

Albert & Whitney LLC

THE 534 WEST 42ND STREET CONDOMINIUM

**UNAUDITED FINANCIAL STATEMENTS (TAX BASIS)
WITH
ACCOUNTANT'S COMPILATION REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2024



To the Board of Directors of
The 534 West 42nd Condominium
225 West 35th Street - 15th Floor
New York, NY 10001

Management is responsible for the accompanying financial statements of The 534 West 42nd Condominium, which comprise the statement of assets, liabilities and unit owners' equity as of December 31, 2024, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the year 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

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 a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Albert & Whitney LLC

Denville, NJ
June 23, 2025

THE 534 WEST 42ND STREET CONDOMINIUM

STATEMENT OF ASSETS, LIABILITIES AND UNIT OWNER'S EQUITY
(TAX BASIS)
DECEMBER 31, 2024

ASSETS

Cash and cash equivalents	\$ 13,999
Restricted cash	4,106
Prepaid expenses	11,919
Member's assessment receivable	36,900
Other current assets	750
TOTAL ASSETS	<u>67,674</u>

LIABILITIES AND UNIT OWNERS' EQUITY

LIABILITIES:

Accrued Liabilities	\$ 4,852
TOTAL LIABILITIES	<u>4,852</u>

UNIT OWNERS' EQUITY

Retained Earnings	<u>62,822</u>
TOTAL UNIT OWNERS' EQUITY	<u>62,822</u>

TOTAL LIABILITIES AND UNIT OWNERS' EQUITY	<u>\$ 67,674</u>
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See notes to financial statements

THE 534 WEST 42ND STREET CONDOMINIUM

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN RETAINED EARNINGS
(TAX BASIS)
DECEMBER 31, 2024

REVENUES:

Member assessment	\$ 124,588
Commercial rent	9,228
TOTAL REVENUES	<u>133,816</u>

OPERATING EXPENSES:

Repairs & Maintenance	35,724
Electricity and gas	30,382
Payroll	23,588
Water	7,379
TOTAL OPERATING EXPENSES	<u>97,073</u>

ADMINISTRATIVE EXPENSES

Professional and Legal Fees	37,666
Insurance	22,644
Management	13,300
Office expenses	6,664
Other expenses	4,980
TOTAL ADMINISTRATIVE EXPENSES	<u>85,254</u>

TOTAL EXPENSES	<u>182,327</u>
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EXCESS OF EXPENSES OVER REVENUES **\$ (48,511)**

Retained Earnings - Beginning	111,333
Accumulated Surplus - Ending	<u>\$ 62,822</u>

See notes to financial statements

THE 534 WEST 42ND STREET CONDOMINIUM

STATEMENT OF CASH FLOWS
(TAX BASIS)
DECEMBER 31, 2024

OPERATING ACTIVITIES:

Excess of expenses over revenues	\$ (48,511)
<i>Adjustments to reconcile excess of expenses over revenues to net cash (used in) provided by operating activities</i>	
Changes in operating assets and liabilities:	
Increase in prepaid expenses	(610)
Increase in member's assessment receivables	(30,652)
Decrease in accrued expenses	(3,205)
Increase in other current assets	(750)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(83,728)</u>

CASH – BEGINNING OF YEAR	<u>101,833</u>
CASH – END OF YEAR	<u>\$ 18,105</u>

**RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED
CASH TO STATEMENT OF ASSETS, LIABILITIES, AND UNIT OWNERS'
EQUITY:**

Cash and cash equivalents	\$ 13,999
Restricted cash	4,106
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>\$ 18,105</u>

See notes to financial statements

THE 534 WEST 42ND STREET CONDOMINIUM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NATURE OF ORGANIZATION

The 534 West 42nd Street Condominium ("the Condominium") is an association of condominium owners organized on September 11, 2008, under Article 9-B of the Real Property Law of the State of New York. The Condominium's primary purpose is to operate and maintain the common property of the residential units located at 534 West 42nd Street, New York, NY. The Condominium comprises seven residential units.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accompanying financial statements have been prepared on the income tax basis of accounting, which differs from accounting principles generally accepted in the United States of America (U.S. GAAP). The primary differences are as follows:

1) Accounts Receivable:

Under U.S. GAAP, accounts receivable is evaluated for collectability, and an allowance for doubtful accounts is recorded if necessary. Under the income tax basis, bad debts are recognized only when deemed uncollectible and written off.

