260 WEST BROADWAY CONDOMINIUM
FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007

SESSLER MACKLIN LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Managers and Members 260 West Broadway Condominium New York, New York

We have audited the accompanying balance sheets of 260 West Broadway Condominium (an association of condominium unit owners) as of December 31, 2008 and 2007 and the related statements of revenues, expenses and changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of the Condominium Board of Managers. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

As discussed in Note 5, the Condominium has not estimated the remaining lives and the replacement costs of the building and, therefore, has not presented the estimates of future costs of major repairs and replacements to the financial statements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming an opinion on the basic financial statements as of December 31, 2008 and 2007 taken as a whole. The supplementary information for the years ended December 31, 2008 and 2007 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sussele Mackin XXP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York September 30, 2009

BALANCE SHEETS AT DECEMBER 31,

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ASSETS

	2008	2007
CURRENT ASSETS Cash - operating account Cash - tax escrow	\$ 368,780 70,037	\$ 231,330 -0-
Cash - escrow unit owners' Unit owners' receivables	114,646 80,349	359,446 39,633
Prepaid expenses	5,544	8,963
TOTAL CURRENT ASSETS	639,356	639,372
FIXED ASSETS	10 070	10.070
Furniture and fixtures Less: Accumulated depreciation	12,878 (<u>10,005</u>)	12,878 (<u>8,855</u>)
Net fixed assets	2,873	4,023
Deferred mortgage costs, net of amortization	43,965	48,279
TOTAL ASSETS	\$ 686,194	\$ 691,674
LIABILITIES AND FUND BAL	ANCES	
CURRENT LIABILITIES Accounts payable and accrued expenses	\$ 97,616	\$ 79,150
Unit owners' deposits payable	114,646	359,446
Mortgages payable bank current portion (Note 6	5) 296,361	272,445
Common charges received in advance	37,335	24,635
Security deposits payable	4,000	9,560
Tax refund due owners	69,971	- 0 -
Income tax payable	2,781	- 0 -
TOTAL CURRENT LIABILITIES	622,710	745,236
LONG-TERM LIABILITIES Mortgages payable bank	3,115,639	3,406,955
UNIT OWNERS' EQUITY - (DEFICIT)		
Capital contributed		
by unit owners Fund Balance (Deficit)	64,433 (<u>3,116,588</u>)	64,433 (<u>3,524,950</u>)
Total Liabilities and	¢ 606 104	.
Fund Balances (Deficit)	\$ 686,194	<u>\$ 691,674</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED DECEMBER 31,

	2008	2007
REVENUES Common charges Maintenance Mortgage servicing Special assessment Laundry income Interest income Other income	\$ 535,000 573,104 500,001 2,364 2,777 42,096	\$ 535,000 573,104 -0- 14,178 14,443 53,825
TOTAL REVENUES	1,655,342	1,190,550
EXPENSES Operating expenses Administrative expenses Capital projects Repairs and maintenance Income taxes Miscellaneous	840,986 60,968 273,689 68,089 2,898 350 1,246,980	816,088 240,489 689,041 50,318 -0- 360 1,796,296
Revenues Less Expenses	408,362	(605,746)
FUND BALANCE, BEGINNING OF YEAR	(_3,524,950)	(2,919,204)
FUND BALANCE, END OF YEAR	(\$3,116,588)	(\$3,524,950)

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STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses Amortization Depreciation (Increase) Decrease in:	\$ 408,362 4,314 1,150	(\$ 605,746) 4,314 1,609
Unit owners' receivables Prepaid expenses Increase (Decrease) in: Accounts payable and	(40,716) 3,419	(5,047) (3,572)
accrued expenses Unit owners' deposits payable Common charges received in advance Security deposit payable Tax refund due owners Income taxes payable	18,466 (244,800) 12,700 (5,560) 69,971 2,781	10,403 85,652 (1,580) (20,753) -0- -0-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	230,087	(534,720)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long - term debt	(267,401)	(246,390)
NET INCREASE (DECREASE) IN CASH	(37,314)	(781,110)
CASH AT BEGINNING OF YEAR	590,776	1,371,886
CASH AT END OF YEAR	\$ 553,462	\$ 590,776
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid During the Year For: Interest Income taxes	\$ 278,935 117	\$ 326,715 -0-

260 WEST BROADWAY CONDOMINIUM * * * * * * * * * * * * * * * * * NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1: NATURE OF ORGANIZATION

260 West Broadway Condominium, a homeowners' association, was incorporated in the State of New York. The association is responsible for the operation and maintenance of the common property of 260 West Broadway Condominium. The association is comprised of members representing the ownership of fifty two residential units and one commercial unit.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including condominium associations) and illustrates the form and content of financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from unit-owners, including maintenance charges and special assessments, be recognized as revenue in the statement of revenue and expenses, except where the assessment is applicable to expenditures to be incurred in a future period.

