Winston Towers 300 Association, Inc.
Financial Statements and Supplementary Information
July 31, 2020

MIRRA
& ASSOCIATES
LLC

Winston Towers 300 Association, Inc.
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Independent Auditor's Report

To the Board of Directors and Unit Owners of
Winston Towers 300 Association, Inc.

We have audited the accompanying financial statements of Winston Towers 300 Association, Inc., which comprise the balance sheet as of July 31, 2020, and the related statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Board and Management's Responsibility for the Financial Statements

The Board and Management are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Winston Towers 300 Association, Inc.
Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winston Towers 300 Association, Inc. as of July 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that future major repairs and replacements on pages 17 through 19 be presented to supplement the basic financial statements. Such 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries about the methods of preparing the information and comparing the information for consistency with responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sherri & Associates

Hillsborough, New Jersey
October 15, 2020

Winston Towers 300 Association, Inc.
Balance Sheet
July 31, 2020

	Total	Operating Fund	Deferred Maintenance Fund	Replacement Fund
Assets				
Cash and cash equivalents	$ 2,160,092	$ 539,032	$ 181,162	$ 1,439,898
Certificates of deposits	5,666,141	-	700,000	4,966,141
Accrued interest receivable	30,972	30,972	-	-
Assessments receivable, net of allowance for doubtful accounts of $199,400	50,727	50,727	-	-
Laundry income receivable	5,967	5,967	-	-
Prepaid insurance	25,661	25,661	-	-
Air conditioning wall units on-hand	83,600	-	-	83,600
Property, net	-	-	-	-
Interfund balances	-	597,207	(417,008)	(180,199)
Total Assets	$ 8,023,160	$ 1,249,566	$ 464,154	$ 6,309,440
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued expenses	$ 129,859	$ 90,184	$ -	$ 39,675
Accrued payroll and related expenses	71,162	71,162	-	-
Federal income taxes payable	4,492	4,492	-	-
Deferred rental income	25,100	25,100	-	-
Prepaid assessments	224,132	224,132	-	-
Deferred PPP loan proceeds	495,187	495,187	-	-
Refundable deposits payable	181,612	181,612	-	-
Total Liabilities	1,131,544	1,091,869	-	39,675
Commitments and Contingencies	-	-	-	-
Fund Balances	6,891,616	157,697	464,154	6,269,765
Total Liabilities and Fund Balances	$ 8,023,160	$ 1,249,566	$ 464,154	$ 6,309,440

The accompanying notes are an integral part of these financial statements.

Winston Towers 300 Association, Inc.
Statement of Revenues and Expenses
For the Year Ended July 31, 2020

	Total	Operating Fund	Deferred Maintenance Fund	Replacement Fund
Revenues				
Maintenance fees	$ 5,188,146	$ 3,584,943	$ 73,203	$ 1,530,000
Parking income	727,174	727,174	-	-
Interest income	93,928	93,928	-	-
Laundry lease income	90,156	90,156	-	-
Membership / application fees	72,530	72,530	-	-
Late fees / legal collections income	51,925	51,925	-	-
Working capital contributions	44,900	44,900	-	-
Other income	33,340	33,340	-	-
Storage income	24,665	24,665	-	-
Antenna income	24,009	24,009	-	-
Water shut-down income	10,685	10,685	-	-
Room rental fees income	3,000	3,000	-	-
Valet income	1,600	1,600	-	-
Total Revenues	6,366,058	4,762,855	73,203	1,530,000
Expenses				
Administrative	1,120,971	1,120,971	-	-
Federal income taxes	8,992	8,992	-	-
General maintenance and operations	376,356	376,356	-	-
Payroll and related expenses	2,446,482	2,446,482	-	-
Utilities	1,011,546	1,011,546	-	-
Non-operating fund expenses	173,359	-	37,459	135,900
Total Expenses	5,137,706	4,964,347	37,459	135,900
Excess (Deficiency) of Revenues Over Expenses	$ 1,228,352	$ (201,492)	$ 35,744	$ 1,394,100

The accompanying notes are an integral part of these financial statements.

Winston Towers 300 Association, Inc.
Statement of Changes in Fund Balances
For the Year Ended July 31, 2020

	Total	Operating Fund	Deferred Maintenance Fund	Replacement Fund
Fund Balances - Beginning of Year, as Originally Reported	$5,640,164	$ 109,189	$ 678,410	$ 4,852,565
Prior Period Adjustment	23,100	-	-	23,100
Fund Balances - Beginning of Year, Restated	5,663,264	109,189	678,410	4,875,665
Interfund Transfer	-	250,000	(250,000)	-
Excess (Deficiency) of Revenues Over Expenses	1,228,352	(201,492)	35,744	1,394,100
Fund Balances - End of Year	$6,891,616	$ 157,697	$ 464,154	$ 6,269,765

The accompanying notes are an integral part of these financial statements.

