260 WEST BROADWAY CONDOMINIUM

Financial Statements
For The Years Ended December 31, 2022 and 2021

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

Opinion

We have audited the accompanying financial statements of 260 WEST BROADWAY CONDOMINIUM, which comprise the balance sheets (with supporting schedules) as of December 31, 2022 and 2021, and the related statements of revenues and expenses (with supporting schedules), changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of 260 WEST BROADWAY CONDOMINIUM as of December 31, 2022 and 2021, 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 260 WEST BROADWAY 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

Management is 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 260 WEST BROADWAY CONDOMINIUM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 260 WEST BROADWAY 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 260 WEST BROADWAY 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.

Omission of Required Supplementary Information about Future Major Repairs and Improvement Projects

As discussed in Note 2, 260 WEST BROADWAY CONDOMINIUM has omitted the supplementary information on future major repairs and improvement projects 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 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.

Prisand, Mellina, Unterlack + Co., LLP

Plainview, New York
May 24, 2023

260 WEST BROADWAY CONDOMINIUM
BALANCE SHEETS
AS OF DECEMBER 31,

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 68,187	$ 78,853
Accounts receivable	21,414	7,044
Prepaid expenses	43,600	40,114
Total Current Assets	133,201	126,011
Reserve Funds: (Note 3)		
Capital reserve fund	465,679	513,830
HVAC replacement reserve fund	51,848	39,773
Total Reserve Funds	517,527	553,603
Other Assets:		
Cash - security deposits	155,833	241,738
Total Assets	$ 806,561	$ 921,352

The accompanying notes are an integral part of this statement.

260 WEST BROADWAY CONDOMINIUM
BALANCE SHEETS
AS OF DECEMBER 31,

	2022	2021
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 72,767	$ 137,306
Due to unit owners - real estate tax refunds (Note 5)	35,801	35,801
Accrued wages and payroll taxes	9,398	4,122
Advance common charges	7,886	20,804
Loan payable (Note 4)	-	143,209
Total Current Liabilities	125,852	341,242
Other Liabilities:		
Security deposits payable	160,833	246,738
Deferred revenue from special assessment (Notes 2 and 6)	57,045	30,594
Total Other Liabilities	217,878	277,332
Total Liabilities	343,730	618,574
Members' Equity:		
Contributed capital	64,433	64,433
Fund balance	398,398	238,345
Total Members' Equity	462,831	302,778
Total Liabilities and Members' Equity	$ 806,561	$ 921,352

The accompanying notes are an integral part of this statement.

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

	2022	2021
Accounts Receivable:		
Common charges (Note 2)	$ 21,414	$ 7,044
Prepaid Expenses:		
Insurance	$ 41,931	$ 37,006
Service contracts	1,669	1,452
Income taxes	-	1,656
Total Prepaid Expenses	$ 43,600	$ 40,114

The accompanying notes are an integral part of this statement.

260 WEST BROADWAY CONDOMINIUM
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
REVENUES		
Common charges	$ 1,110,331	$ 1,058,466
Assessment - debt service (Note 6)	147,910	147,910
HVAC system charges	53,558	26,506
Other unit-owner fees	24,952	17,044
Total Revenues	1,336,751	1,249,926
EXPENSES		
Administrative expenses	121,415	119,442
Operating expenses	939,154	850,481
Repairs and maintenance	114,008	86,789
Financial expenses	3,867	10,794
Provision for income taxes (Note 2)	2,172	294
Total Expenses	1,180,616	1,067,800
Excess of revenues over expenses before other item, special assessments and major repairs and improvement projects	156,135	182,126
Interest and dividends	3,918	191
Excess of revenues over expenses before special assessments and major repairs and improvement projects	160,053	182,317
Special assessments - net of deferral (Notes 2 and 6)	38,550	104,928
Major repairs and improvement projects (Note 3)	(38,550)	(104,928)
EXCESS OF REVENUES OVER EXPENSES	$ 160,053	$ 182,317

The accompanying notes are an integral part of this statement.

260 WEST BROADWAY CONDOMINIUM
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
Administrative Expenses:		
Management fee	$ 76,177	$ 73,247
Other administrative	24,586	18,542
Professional fees	13,998	21,213
Telephone and communications	6,654	6,440
Total Administrative Expenses	$ 121,415	$ 119,442
Operating Expenses:		
Utilities		
Gas - heat	$ 123,237	$ 108,437
Electricity and gas	72,227	67,526
Water and sewer	33,478	28,744
	228,942	204,707
Payroll		
Wages	416,273	345,697
Union benefits (Note 7)	131,564	143,080
Payroll taxes	35,720	30,761
Workers' compensation and disability insurance	12,517	18,751
	596,074	538,289
Other		
Insurance	109,140	92,432
Miscellaneous operating and permits	4,998	15,053
	114,138	107,485
Total Operating Expenses	$ 939,154	$ 850,481

The accompanying notes are an integral part of this statement.