Use of Estimates

The preparation of financial statements in conformity 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 revenues and expenses during the reporting period. Actual results could differ from those estimated.

Fixed Assets

Common property is not recognized on the condominium's financial statements because it is owned by individual unit owners in common and not by the Condominium. The Condominium capitalizes its personal property at cost and depreciates the assets using the modified accelerated cost recovery system of depreciation over the estimated useful lives of the assets.

Repairs and replacements to common property are not recognized as capital assets and are expensed.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Member Assessments

Association members are subject to monthly assessments (common charges) to provide funds for the association's operating expenses, future capital acquisitions and major repairs and replacements.

Special Assessment

A Special Assessment was charged beginning May 2008 until December 2008 to make up for the operating shortfall. During the Board of Management meeting on December 2, 2008, the Board voted unanimously to extend the current Special Assessment at half of its current rate for an additional 18 months to be effective January 2009. As of December 31, 2008, the uncollected assessment was \$30,644.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to confirm to the current year presentation. These classifications had no effect on previously reported results of operations or retained earnings.

NOTE 3: CASH AND CASH EQUIVALENTS:

For purposes of the statement of cash flows, the Condominium considers all highly liquid debt instruments purchased with original maturity of three months or less to be cash equivalents.

At December 31, 2008 and 2007 the Condominium's deposits exceeded federal depository insurance coverage by approximately \$272,000 and \$462,000 respectively.

NOTE 4: INCOME TAXES

The Condominium has elected to be taxed as a homeowners' association. As a homeowners' association, it is taxed on its net nonexempt function income at a flat rate of 30%. Exempt function income, which consists primarily of members' assessments (common charges), is not taxable.

260 WEST BROADWAY CONDOMINIUM * * * * * * * * * * * * * * * * NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The condominium's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. The condominium has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the Board of Managers developed a plan to fund those needs. When funds are required for major repairs and replacements, the condominium plans to utilize segregated funds, increase maintenance assessments (common charges), or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 6: MORTGAGES PAYABLE - BANK

On February 1, 2002, the Condominium borrowed \$2,000,000 from National Consumer Cooperative Bank (NCB). Principal including interest at the rate of 9.16% per annum is payable monthly in the amount of \$20,628, pursuant to a 15 year amortization schedule, commencing April 1, 2002. The principal amount together with all accrued and unpaid interest matures on March 1, 2017.

On April 20, 2005, the Condominium borrowed an additional \$2,500,000 from National Consumer Cooperative Bank (NCB). Principal including interest at the rate of 7.94% is payable monthly pursuant to a 12 year amortization schedule. The principal amount together with all accrued and unpaid interest matures on March 1, 2017.

The loans are collateralized by the assets of the Condominium, including but not limited to, a first security interest in the Condominium's present and future accounts, contract rights, general intangibles, furniture, fixtures, equipment, supplies and all other personal property of the Condominium, receivables from unit owners, rights of the Condominium under the Condominium Act, and all awards instituted in connection with rights of eminent domain.

260 WEST BROADWAY CONDOMINIUM * * * * * * * * * * * * * * * * * * NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 6: MORTGAGES PAYABLE - BANK (continued)

The members of the Condominium are not personally liable pursuant to the terms of the mortgage notes.

The aggregate maturities of the mortgages payable for years subsequent to December 31, 2008 are estimated as follows:

For the year ending December 31,

2009	296,361
2010	322,386
2011	350,710
2012	381,536
2013	415,086
Thereafter	1,645,920