2) Capital Reserve Funds:

U.S. GAAP requires capital improvement reserve funds to be classified as liabilities until expended. Under the income tax basis, these funds are recorded as equity contributions.

3) Revenue Recognition:

Under U.S. GAAP, operating assessments are recognized over the fiscal year, and replacement reserves are recognized when related expenditures occur. Unspent reserves are reported as liabilities. For tax purposes, replacement reserve contributions are recorded as capital.

4) Uncertain Tax Positions:

Under U.S. GAAP, uncertain tax positions must be evaluated, and liabilities are recognized for probable outcomes. No such evaluation is required under the income tax basis of accounting.

These financial statements are prepared solely on the income tax basis of accounting and are not intended to conform to U.S. GAAP.

Members' Assessments/Members' Assessments Receivable

Condominium members are subject to regular monthly assessments to fund the Condominium's operating expenses based on the annual budget approved by the Board of Directors. Members may also be subject to special assessments for capital acquisitions, major repairs, and replacements when necessary. The Board of Directors believes that all balances due from unit owners with delinquent assessments are collectible. Accordingly, no allowance for uncollectible accounts has been recorded as of December 31, 2024.

Concentration of Credit Risk

The Condominium maintains its cash balances in bank accounts that, at times, may exceed federally insured limits. The Condominium has not experienced any losses in these accounts and believes the risk of significant credit loss is minimal.

Cash and Cash Equivalents

The Condominium considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Income Taxes

The Condominium may elect to be taxed as a homeowners' association or as a regular corporation. For the year ended December 31, 2024, the Condominium filed its income tax return as a homeowners' association under Internal Revenue Code Section 528. Under this election, the Condominium is exempt from tax on uniform assessments and other income from unit owners solely related to their membership in the association. However, it is subject to a 30% tax on investment income and other non-exempt function income. For the year ended December 31, 2024, the Condominium had no material income tax expense.

Use of Estimates

The preparation of financial statements in conformity with the income tax basis of accounting (accrual method) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities at the financial statement date. Actual results could differ from these estimates, potentially resulting in significant variances in reported net income from period to period.

3. MANAGEMENT AGREEMENT

Livingston Management Services Inc. serves as the managing agent for the Condominium. Per the agreement, management fees were \$1,100 per month. The agreement will continue annually under these terms unless modified. Either party may cancel the agreement with written notice.

4. RESTRICTED CASH AND RESERVE FUNDS

The reserve funds are designated for periodic capital replacements and repairs, as approved by the Board of Directors of the Condominium. There were no significant changes in the reserve fund during the year. As of December 31, 2024, the reserve fund balance was \$4,106.

5. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Condominium has not conducted a study to determine the remaining useful lives of the components of common property or to estimate the costs of major repairs and replacements that may be required in the future. The Condominium's offering plan mandates that funds be accumulated for future repairs and replacements. Contributions to these funds are based on estimates of future needs for maintaining common property components. However, actual expenditures may differ from these estimates, and such variations could be material. As a result, the accumulated funds may not be sufficient to cover all future costs for major repairs and replacements.

6. TAX UNCERTAINTIES

The Condominium's policy is to record interest expense and penalties related to tax assessments as operating expenses. There were no accrued interest or penalties for the year ended December 31, 2024. The Condominium's federal and state tax returns are open for examination for the years after 2018.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 23, 2025, the date on which these financial statements were available to be issued, to determine whether any events require recognition or disclosure.