Winston Towers 300 Association, Inc.
Statement of Cash Flows
For the Year Ended July 31, 2020

	Total	Operating Fund	Deferred Maintenance Fund	Replacement Fund
Cash Flows from Operating Activities				
Excess (deficiency) of revenues over expenses	$ 1,228,352	$ (201,492)	$ 35,744	$ 1,394,100
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operations:				
Bad debt expense	30,550	30,550	-	-
Change in assets and liabilities:				
Accrued interest receivable	9,101	9,101	-	-
Assessments receivable	18,088	18,088	-	-
Laundry income receivable	2,116	2,116	-	-
Prepaid expenses	56,729	56,729	-	-
Due from rent receiver	37,070	37,070	-	-
Accounts payable and accrued expenses	(114,068)	(90,732)	-	(23,336)
Accrued payroll and related expenses	5,969	5,969	-	-
Federal income taxes payable	(30,149)	(30,149)	-	-
Deferred rental income	25,100	25,100	-	-
Prepaid assessments	(11,114)	(11,114)	-	-
Refundable deposits payable	(2,136)	(2,136)	-	-
Net Cash Provided by (Used in) Operating Activities	1,255,608	(150,900)	35,744	1,370,764

The accompanying notes are an integral part of these financial statements.

Winston Towers 300 Association, Inc.
Statement of Cash Flows
For the Year Ended July 31, 2020

	Total	Operating Fund	Deferred Maintenance Fund	Replacement Fund
Cash Flows from Investing Activities				
Purchases / reinvestment of certificates of deposit	(4,406,363)	-	(650,000)	(3,756,363)
Maturity of certificates of deposit	3,834,713	350,000	625,000	2,859,713
Net Cash Provided by (Used in) Investing Activities	(571,650)	350,000	(25,000)	(896,650)
Cash Flows from Financing Activities				
Interfund transfer	-	250,000	(250,000)	-
Change in interfund balances	-	(604,115)	304,315	299,800
Deferred PPP loan proceeds	495,187	495,187	-	
Net Cash Provided by Financing Activities	495,187	141,072	54,315	299,800
Net Increase in Cash and Cash Equivalents	1,179,145	340,172	65,059	773,914
Cash and Cash Equivalents - Beginning of Year	980,947	198,860	116,103	665,984
Cash and Cash Equivalents - End of Year	$ 2,160,092	$ 539,032	$ 181,162	$ 1,439,898
Supplementary Disclosure				
Income taxes paid	$ 42,368			

The accompanying notes are an integral part of these financial statements.

Note 1 Nature of Organization

Winston Towers 300 Association, Inc. (the Association) is a New Jersey corporation subject to the provisions of the Condominium Act of the State of New Jersey. The Association is responsible for the operation and maintenance of the common property. Consisting of 678 residential units, of which two are owned by the Association and are occupied by building superintendents, the Association is located in Cliffside Park, New Jersey.

Recreational amenities include the outdoor pool, tennis courts, multi-purpose court, card room, billiard room, tot room and use of the Palisadium spa, which includes an indoor pool.

Note 2 Summary of Significant Accounting Policies

FASB ASC 606 and Revenue Recognition - The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate-Common Interest Realty Associations, Revenue Recognition* which addressed industry-specific revenue standards solely for Common Interest Realty Associations (CIRAs). The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the new revenue standard which is effective beginning in financial statements for the year ended December 31, 2019, FASB has established that an entity shall account for a contract with a customer that is within the scope of Topic 606 only when all of the five specified criteria are met.

In light of the above, the Association does not meet the requirements of the criteria outlined in the revenue standard, and therefore the historically established industry practice for recognizing revenues from regular assessments remains as Generally Accepted Accounting Principles (GAAP).

Fund Accounting - The Association's governing documents (i.e., Public Offering Statement, Master Deed and By-laws) provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts in accordance with the principles of fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund represents the portion of expendable funds that is available for the general operations of the Association.

Note 2 Summary of Significant Accounting Policies (Continued)

Deferred Maintenance Fund - The purpose of this fund is to accumulate sufficient amounts which will allow the Association to have the necessary resources to perform maintenance services which occur less frequently than annually.

Replacement Fund - The purpose of the replacement fund is to accumulate funds over the lives of capital assets which are part of the common elements so that sufficient amounts are available to pay for their eventual replacement.

