

RYEVIEW CONDOMINIUM
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

RYEVIEW CONDOMINIUM
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DECEMBER 31, 2023 AND 2022

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANTS' COMPILATION REPORT

To the Board

Management is responsible for the accompanying financial statements of Ryeview Condominium, which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of revenues and expenses, retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in the Schedule of Budget to Actual Amounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has omitted supplementary information about 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 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.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
January 25, 2024

RYEVIEW CONDOMINIUM

Balance Sheets

As of December 31,

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	4,447	1,042
Cash in Bank - Money Market Accounts	71,820	105,136
Investments - Certificates of Deposit - at amortized cost	62,483	0
Unit Owners' Charges Receivable	1,199	110
Prepaid Expenses	8,890	9,430
Total Current Assets	<u>148,839</u>	<u>115,718</u>
TOTAL ASSETS	<u>148,839</u>	<u>115,718</u>
LIABILITIES AND OWNERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable	10,219	18,150
Accrued Interest on Note	940	565
Common Charges Received in Advance	1,400	0
Loan Payable - Amortization Payments due within one year	<u>32,885</u>	<u>31,490</u>
Total Current Liabilities	<u>45,444</u>	<u>50,205</u>
LONG-TERM LIABILITIES		
Loans Payable - Net of Payments due within one year	<u>216,542</u>	<u>249,432</u>
Total Long-Term Liabilities	<u>216,542</u>	<u>249,432</u>
OWNERS' DEFICIT		
Retained Earnings (Deficit)	<u>(113,147)</u>	<u>(183,919)</u>
Total Owners' Deficit	<u>(113,147)</u>	<u>(183,919)</u>
TOTAL LIABILITIES AND OWNERS' DEFICIT	<u>148,839</u>	<u>115,718</u>

See accompanying notes and accountants' compilation report

RYEVIEW CONDOMINIUM

Statements of Revenues and Expenses

For the Years Ended December 31,

	<u>2023</u>	<u>2022</u>
REVENUES		
Common Charges, Net of Credits	186,359	167,891
Special Assessment - Reserve Contribution	15,000	0
Special Assessment	43,325	43,325
Fuel Surcharge	15,000	15,000
Sublet Fee Income	5,776	6,300
Flip Fee Income	1,228	0
Interest and Miscellaneous Income	3,601	3,308
Total Revenues	<u>270,289</u>	<u>235,824</u>
EXPENSES		
Management Fee	24,000	24,000
Legal Expenses	1,250	1,000
Accounting	4,000	3,500
Telephone	296	1,745
Office and Administrative Expenses	2,879	1,324
Fuel Oil	34,879	39,373
Electricity and Gas	9,557	8,289
Water	7,704	9,075
Landscaping	15,057	16,798
Snow Removal	2,872	6,530
Janitorial and Security Services	23,096	21,727
Repairs and Maintenance	29,126	33,141
Major Repairs-Roofing, Brickwork, Balconies, Gas Work, Intercoms	0	41,979
Exterminator	776	753
Supplies	1,362	666
Insurance	30,366	27,916
Interest Expense	12,199	13,129
Taxes and Licenses	98	98
Total Expenses	<u>199,517</u>	<u>251,043</u>
EXCESS OF REVENUES OR EXPENSES	<u>70,772</u>	<u>(15,219)</u>

See accompanying notes and accountants' compilation report

RYEVIEW CONDOMINIUM

Statements of Retained Earnings (Deficit)

For the Years Ended December 31,

	<u>2023</u>	<u>2022</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(183,919)	(173,363)
Excess of Revenues or Expenses	70,772	(15,219)
Working Capital Contributions	<u>0</u>	<u>4,663</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(113,147)</u>	<u>(183,919)</u>