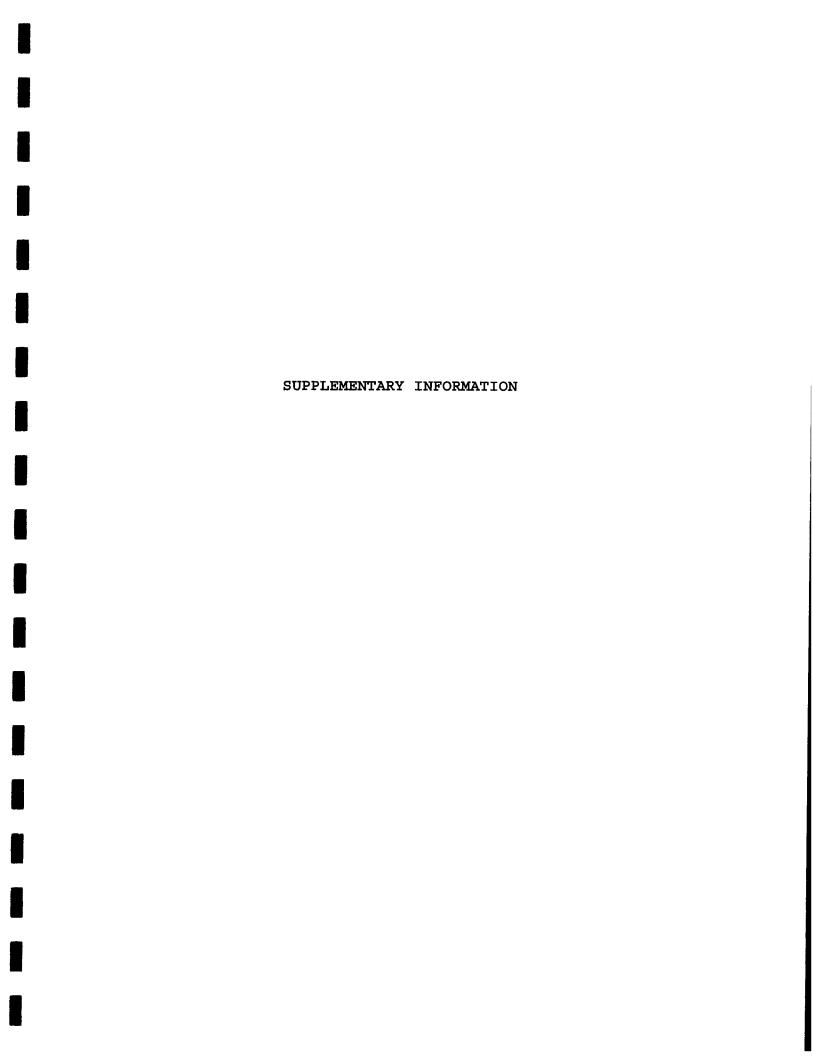
<u>\$3,411,999</u>

Note 7: OTHER INCOME

	2008	2007
Late charges Site Fee Miscellaneous Income (adjustments to Unit Owners' deposits and security	\$ 16,649 -0-	\$ 9,994 10,333
deposits payable)	25,447	33,498
	<u>\$42,096</u>	\$ 53,825

Note 8: REAL ESTATE TAX REFUND

In 2008, the New York City Department of Finance issued tax refunds of \$96,058. The refund was credited only to various tax lots contingent on the owner signing an agreement regarding any prior owner of their unit claiming the refund or part of it. So far \$26,088 was credited back to unit owners who signed an agreement. A separate escrow account was established to deposit these funds. Interest thereon was retained by the Condominium.



SUPPLEMENTARY INFORMATION FOR THE YEARS ENDED DECEMBER 31,

_	2008	2007
SCHEDULE OF OPERATING EXPENSES:		
Salaries and wages	\$ 247,326	\$ 218,124
Payroll taxes	21,054	20,515
Payroll charges	4,180	2,503
Utilities	129,710	124,238
Water & sewer	34,805	22,376
Uniforms	821	~ 0 -
Telephone	4,169	3,961
Insurance	79,199	76,027
Security and protection	1,144	642
License, permits and fees	4,036	6,059
Interest on mortgages	303,761	324,926
Office costs	4,383	8,555
Amortization	4,314	4,314
Depreciation	1,150	1,609
Miscellaneous and bank charges	934	2,239
	<u>\$ 840,986</u>	<u>\$ 816,088</u>
SCHEDULE OF ADMINISTRATIVE EXPENSES:		
Management	\$ 40,450	\$ 36,000
Accounting	5,500	6,500
Legal	8,718	7,565
Architect and engineering	6,300	190,424
		
	\$ 60,968	\$ 240,489
SCHEDULE OF CAPITAL PROJECTS:		
Beimbold of Cartral Problets.		
Window blocking	\$ 48,000	\$ -0-
Doors, locks and windows	-0-	137,455
Lobby, hallway and common area refurbishment	225,689	551,586
2000// Martinay and common area retarbishment	\$ 273,689	\$ 689,041
	2 273,009	7 003,U41

	2008	2007
SCHEDULE OF REPAIRS AND MAINTENANCE:		
Heating and boiler Plumbing Air conditioning and electrical Elevator Roof Miscellaneous Building supplies Exterminating Door/window	\$ 11,744 10,982 3,091 16,103 -0- 936 11,506 2,633 11,094 \$ 68,089	\$ 2,827 14,211 -0- 11,929 4,323 210 13,112 3,706 -0- \$ 50,318