

**JULIANNE, A CONDOMINIUM ASSOCIATION**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

AUGUST 31, 2020 AND 2019

**JULIANNE, A CONDOMINIUM ASSOCIATION**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Managers and Unit Owners  
JULIANNE, A CONDOMINIUM ASSOCIATION

### Report on the Financial Statements

I have audited the accompanying financial statements of JULIANNE, A CONDOMINIUM ASSOCIATION, which comprise the balance sheets as of August 31, 2020 and 2019, 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.

### 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 JULIANNE, A CONDOMINIUM ASSOCIATION as of August 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 Association 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 and 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 supplementary information.

Pelham, New York  
October 27, 2020



JULIANNE, A CONDOMINIUM ASSOCIATION

BALANCE SHEETS

August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash, operating account	\$ 91,143	\$ 92,281
Cash, interest bearing accounts	94,463	85,594
Cash, certificates of deposit	99,939	99,869
Receivables from unit-owners	2,650	3,780
Accrued laundry income receivable	-	1,295
Unexpired insurance premiums	9,954	8,069
	<hr/>	<hr/>
Total assets	\$ 298,149	\$ 290,888
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 7,352	\$ 3,675
Accrued franchise taxes	500	500
Common charge revenue received in advance	-	7,655
	<hr/>	<hr/>
Total current liabilities	7,852	11,830
	<hr/>	<hr/>
Commitments and Contingencies - Note 5		
<b>MEMBERS' EQUITY</b>		
Members' equity, undesignated	290,297	279,058
	<hr/>	<hr/>
Total liabilities and members' equity	\$ 298,149	\$ 290,888
	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes to Financial Statements

**JULIANNE, A CONDOMINIUM ASSOCIATION**  
**STATEMENT OF OPERATIONS AND MEMBERS' EQUITY**  
For the Years Ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>		
Common charges	\$ 128,277	\$ 150,885
Parking fees	6,270	8,760
Laundry revenues	16,272	18,182
Late fees and other income	12,904	10,121
Interest income	125	102
	<u>163,848</u>	<u>188,050</u>
<b>Expenses:</b>		
Salaries and related costs	13,265	14,650
Electricity and gas	23,289	26,803
Water charges	15,824	14,981
Sewer fees	25,716	25,636
Supplies and materials	3,193	10,203
Repairs and maintenance	8,130	9,587
Insurance	12,589	12,336
Professional fees	8,687	5,688
Management and administration	23,100	19,150
Office expense and telephone	3,569	3,970
Real estate tax - superintendent's unit	2,762	2,685
Franchise taxes	500	500
Snow plowing and removal, salt	1,834	6,981
Licenses, permits and other	-	3,716
	<u>142,458</u>	<u>156,886</u>
<b>Net operating surplus</b>	<b>21,390</b>	<b>31,164</b>
<b>Members' Equity:</b>		
Net proceeds from assignment of parking space	25,000	-
Major repairs and replacements - see supplementary information	(35,151)	(16,180)
Members' equity, beginning of year	<u>279,058</u>	<u>264,074</u>
Members' equity, end of year	<u>\$ 290,297</u>	<u>\$ 279,058</u>

See Accompanying Notes to Financial Statements

**JULIANNE, A CONDOMINIUM ASSOCIATION**

**STATEMENT OF CASH FLOWS**

For the Years Ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Net operating surplus	\$ 21,390	\$ 31,164
Adjustments to reconcile net operating surplus to net cash provided by operating activities:		
Net proceeds from assignment of parking space	25,000	-
(Increase) decrease in assets:		
Receivables from unit-owners	1,130	(50)
Accrued laundry income receivable	1,295	1,705
Unexpired insurance premiums	(1,885)	948
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,677	(4,649)
Common charge revenue received in advance	(7,655)	5,040
	<u>42,952</u>	<u>34,158</u>
<b><u>Net Cash Provided By Operating Activities</u></b>		
<b><u>Cash Flows From Investing Activities</u></b>		
Major repairs and replacements	(35,151)	(16,180)
	<u>(35,151)</u>	<u>(16,180)</u>
<b><u>Net Cash Used In Investing Activities</u></b>		
Net increase in cash	7,801	17,978
Cash, beginning of year	277,744	259,766
Cash, end of year	\$ 285,545	\$ 277,744

**Supplemental Cash Flow Disclosure**

Cash paid for:

Franchise taxes	\$ <u>500</u>	\$ <u>500</u>
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See Accompanying Notes to Financial Statements

**JULIANNE, A CONDOMINIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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1. **Nature of Organization**

JULIANNE, A CONDOMINIUM ASSOCIATION (the "Association") was organized pursuant to Title 15A of the New Jersey Statutes Annotated for the purpose of operating and maintaining the common property located at 111-133 33<sup>rd</sup> Street, Union City, New Jersey. The condominium is comprised of 63 residential units and a superintendent's apartment.