Recognition of Assets - The Association's property and common elements are owned by the unit owners in condominium form pursuant to the Master Deed wherein each of the individual unit owners holds legal title to an undivided interest in property constituting the common elements. Accordingly, no amounts related to these common elements are included on the accompanying balance sheet of the Association. The common elements generally consist of roadway, sidewalks, parking areas, garage, recreational amenities and portions of the building not comprising the individual units.

Cash and Cash Equivalents - Cash and cash equivalents include cash held in bank deposit accounts, money market funds and other savings accounts, which at times may exceed Federally insured limits.

Maintenance Assessments and Assessments Receivable - The Association's members are subject to monthly assessments based upon the annual budget and as determined by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods, or as otherwise specified by the Association's governing documents. A portion of the monthly assessments to owners are allocated to the deferred maintenance and replacement funds.

On a periodic basis, the Board and management evaluate the assessments receivable and estimate an allowance for doubtful accounts, based on the current legal status of past due accounts.

Property - Property is stated at cost. Depreciation was computed using the straight-line method over the estimated life of the assets which are fully depreciated. Tangible personal property not an integral part of existing facilities is capitalized; all other costs of repair and replacement are expensed as incurred or charged to another fund, if provided for therein.

Parking Income - Unit owners are subject to monthly parking assessments which has been recorded as operating revenues and any unpaid parking income is included in assessments receivable at July 31, 2020.

Note 2 Summary of Significant Accounting Policies (Continued)

Interest Income - It is the Association's policy to allocate interest earned on all cash equivalents and certificates of deposit to the operating fund.

Membership / Application Fees - Unit owners are subject to a membership / application fee which is recorded as operating revenues in the accompanying financial statements.

Storage Income - Unit owners are subject to monthly storage fees for the rental of storage lockers and any unpaid storage income is included in assessments receivable at July 31, 2020.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - Accounting principles generally accepted in the United States of America require the evaluation of tax positions taken by the Association and recognize a tax liability if an uncertain position has been taken which, more likely than not, would not be sustained upon examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association has concluded that as of July 31, 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Subsequent Events - The Board and management have evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which is the date the financial statements were available to be issued.

Note 3 Certificates of Deposit

At July 31, 2020, scheduled maturities of certificates of deposit consisted of the following:

Maturity	Interest Rate	Total	Deferred Maintenance Fund	Replacement Fund
Within one year	0.15% - 2.23%	$5,066,141	$700,000	$4,366,141
One to two years	0.15% - 2.10%	600,000	-	600,000
	Total	$5,666,141	$700,000	$4,966,141

Note 3 Certificates of Deposit (Continued)

The market values approximated carrying values on July 31, 2020. The Association has the ability and intent to hold these certificates of deposit until maturity. Fair value on the certificates above are measured based on Level 2 inputs which are quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Note 4 Laundry Income Receivable / Laundry Lease Income / Commitment

The Association entered into a nine-year lease agreement with Sebco Laundry Systems, Inc. for space in the building known as the laundry room which began January 1, 2016. The agreement provides the Association with annual rental income of $97,000 plus 50% of all revenues in excess of $143,800 annually. However, if the rental fee exceed 75% of net collections, Sebco has the right to adjust the rental payment to not exceed 75%. During the fiscal year ended July 31, 2020, laundry income totaled $90,156 which has been recorded as operating revenues. As of July 31, 2020, the Association was owed $5,967 which was received during August 2020 and therefore recorded as a receivable in the accompanying balance sheet.

The future minimum lease payments to the Association for the next five years are as follows:

Year Ended July 31,	Annual Lease Income
2021	$ 97,000
2022	97,000
2023	97,000
2024	97,000
2025	40,417
Total	$428,417

Note 5 Air Conditioning Wall Units On Hand / Prior Period Adjustment

At July 31, 2020, the Association had seventy-six (76) air conditioning wall units on-hand at $1,100 per unit, which were purchased in conjunction with the PTAC replacement project. The unused units are recorded as an asset in the accompanying balance sheet.

A prior period adjustment of $23,100 has been recorded in the accompanying financial statements for an additional 21 units which were not accounted for in the prior year.

Note 6 Property, Net

At July 31, 2020, property consisted of the following:

Two Association units	$500,000*
Less: accumulated depreciation	(500,000)
Property and Equipment, Net	$ -

*The Association owns two units in the building, which are each occupied by the Superintendent and assistant superintendent, respectively.

Note 7 Deferred Rental Income

The Association is a rent receiver for a unit within the building and manages the rental of the unit. At July 31, 2020, the cash account held for this rental unit had a balance of $25,100 which is recorded as deferred rental income in the accompanying balance sheet.

