

JULIANNE, A CONDOMINIUM ASSOCIATION

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

AUGUST 31, 2023 AND 2022

JULIANNE, A CONDOMINIUM ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of JULIANNE, A CONDOMINIUM ASSOCIATION, which comprise the balance sheets as of August 31, 2023 and 2022, 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 JULIANNE, A CONDOMINIUM ASSOCIATION, as of August 31, 2023 and 2022, 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 JULIANNE, A CONDOMINIUM ASSOCIATION 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.

Responsibility for the Financial Statements

The Board of Managers and 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 JULIANNE, A CONDOMINIUM ASSOCIATION'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 JULIANNE, A CONDOMINIUM ASSOCIATION'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 JULIANNE, A CONDOMINIUM ASSOCIATION'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, 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 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 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 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 missing information.

Pelham, New York
October 27, 2023

A handwritten signature in black ink, appearing to read "Michelle A. Lyb" followed by a stylized set of initials "GAPLLC".

JULIANNE, A CONDOMINIUM ASSOCIATION

BALANCE SHEETS

August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash, operating account	\$ 100,586	\$ 100,183
Cash, interest bearing accounts	119,390	111,148
Cash, certificates of deposit	101,730	100,019
Receivables from unit-owners	1,314	5,680
Unexpired insurance premiums	<u>10,375</u>	<u>9,558</u>
Total assets	<u>\$ 333,395</u>	<u>\$ 326,588</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 6,450	\$ 3,500
Accrued franchise taxes	<u>500</u>	<u>500</u>
Total current liabilities	<u>6,950</u>	<u>4,000</u>
Commitments and Contingencies - Note 6		
MEMBERS' EQUITY		
Members' equity, undesignated	<u>326,445</u>	<u>322,588</u>
Total liabilities and members' equity	<u>\$ 333,395</u>	<u>\$ 326,588</u>

See Accompanying Notes to Financial Statements

JULIANNE, A CONDOMINIUM ASSOCIATION
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Common charges	\$ 181,596	\$ 181,596
Parking fees	1,200	2,100
Laundry revenues	18,156	15,582
Interest income	1,757	74
	<u>202,709</u>	<u>199,352</u>
Expenses:		
Salaries and related costs	12,617	14,270
Electricity and gas	30,033	30,422
Water charges	17,214	18,471
Sewer fees	26,977	33,866
Supplies and materials	3,440	8,623
Repairs and maintenance	17,030	20,766
Insurance	17,337	19,033
Professional fees	10,258	7,332
Management and administration	21,600	23,300
Office expense and telephone	3,306	2,934
Real estate tax - superintendent's unit	2,941	2,798
Franchise taxes	500	500
Snow plowing and removal, salting	1,237	7,829
	<u>164,490</u>	<u>190,144</u>
Net operating surplus	38,219	9,208
Members' Equity:		
Major repairs and replacements - see supplementary information	(34,362)	(9,105)
Members' equity, beginning of year	<u>322,588</u>	<u>322,485</u>
Members' equity, end of year	<u>\$ 326,445</u>	<u>\$ 322,588</u>

See Accompanying Notes to Financial Statements

JULIANNE, A CONDOMINIUM ASSOCIATION

STATEMENT OF CASH FLOWS

For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities</u>		
Net operating surplus	\$ 38,219	\$ 9,208
Adjustments to reconcile net operating surplus to net cash provided by operating activities:		
<u>(Increase) decrease in assets:</u>		
Receivables from unit-owners	4,366	3,750
Unexpired insurance premiums	(817)	4,665
<u>Increase (decrease) in liabilities:</u>		
Accounts payable and accrued expenses	2,950	(3,000)
<u>Net Cash Provided By Operating Activities</u>	<u>44,718</u>	<u>14,623</u>
<u>Cash Flows From Investing Activities</u>		
Major repairs and replacements	(34,362)	(9,105)
<u>Net Cash Used In Investing Activities</u>	<u>(34,362)</u>	<u>(9,105)</u>
Net increase in cash	10,356	5,518
Cash, beginning of year	311,350	305,832
Cash, end of year	<u>\$ 321,706</u>	<u>\$ 311,350</u>

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

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 33rd Street, Union City, New Jersey. The condominium is comprised of 63 residential units and a superintendent's apartment.

2. **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, 2023, 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 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.

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 and major repairs and replacements. 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 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. The Association's policy is 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 are \$5,680 and \$15,858, 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 payments in advance of the satisfaction of performance obligations related to a capital assessment. As of August 31, 2023 and 2022, there were no contract liabilities (assessments received in advance).

JULIANNE, A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

3. Summary of Significant Accounting Policies (Continued)

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, 2023 and 2022, 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 fiscal years 2020 through 2022. 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.

4. Concentration of Credit Risk

The Association maintains deposit accounts at commercial banks. From time to time, balances in these accounts may exceed limits insured by the Federal Deposit Insurance Corporation ("FDIC") as applicable. As of August 31, 2023 and 2022, uninsured cash balances totaled approximately \$65,000 and \$59,000, respectively. The Association has not experienced any losses in these accounts and does not deem them to be at risk.

5. 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 major repairs and replacements and has established cash reserves that it may draw upon to provide funding for those needs. As of August 31, 2023 and 2022, the Association had designated reserve funds totaling \$221,120 and \$211,167, 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.

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 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.

SUPPLEMENTARY INFORMATION

JULIANNE, A CONDOMINIUM ASSOCIATION
SCHEDULES OF MAJOR REPAIRS AND REPLACEMENTS, REPAIRS AND MAINTENANCE
For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Major Repairs and Replacements</u>		
Washers and dryers	\$ 28,416	\$ -
Pump replacement	5,946	-
Roof painting	-	5,405
Boiler pressure tank replacement	-	3,700
Totals	<u>\$ 34,362</u>	<u>\$ 9,105</u>
 <u>Repairs and Maintenance</u>		
Doors, locks and windows	\$ 1,015	\$ 5,476
Boiler and heating system	4,264	-
Security, alarm monitoring	5,427	3,990
Fire, alarm, testing and monitoring	500	3,451
Painting, plastering and carpentry, tiling	1,230	1,600
Equipment purchases and maintenance	1,345	1,493
Exterminating	2,527	1,466
Plumbing repairs	180	1,281
Roofing, waterproofing and repairs	-	1,500
Other	542	509
Totals	<u>\$ 17,030</u>	<u>\$ 20,766</u>