

RITZ CONDOMINIUM ASSOCIATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JULY 31, 2009

RITZ CONDOMINIUM ASSOCIATION

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CAPALDI REYNOLDS & PELOSI

Certified Public Accountants P.A.

ACCOUNTANTS' REPORT

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We have compiled the accompanying balance sheet of Ritz Condominium Association as of July 31, 2009, and the related statements of revenue and expenses, changes in unit owners' equity, and cash flows for the nine months then ended, and the accompanying supplementary information, schedules of operating expenses and other income, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. Ritz Condominium Association has not presented this supplementary information.

Capaldi Reynolds & Pelosi
CAPALDI REYNOLDS & PELOSI, P.A.

Northfield, New Jersey
August 21, 2009

RITZ CONDOMINIUM ASSOCIATION
BALANCE SHEET
JULY 31, 2009

	<u>Operations</u>	<u>Special Assessment Funds</u>		<u>Capital Replacement Funds</u>	<u>Total</u>
		<u>2004 Assessment</u>	<u>2007 Assessment</u>		
ASSETS					
Current Assets					
Cash and equivalents	\$ 181,556	\$ 30,412	\$ 92,906	\$ 53,257	\$ 358,131
Certificates of deposit	202,929		365,857	725,693	1,294,479
Member assessments receivable	51,590		311,545		363,135
Prepaid expenses	91,576				91,576
Interfund receivable/(payable)	(40,076)	(345)	40,421		-
Total current assets	487,575	30,067	810,729	778,950	2,107,321
Other Assets					
Member assessments receivable			796,436		796,436
Total assets	<u>\$ 487,575</u>	<u>\$ 30,067</u>	<u>\$ 1,607,165</u>	<u>\$ 778,950</u>	<u>\$ 2,903,757</u>
LIABILITIES AND UNIT OWNERS' EQUITY					
Current Liabilities					
Accounts payable	\$ 168	\$	\$	\$	\$ 168
Accrued expenses	3,589				3,589
Security deposits	13,353				13,353
Prepaid assessments	77,154		32,697		109,851
Current portion of long-term debt	68,115		350,974		419,089
Total current liabilities	162,379	-	383,671	-	546,050
Long-Term Liabilities					
Notes payable	425,626		816,704		1,242,330
Total liabilities	588,005	-	1,200,375	-	1,788,380
Unit Owners' Equity	(100,430)	30,067	406,790	778,950	1,115,377
Total liabilities and unit owners' equity	<u>\$ 487,575</u>	<u>\$ 30,067</u>	<u>\$ 1,607,165</u>	<u>\$ 778,950</u>	<u>\$ 2,903,757</u>

See accountants' compilation report.

RITZ CONDOMINIUM ASSOCIATION
STATEMENT OF CHANGES IN UNIT OWNERS' EQUITY
NINE MONTHS ENDED JULY 31, 2009

	<u>Operations</u>	<u>Special Assessment Funds</u>		<u>Capital Replacement Funds</u>	<u>Total</u>
		<u>2004 Assessment</u>	<u>2007 Assessment</u>		
UNIT OWNERS' EQUITY -					
Beginning of period	\$ (160,524)	\$ 56,516	\$ 821,050	\$ 763,220	\$ 1,480,262
Excess/(deficit) of revenue over expenses	60,094	(26,449)	(414,260)	10,512	(370,103)
Capital contributions				5,218	5,218
UNIT OWNERS' EQUITY -					
End of period	<u>\$ (100,430)</u>	<u>\$ 30,067</u>	<u>\$ 406,790</u>	<u>\$ 778,950</u>	<u>\$ 1,115,377</u>

See accountants' compilation report.