2. **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 Association 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 generally accepted accounting principles 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, and certificates of deposit that do not contain significant early withdrawal fees, to be cash equivalent for purposes of the Statement of Cash Flows.

**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, and other liabilities approximate their fair values based on their short-term nature

**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.

**Common Charges (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** - Condominium associations may be taxed as either homeowners' associations or as regular corporations. The election is made annually upon filing of the Federal income tax return and may change from year to year as one method of filing becomes more advantageous. For the fiscal years ending August 31, 2020 and 2019, the Association has elected to be taxed as a homeowners' association as defined by Internal Revenue Code Section 528, and as such is only subject to Federal tax on income generated from other than its exempt purpose. The Association is also subject to New Jersey business corporation tax at the prevailing corporate tax rates.

The Association's tax filings are subject to audit by various taxing authorities for the years 2017 through 2019. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

The Association has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 - *Accounting for Uncertainty in Income Taxes*. The Association 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 Association 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.

**JULIANNE, A CONDOMINIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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3. **Concentration of Credit Risk**

The Association maintains deposit accounts at high-quality commercial banks. From time to time, balances in these accounts may exceed limits insured by the Federal Deposit Insurance Corporation ("FDIC") as applicable. At August 31, 2020 and 2019, uninsured cash balances totaled approximately \$35,500 and \$28,700, respectively.

4. **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 periodic basis and intends to repair or replace elements of the common property as the need arises.

The Board of Managers has been accumulating funds in anticipation of planned major repairs and replacements and has established cash reserves that it may draw upon to provide funding for future major repairs and replacements. As at August 31, 2020 and 2019, the Association had designated reserve funds totaling \$194,402 and \$185,463, respectively. When additional 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 non-essential major repairs and replacements until funds are available. The effect on future common charge assessments has not been determined at this time.

5. **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 such 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.

6. **Assignment of Parking Spaces**

During July 2018, the Association (as "Assignor"), subject to the terms of the Condominium's Master Deed, assigned Parking Space Number 2 to the Owner of Unit 3C (the "Assignee") for an assignment fee of \$25,000. Net proceeds from the transaction were \$24,650.

During September 2019, the Association assigned Parking Space #9 to the Owner of Unit 1R subject to the terms of the Condominium's Master Deed. The Owner of Unit 1R was previously assigned Parking Space #38 in error. The Owner of Unit 1R relinquished all interests in Parking Space #38 in exchange for the assignment of Parking Space #9. Parking Space #38 was reassigned to the Owner of Unit 3B, subject to the terms of the Condominium's Master Deed for an assignment fee of \$25,000.

7. **Date of Management's Review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 27, 2020, the date the financial statements were first available to be issued.



**SUPPLEMENTARY INFORMATION**

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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

The Board of Managers and Unit Owners  
JULIANNE, A CONDOMINIUM ASSOCIATION

I have audited the financial statements of JULIANNE, A CONDOMINIUM ASSOCIATION as of and for the years ended August 31, 2020 and 2019, and have issued a report thereon dated October 27, 2020 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 and Repairs and Maintenance 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  
October 27, 2020

*Michael A. Rozycki, CPA, PLLC*

**JULIANNE, A CONDOMINIUM ASSOCIATION**  
**SCHEDULES OF MAJOR REPAIRS AND REPLACEMENTS, REPAIRS AND MAINTENANCE**  
For the Years Ended August 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b><u>Major Repairs and Replacements</u></b>		
Boiler replacement	\$ 24,130	\$ -
Hallways and landing floors	11,021	12,000
Lobby and common area renovations	<u>-</u>	<u>4,180</u>
Totals	<u>\$ 35,151</u>	<u>\$ 16,180</u>
 <b><u>Repairs and Maintenance</u></b>		
Boiler and heating system	\$ 374	\$ 395
Security, alarm monitoring	502	3,722
Exterminating	1,663	1,805
Plumbing repairs	265	-
Painting, plastering and carpentry, tiling	1,985	1,050
Doors, locks and windows	1,358	1,032
Flooring, carpeting	277	-
Other	<u>1,706</u>	<u>1,583</u>
Totals	<u>\$ 8,130</u>	<u>\$ 9,587</u>