260 WEST BROADWAY CONDOMINIUM
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
Repairs and Maintenance:		
Elevator maintenance and repairs	$ 33,618	$ 27,652
Heating, plumbing and boiler	22,875	6,665
HVAC maintenance and repairs	17,698	19,668
Grounds and plants	11,639	-
Materials and supplies	8,632	7,376
Painting, plastering and flooring	8,507	2,850
Exterminating	4,579	4,436
Doors, locks and windows	2,583	1,533
Equipment	2,109	16,176
Uniforms	1,090	-
Water treatment	678	433
Total Repairs and Maintenance	$ 114,008	$ 86,789
Financial Expenses:		
Loan interest (Note 4)	$ 3,867	$ 10,794
Major Repairs and Improvement Projects:		
Exterior upgrade	$ 22,000	$ 63,621
Camera and security upgrades	16,550	-
Elevator upgrade	-	41,307
Total Major Repairs and Improvement Projects	$ 38,550	$ 104,928

The accompanying notes are an integral part of this statement.

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

	2022	2021
CONTRIBUTED CAPITAL		
Balance - January 1,	$ 64,433	$ 64,433
Transactions during the year	-	-
Balance - December 31,	$ 64,433	$ 64,433
FUND BALANCE		
Balance - January 1,	$ 238,345	$ 56,028
Excess of revenues over expenses	160,053	182,317
Balance - December 31,	$ 398,398	$ 238,345

The accompanying notes are an integral part of this statement.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses before special assessments and major repairs and improvement projects	$ 160,053	$ 182,317
Adjustments to reconcile excess of revenues over expenses before special assessments and major repairs and improvement projects to cash provided by operating activities:		
(Increase) decrease in accounts receivable	(14,370)	15,186
(Increase) in prepaid expenses	(3,486)	(1,892)
(Decrease) increase in accounts payable	(64,539)	68,131
(Decrease) in other current liabilities	(7,642)	(1,361)
Decrease in utility deposit	-	1,320
Total Adjustments	(90,037)	81,384
Cash Provided By Operating Activities	70,016	263,701
CASH FLOWS FROM INVESTING AND OTHER ACTIVITIES		
Decrease (increase) in capital reserve fund	48,151	(219,028)
(Increase) in HVAC replacement reserve fund	(12,075)	(30,542)
Increase (decrease) in deferred revenue from special assessment	26,451	(39,927)
Special assessments - net of deferral	38,550	104,928
Major repairs and improvement projects	(38,550)	(104,928)
Cash Provided (Used) By Investing And Other Activities	62,527	(289,497)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amortization of loan payable	(143,209)	(136,283)
Net (decrease) in cash and cash equivalents	(10,666)	(162,079)
Cash and cash equivalents at beginning of year	78,853	240,932
Cash and Cash Equivalents at End of Year	$ 68,187	$ 78,853
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 3,867	$ 10,794
Income taxes paid - net of refunds	$ 516	$ 1,950

The accompanying notes are an integral part of this statement.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures,* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs when market prices are not readily available or are unreliable (Level 3). Generally accepted accounting principles define fair value as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs to the valuation methodology include quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets for identical assets or liabilities, or other significant observable inputs.

Level 3 inputs to the valuation methodology are unobservable inputs for the asset or liability which reflect management's assumptions about the factors market participants would use in determining fair value and are based on the best information available.

As of December 31, 2021, $299,966 of the Condominium's investments in certificates of deposit were valued using Level 2 inputs. See Note 3 for additional information.

Note 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 Revenues and Expenses.

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, 2022 and 2021, the Condominium's accounts receivable from members were $21,414 and $7,044, respectively. Based upon past experience and other factors, the Condominium considers all accounts receivable at December 31, 2022 to be collectible. Accordingly, no allowance for doubtful accounts is required.

Note 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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, 2022 and 2021, the Condominium's deferred revenue (contract liability) from special assessments received in advance was $57,045 and $30,594, respectively. See Note 6 for additional information.

Income Taxes

Condominium associations may be taxed either as a homeowners' association or as a regular corporation. For the year ended December 31, 2022, 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 2019 remain open to examination by the respective taxing authorities. There are currently no tax examinations in progress.

Statements 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 2022 and 2021, the following transactions have taken place in the Condominium's capital reserve fund.