RITZ CONDOMINIUM ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES
NINE MONTHS ENDED JULY 31, 2009

	<u>Operations</u>	<u>Special Assessment Funds</u>		<u>Capital Replacement Funds</u>	<u>Total</u>
		<u>2004 Assessment</u>	<u>2007 Assessment</u>		
REVENUE					
Member assessments	\$ 1,369,679	\$	\$	\$	\$ 1,369,679
Interest income	3,490	56	106,294	10,512	120,352
Other income	201,117				201,117
Total revenue	<u>1,574,286</u>	<u>56</u>	<u>106,294</u>	<u>10,512</u>	<u>1,691,148</u>
EXPENSES					
Services and repairs	314,929	26,505	448,814		790,248
Administrative	245,204		71,740		316,944
Salaries and wages	436,520				436,520
Utilities	517,539				517,539
Total expenses	<u>1,514,192</u>	<u>26,505</u>	<u>520,554</u>	<u>-</u>	<u>2,061,251</u>
Excess/(deficit) of revenue over expenses	<u>\$ 60,094</u>	<u>\$ (26,449)</u>	<u>\$ (414,260)</u>	<u>\$ 10,512</u>	<u>\$ (370,103)</u>

See accountants' compilation report.

RITZ CONDOMINIUM ASSOCIATION
STATEMENT OF CASH FLOWS
NINE MONTHS ENDED JULY 31, 2009

	<u>Operations</u>	<u>Special Assessment Funds</u>		<u>Capital Replacement Funds</u>	<u>Total</u>
		<u>2004</u>	<u>2007</u>		
		<u>Assessment</u>	<u>Assessment</u>		
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess/(deficit) of revenue over expenses	\$ 60,094	\$ (26,449)	\$ (414,260)	\$ 10,512	\$ (370,103)
Adjustments to reconcile excess/(deficit) of revenue over expenses to net cash provided by/(used for) operating activities:					
(Increase)/decrease in:					
Member assessments receivable	(28,927)		234,667		205,740
Prepaid expenses	(54,043)				(54,043)
Increase/(decrease) in:					
Accounts payable	119				119
Security deposits	1,330				1,330
Prepaid assessments	(2,564)		3,216		652
Net cash provided by/(used for) operating activities	<u>(23,991)</u>	<u>(26,449)</u>	<u>(176,377)</u>	<u>10,512</u>	<u>(216,305)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Invested in certificates of deposit	(2,929)		34,143	(10,251)	20,963
Interfund receivable/(payable)	23,884	-	(23,884)		-
Net cash provided by/(used for) investing activities	<u>20,955</u>	<u>-</u>	<u>10,259</u>	<u>(10,251)</u>	<u>20,963</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal payments on note	(48,174)		(239,104)		(287,278)
Proceeds from capital contributions				5,218	5,218
Net cash provided by/(used for) financing activities	<u>(48,174)</u>	<u>-</u>	<u>(239,104)</u>	<u>5,218</u>	<u>(282,060)</u>
Net increase/(decrease) in cash	(51,210)	(26,449)	(405,222)	5,479	(477,402)
CASH AND EQUIVALENTS -					
Beginning of period	<u>232,766</u>	<u>56,861</u>	<u>498,128</u>	<u>47,778</u>	<u>835,533</u>
CASH AND EQUIVALENTS -					
End of period	<u>\$ 181,556</u>	<u>\$ 30,412</u>	<u>\$ 92,906</u>	<u>\$ 53,257</u>	<u>\$ 358,131</u>

See accountants' compilation report.

