2019. Effective July 1, 2020, the Condominium began contributing to the pension and annuity funds. The union agreement expires on April 20, 2022. The Condominium makes contributions to the plans based on the number of weeks worked by each employee covered under the union contract. During 2020 and 2019, the Condominium contributed \$120,181 and \$83,980, respectively, to the plans of which \$15,438 during 2020 was for pension expense. The Condominium's contributions to the Plan were less than 5% of the Plan's total contributions.

Contributions to the Building Service 32BJ Pension Fund (Employer Identification Number 13-1879376, Plan 001) (the "Fund") are not segregated or otherwise restricted to provide benefits only to the Condominium's employees. The risks of participating in a multiemployer pension plan are different from a single-employer pension plan in the following aspects: 1) assets contributed to a multiemployer pension plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) if the Condominium chooses to stop participating in its multiemployer pension plan, the Condominium may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

In accordance with the Pension Protection Act of 2006, the Fund receives an annual certified zone status from its actuary, which summarizes its funding status. Plans in the "red zone" are generally less than 65% funded, plans in the "yellow zone" are 65% to 80% funded, and plans in the "green zone" are at least 80% funded. As of July 1, 2020, the Fund's most recently available certified zone status was "red". The Fund is considered to be in critical status for the plan year beginning July 1, 2020 and its actuary has determined that the Fund has an accumulated funding deficiency in its current plan year.

As part of the Fund's efforts to achieve yellow and/or green funding status, the Trustees of the Fund adopted a rehabilitation plan which terms have been incorporated into the collective bargaining agreement between the Realty Advisory Board On Labor Relations Incorporated and the SEIU Local 32BJ. The current union agreement (the "2018 Apartment Building Agreement") provides for increased employer contributions of \$4.00 per week per annum for each eligible employee. As of January 1, 2021, the contribution rate was \$122.75 per week per employee. Information as to the Condominium's portion of the unfunded vested benefits and Plan assets has not been determined and normally will not be calculated without a withdrawal from the Plan. The Condominium has no intention of withdrawing from the Plan.

Note 8 - OTHER MATTER - DUE FROM UNIT-OWNER

During 2013, one of the commercial units was converted into a residential unit. The common charges allocated to residential units include the cost of the lobby staff. Such costs were never billed to this residential unit-owner. During 2019, additional common charges of \$16,117 were retroactively billed to the unit. During 2020, the Condominium collected the additional common charges.

260 WEST BROADWAY CONDOMINIUM

Notes to Financial Statements

Note 9 - DEPOSIT INSURANCE ACCOUNTS

The Condominium maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. As of December 31, 2020, the Condominium held approximately \$49,400 of cash in excess of federally insured limits. The Condominium has not experienced any losses due to concentration of credit risk in such accounts.

Note 10 - CLAIMS OR LITIGATION

From time to time, claims or matters of litigation may arise in the ordinary conduct of the Condominium's business. In the opinion of management, claims or litigation outstanding against the Condominium as of December 31, 2020 are either without merit or the ultimate losses, if any, would not have a material adverse effect on the financial position or results of operations of the Condominium.

Note 11 - CONTINGENCIES

During March 2020, a worldwide pandemic emerged which is known as the Coronavirus ("COVID-19"). COVID-19 has caused the New York metropolitan area to significantly curtail its economic and social activities. As of the date of issuance of the accompanying financial statements, the financial and operational impacts of COVID-19 on the Condominium and its members were uncertain and cannot be reasonably estimated.

Note 12 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Condominium has evaluated events and transactions for potential recognition or disclosure through April 13, 2021, the date that the financial statements were available to be issued.