See accompanying notes and accountants' compilation report

RYEVIEW CONDOMINIUM

Statements of Cash Flows

For the Years Ended December 31,

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Excess of Revenues or Expenses	70,772	(15,219)
Adjustments to reconcile excess of revenues or expenses to net cash provided (used) by operating activities:		
Decrease (Increase) in operating assets:		
Revenue allocated to financing activities	(31,495)	(30,130)
Due from Unit Owners	(1,089)	663
Prepaid Expenses	540	(2,047)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(7,931)	(21,340)
Accrued Interest on Loan	375	(60)
Common Charges Received in Advance	1,400	(704)
Net cash provided (used) by operating activities	<u>32,572</u>	<u>(68,837)</u>
Cash Flows From Investing Activities		
Purchase of Investments	(87,483)	0
Proceeds from Sale of Investments	25,000	0
Net cash used by investing activities	<u>(62,483)</u>	<u>0</u>
Cash Flows From Financing Activities		
Capital Contributions	0	4,663
Portion of Carrying Charges applied to Amortization of Loan	31,495	30,130
Amortization of Loan	(31,495)	(30,130)
Net cash provided by financing activities	<u>0</u>	<u>4,663</u>
Decrease in Cash and Cash Equivalents	(29,911)	(64,174)
Cash and Cash Equivalents at Beginning of Year	<u>106,178</u>	<u>170,352</u>
Cash and Cash Equivalents at End of Year (see below)	<u>76,267</u>	<u>106,178</u>
Represented by:		
Cash in Operating Account	4,447	1,042
Cash in Bank - Money Market Accounts	71,820	105,136
Cash and Cash Equivalents (as above)	<u>76,267</u>	<u>106,178</u>
Supplemental Disclosure:		
Interest Paid	11,824	13,189
Taxes Paid	<u>98</u>	<u>98</u>

See accompanying notes and accountants' compilation report

RYEVIEW CONDOMINIUM

Notes to Financial Statements

December 31, 2023 and 2022

Note 1

Organization

Ryevew Condominium is an unincorporated association organized for the purpose of maintaining and preserving the common property of the condominium, which is located at 100 Theodore Fremd, Rye, New York. The condominium is comprised of twenty-six residential apartments and was incorporated August 1, 1988.

Note 2

Summary of Significant Accounting Policies

The financial statements have been presented 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 cooperative housing corporations and condominium associations) and illustrates the form and content of the 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 common charges and special assessments, be recognized as revenue in the statements of revenues and expenses.

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

The condominium classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost, including accrued interest.

The condominium's real property consists of the building and the land upon which the building is constructed. Title to this property is held by the individual unit owners of the condominium. Accordingly, the value of the real property is not recognized as an asset on the condominium's financial statements. Major renewals or betterments are charged to the property accounts (at cost) while replacement, maintenance, and repairs, which do not improve or extend the life of the respective assets are expensed currently.

In February 2016, the Financial Accounting Standards Board (FASB) issued an update (ASU 2016-02) establishing ASC Topic 842, Leases (ASC 842), as amended by subsequent ASUs on the topic, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a two-method approach, classifying leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase.

RYEVIEW CONDOMINIUM

Notes to Financial Statements

December 31, 2023 and 2022

Note 2

Summary of Significant Accounting Policies - continued

Lessees are required to record a right-of-use (ROU) asset and a lease liability for all leases with a term of greater than 12 months. The accounting applied by the lessor is largely unchanged from existing guidance. The leasing standard is effective for fiscal years beginning after December 15, 2021. The leasing standard did not materially impact the condominium's financial position or results of operations.

Unit owners are subject to monthly charges to provide funds for the condominium's operating expenses, future capital acquisitions, and major repairs and replacements. Unit Owners' Charges Receivable at the balance sheets date represent various fees due from unit owners. Any excess charges at year end are retained by the condominium for use in the succeeding year.

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 estimates.

Unit owners are subject to monthly assessments to provide funds for the condominium'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 condominium's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund (reserve fund) assessments are satisfied when these funds are expended for their designated purpose.

The condominium recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance) is recognized when the condominium has the right to receive payment in advance of the satisfaction of performance obligations related to replacement (reserve) assessments.

Note 3

Concentration of Credit Risk

The condominium has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested.

RYEVIEW CONDOMINIUM

Notes to Financial Statements

December 31, 2023 and 2022

Note 4

Investments

The condominium held the following investments as of December 31:

Fixed Income:	<u>2023</u>	<u>2022</u>
Amortized Cost	\$62,483	0
Fair Value	\$62,520	0

The maturities of the investments as of December 31, 2023 are as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due Within One Year	\$62,483	\$62,520
Due One-Five Years	\$0	\$0
Due After Five Years	\$0	\$0
Total	\$62,483	\$62,520

The condominium measures expected credit losses on held to maturity debt securities on a collective basis by major security type. These securities are either explicitly or implicitly guaranteed by the US Government, are highly rated by major rating agencies and have a long history of no credit losses. As a result, no allowance for credit losses was recorded on held to maturity securities as of December 31, 2023 and 2022.

Note 5

Loan Payable

On August 31, 2020, the condominium refinanced a previous promissory note with a new promissory note in the amount of \$350,000. The loan requires monthly payments of \$3,610, applied first to interest at a rate of 4.375% and the remainder to principal. The note is self-amortizing and is set to mature August 15, 2030. Principal maturities of the mortgage are as follows:

2024	32,885
2025	34,404
2026	35,962
2027	37,590
2028	39,278
Thereafter	69,308

Note 6

Common Charges

The board of managers approved an 11% increase in carrying charges effective January 1, 2023.