SUPPLEMENTARY INFORMATION

RITZ CONDOMINIUM ASSOCIATION
SCHEDULE OF OPERATING EXPENSES
NINE MONTHS ENDED JULY 31, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
SERVICES AND REPAIRS			
Trash removal	\$ 31,209	\$ 27,750	\$ (3,459)
Odor control	-	1,125	1,125
Exterminator service	3,513	2,781	(732)
Elevator maintenance	26,281	18,750	(7,531)
Air conditioning	3,518	1,500	(2,018)
Boiler	8,188	7,500	(688)
Radio	1,051	1,125	74
Security and valet service	167,733	182,873	15,140
Building maintenance	9,868	30,000	20,132
Maintenance supplies	42,357	45,000	2,643
Pool maintenance	20,232	42,641	22,409
Pool supplies	979	2,250	1,271
	<u>314,929</u>	<u>363,295</u>	<u>48,366</u>
ADMINISTRATIVE			
AV equipment	309	-	(309)
Bad debt expense	-	11,250	11,250
Bank fee	1,228	-	(1,228)
Board meeting supplies	316	-	(316)
Computer supplies and maintenance	806	-	(806)
Copier contract	535	-	(535)
Dues and memberships	36	-	(36)
Employment ads	266	-	(266)
Office supplies	3,785	18,000	14,215
License and permits	2,491	-	(2,491)
Office luncheon	50	-	(50)
Postage	1,329	-	(1,329)
Printing	191	-	(191)
Uniform rental	2,361	-	(2,361)
Gifts	733	-	(733)
Insurance	128,135	142,500	14,365
Accounting	3,295	9,053	5,758
Legal	9,656	9,750	94
Trop lot parking	28,800	27,900	(900)
ARPAT parking lot rental	11,312	10,800	(512)
Emergency electric	8,705	6,000	(2,705)
Emergency plumbing	-	7,500	7,500
Exterior building repair	-	15,000	15,000
Entertainment Committee	2,592	3,750	1,158
Miscellaneous	109	-	(109)
Federal income tax	10,939	7,500	(3,439)
NJ state fees	1,228	-	(1,228)
Interest	25,997	-	(25,997)
	<u>245,204</u>	<u>269,003</u>	<u>23,799</u>
Total administrative			

See accountants' compilation report.

RITZ CONDOMINIUM ASSOCIATION
SCHEDULE OF OPERATING EXPENSES
NINE MONTHS ENDED JULY 31, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
SALARIES AND WAGES			
Payroll	\$ 261,595	\$ 378,750	\$ 117,155
Payroll taxes	101,417	-	(101,417)
Payroll service	6,459	-	(6,459)
Workers' compensation insurance	15,538	24,000	8,462
Age 401K	15,099	1,650	(13,449)
Health insurance	<u>36,412</u>	<u>34,500</u>	<u>(1,912)</u>
Total salaries and wages	<u>436,520</u>	<u>438,900</u>	<u>2,380</u>
 UTILITIES			
Electric	301,609	273,750	(27,859)
Heat	142,257	105,000	(37,257)
Online service	1,025	1,085	60
TV cable	488	410	(78)
Telephone	5,584	5,040	(544)
Sewer	41,783	45,000	3,217
Fire service connect	2,707	2,700	(7)
Water	<u>22,086</u>	<u>25,500</u>	<u>3,414</u>
Total utilities	<u>517,539</u>	<u>458,485</u>	<u>(59,054)</u>

See accountants' compilation report.

RITZ CONDOMINIUM ASSOCIATION
SCHEDULE OF OTHER INCOME
NINE MONTHS ENDED JULY 31, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Antenna rental	\$ 24,371	\$ 26,971	\$ (2,600)
Unit rent	2,700	2,700	-
Trop lot parking	27,900	27,900	-
Parking fees	56,250	51,300	4,950
Bike fees	1,602	1,458	144
Late charges	6,600	3,750	2,850
Administration fee	202	6,000	(5,798)
Repairs	18,213	12,000	6,213
Laundry commissions	19,374	22,500	(3,126)
Vending commissions	1,229	1,350	(121)
Municipal reimbursement	37,314	27,750	9,564
Legal fee	-	3,750	(3,750)
Lease review fees	3,250	-	3,250
Miscellaneous income	<u>2,112</u>	<u>85,176</u>	<u>(83,064)</u>
 Total other income	 <u>\$ 201,117</u>	 <u>\$ 272,605</u>	 <u>\$ (71,488)</u>

See accountants' compilation report.