	2022	2021
Balance - January 1,	$ 513,830	$ 294,802
Proceeds from special assessments (Note 6)	65,001	65,001
Interest and dividends - net of bank fees	3,793	66
Monthly funding	633	2,532
Net transfers (to) from operations	(77,762)	275,253
Net transfers (to) operations primarily to pay for major repairs and improvement projects	(38,550)	(104,928)
Net transfers (to) HVAC replacement reserve fund	(1,266)	(18,896)
Balance - December 31,	$ 465,679	$ 513,830

Notes to Financial Statements

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

Capital Reserve Fund (continued)

The capital reserve fund is held as follows:

	2022	2021
Merrill Lynch – Business and Preferred Deposit Program and Cash	$ 428,111	$ 176,337
Signature Bank - Money Market Account	37,568	37,493
Certificates of Deposit held at Merrill Lynch*	-	300,000
Balance - December 31,	$ 465,679	$ 513,830

* As of December 31, 2021, the Corporation held two certificates of deposit at Merrill Lynch in denominations of less than $250,000 per banking institution. The certificates of deposit had an average yield of 0.20% with maturity dates of March 22, 2022 and March 31, 2022.

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.

During 2022 and 2021, the following transactions have taken place in the HVAC Replacement Reserve Fund.

	2022	2021
Balance - January 1,	$ 39,773	$ 9,231
Monthly funding	10,874	5,061
Net transfers from capital reserve fund	1,266	18,896
Bank charges	(65)	(65)
Net transfers from operating	-	6,650
Balance - December 31,	$ 51,848	$ 39,773

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

Note 4 - FORMER LOAN PAYABLE

On July 31, 2017, the Condominium obtained a loan payable, in a maximum draw amount of $1,000,000, from City National Bank ("the Lender"). Proceeds from this facility were to be used only to pay for improvements to the Property. Per an amendment to the loan agreement dated December 11, 2017, the loan payable had a five and one-half year term, which matured on December 31, 2022, with advances permitted during the first five months through December 31, 2017 (the "Draw Period"). The loan was 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 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 required 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. As of December 31, 2022, this loan was fully satisfied.

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. Currently, protests are "open" for tax years 2019/20 through and including 2022/23.

As of December 31, 2022, a balance of $35,801, representing prior years' 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 former loan payable (Note 4), the Condominium had an ongoing assessment of $12,326 per month. This assessment was included on each unit-owner's monthly bill as a financial assessment. It ceased on December 31, 2022. During 2022 and 2021, the Condominium recorded $147,910 per annum from the assessment.

Special Assessments

During 2022 and 2021, the Condominium implemented two special assessments ($40,001 and $25,000) to raise funds to pay for future major repairs and improvement projects and to replenish the reserve fund for the cost of previously completed projects. During 2022 and 2021, the assessments were billed to the unit-owners over twelve consecutive months. In each year, a portion of the special assessments were recorded as revenue and a portion was deferred (Note 2). The deferred portion of the special assessments will be recorded as revenue as additional major repairs and replacements are performed.

During 2023, both special assessments will be continued at increased annual rates of $125,000 and $50,000, respectively.

Note 7 - UNION BENEFITS

Substantially all of the Condominium's employees are members of the Service Employees International Union ("SEIU") Local 32BJ and covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan (the "Plan"). The union agreement expires on April 20, 2026. The Condominium makes contributions to the plans based on the number of weeks worked by each employee covered under the union contract. During 2022 and 2021, the Condominium contributed $131,564 and $143,080, respectively, to the Plan of which $33,589 and $31,915, respectively, 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, 2022, the Fund's most recently available certified zone status was "yellow". The Fund is considered to be in "endangered status" for the plan year beginning July 1, 2022. However, its actuary has determined that the Fund is expected to meet its funding goals in the future.

As part of the Fund's efforts to improve its funding situation, the Trustees of the Fund previously adopted a rehabilitation plan which terms have been incorporated into the collective bargaining agreement between the Realty Advisory Board On Labor Relations, Inc. and the SEIU Local 32BJ. The current union agreement (the "2022 Apartment Building Agreement") provides for increased employer contributions of $4.00 per week per annum for each eligible employee. As of January 1, 2023, the contribution rate was $130.75 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 - DEPOSIT INSURANCE ACCOUNTS

The Condominium maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. As of December 31, 2022, the Corporation held approximately $46,000 of cash in excess of federally insured limits. The Condominium has not experienced any losses due to concentration of credit risk in such accounts.

Notes to Financial Statements

Note 9 - **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, 2022 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 10 - **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, there has been no material adverse impact from COVID-19 on the Condominium. Any future impact on the Condominium and its members is uncertain and cannot be reasonably estimated.

Note 11 - **DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Condominium has evaluated events and transactions for potential recognition or disclosure through May 24, 2023, the date that the financial statements were available to be issued.