RYEVIEW CONDOMINIUM

Notes to Financial Statements

December 31, 2023 and 2022

Note 7

Special Assessment

In order to fund the loan payments as described in Note 4, the condominium approved an assessment equal to \$36.32 per share per month beginning October 2020 and lasting for the duration of the note.

Beginning July 1, 2023, the board of managers implemented a \$15,000 assessment to replenish the reserve fund from prior major repairs and improvements. The assessment was payable monthly from July through December 2023.

Note 8

Fuel Surcharge

Effective July 2022, the condominium approved a fuel surcharge of \$2,500 per month to offset increased fuel costs. The surcharge ran through June 30, 2023.

Note 9

Income Taxes

The condominium is subject to Federal, New York State and New York City corporate income and franchise taxes. Under Internal Revenue Code Section 528, the condominium has an annual option to file its federal income tax return as a regular corporation or as a homeowners' association. Under this section, the condominium excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to residential unit owners. Any applicable taxes have been included in these financial statements.

Losses incurred in years prior to 2018, may be carried forward for twenty years from the year incurred and may be used to offset 100% of taxable income. Due to a change in the tax law, federal net operating losses incurred in 2018 and thereafter may be carried forward indefinitely, but may only be used to offset 80% of taxable income each year. This law was subsequently modified under the CARES Act, which was enacted March 27, 2020. Under the CARES Act, the 80% taxable income limitation is delayed until years beginning after December 31, 2020.

The 80% limitation will apply to any net operating loss arising in a year beginning after December 31, 2017 and deducted for a year beginning after December 31, 2020. Additionally, the Act provides that for losses arising in 2018, 2019 and 2020, such loss shall be a net operating loss carryback to each of the prior five taxable years. Additionally, as is the case under pre-2018 law, the taxpayer may make an election to waive the carryback and instead treat losses arising in these years as net operating loss carryovers.

RYEVIEW CONDOMINIUM

Notes to Financial Statements

December 31, 2023 and 2022

Note 9

Income Taxes - continued

As of December 31, 2023, the condominium has available federal net operating loss carryforwards to apply to future taxable income of approximately \$169,000. These net operating loss carryforwards were incurred in 2018 and thereafter. New York State and New York City substantially limit the use of these net operating loss carryforwards.

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the condominium's tax filings are subject to audit by various taxing authorities. The condominium's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the condominium believes that its estimates are appropriate based on current facts and circumstances.

Note 10

Future Major Repairs and Replacements

The condominium has not conducted an official CIRA study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the condominium may utilize available cash, increase common charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Note 11

Subsequent Events

Management has evaluated subsequent events through January 26, 2024, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

RYEVIEW CONDOMINIUM

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2023</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2023</u>	Actual Year Ended <u>Dec. 31, 2022</u>
REVENUES			
Common Charges, Net of Credits	186,359	186,359	167,891
Special Assessment	43,325	43,325	43,325
Fuel Surcharge	0	15,000	15,000
Sublet Fee Income	6,000	5,776	6,300
Flip Fee Income	0	1,228	0
Interest and Miscellaneous Income	3,000	3,601	3,308
Total Revenues	<u>238,684</u>	<u>255,289</u>	<u>235,824</u>
EXPENSES			
Management Fee	24,000	24,000	24,000
Legal Expenses	1,000	1,250	1,000
Accounting	4,000	4,000	3,500
Telephone	1,500	296	1,745
Office and Administrative Expenses	2,891	2,879	1,324
Fuel Oil	36,000	34,879	39,373
Electricity and Gas	10,000	9,557	8,289
Water	10,000	7,704	9,075
Landscaping	18,000	15,057	16,798
Snow Removal	4,000	2,872	6,530
Janitorial and Security Services	23,000	23,096	21,727
Repairs and Maintenance	30,000	29,126	33,141
Major Repairs - Brickwork, Roofing, Balconies	0	0	41,979
Exterminator	1,000	776	753
Supplies	1,500	1,362	666
Insurance	28,000	30,366	27,916
Loan Payments	43,693	43,694	43,259
Taxes and Licenses	100	98	98
Total Expenses	<u>238,684</u>	<u>231,012</u>	<u>281,173</u>
NET SURPLUS (DEFICIT) FOR THE YEAR	<u>0</u>	<u>24,277</u>	<u>(45,349)</u>

See accompanying notes and accountants' compilation report