Note 8 Deferred PPP Loan Proceeds

As a result of the COVID-19 outbreak and the potential financial impact it may have, the Association received loan proceeds through the Paycheck Protection Program ("PPP") in May 2020 in the amount of $495,187 which represents two and a half times the Association's average monthly payroll cost. The loan may be fully or partially forgiven if the funds are used for payroll costs (at least 75% of the forgiven amount must have been used for payroll). Pursuant to the agreement, loan payments (for that portion of the loan not forgiven) will be deferred for a specified amount of time. No collateral or personal guarantees are required. Forgiveness is based on the Association maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The Small Business Administration ("SBA") continues to update the requirements for forgiveness which has been extended. The PPP loan proceeds have been deferred in the accompanying financial statements as of July 31, 2020.

Note 9 Federal Income Taxes

Under the Internal Revenue Code, associations may be taxed as a condominium association at their election, or as a regular corporation. If certain criteria are met, the Association may select either method in any year. A method selected in one year affects only that year and the Association is free to select either method in future years.

Note 9 Federal Income Taxes (Continued)

The Association qualifies as a corporation under Internal Revenue Code Section 277 for the year ended July 31, 2020. Income tax expense of $8,992 has been provided based on the excess of non-membership income over non-membership expenses.

The Association's income tax returns are subject to routine examination by the Internal Revenue Service generally for three years after the returns are filed; however, there are currently no audits for any tax periods in progress.

The Association is incorporated pursuant to Title 15A of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

Note 10 Refundable Deposits Payable

At July 31, 2020, deposits refundable to unit owners were comprised of the following:

Garage parking	$ 88,770
Alterations/damages	52,955
Tenant leases	20,230
Move-in / move-out fees	19,657
Total	$181,612

Note 11 Replacement Fund

The Association's governing documents do not require that funds be accumulated for future major repairs and replacements; however, N.J.A.C. 5:26-8.7(a) requires that there be adequate reserves for repairs and replacement of the common elements and facilities. Therefore, the Association has accumulated funds which are held in separate cash accounts and are generally not available for expenditures for normal operations.

Reserve Advisors, Inc., professional engineering consultants, updated the reserve study effective August 1, 2015 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on then current estimated replacement costs. The table included in the unaudited supplementary information on future major repairs and replacements is based on this study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs, utilizing the threshold funding method which recommends annual contributions of $1,530,000. Threshold funding sets a replacement funding level of maintaining the replacement fund balance above a threshold level at its lowest accumulated amount of $1,770,893 in the year 2018, which is below the full funding projected amount.

Note 11 Replacement Fund (Continued)

DW Smith Associates, professional engineering consultants, updated the reserve study which the Board is currently reviewing.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacements of common property components. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available, if possible.

Note 12 Interfund Transfer

The Board approved a one-time permanent transfer of $250,000 from the deferred maintenance fund to the operating fund as recorded in the accompanying financial statements.

Note 13 Working Capital Contributions

In accordance with Article VI, Section 4 of the Association By-Laws, "each member of the Association shall be required to maintain with the Association a sum equal to 3/12ths of the estimated annual assessment of his apartment unit as security against non-payment of future assessments". Said sum may be used by the Association for working capital. Unit owners may be required to supplement said security from time to time by future payments in the event that the estimated annual assessment for future years is increased, or if the amount theretofore paid has been applied in whole or in part for working capital." The Board has chosen to allocate working capital contributions to operating revenues as recorded in the accompanying financial statements.

Note 14 Palisadium Dues / Commitment and Contingency

On August 31, 2007, the "First Amendment to the Additional Recreational Facilities Agreement" was made between the Palisadium Management Corporation and the Association. The agreement expires in December 2070. In accordance with the amendment, the Association shall pay a yearly license fee for use of the recreational amenities located in the Palisadium. The annual license fee shall be adjusted annually to reflect changes in the Consumer Price Index (CPI). It has been agreed to cap the percentage increase in the CPI for any given fiscal year to 5%.

Note 14 Palisadium Dues / Commitment and Contingency (Continued)

In November 2019, the Palisadium instituted suit seeking reformation of the agreement which would require the Association to pay more than it was obligated to pay under the amended agreement. The Association opposed the relief sought and filed a motion to dismiss the complaint as there was no legal basis for the relief sought.

By Order dated March 23, 2020, the Court dismissed the Complaint without prejudice to any rights Palisadium may have to file a new Complaint. In part as a result of the Executive Orders issued by the New Jersey Governor, the Palisadium was closed in March 2020 and, in light of this, the parties reached an agreement whereby the monthly fees which were due from Winston Towers were placed in escrow for the months of April through July 2020 to abide the outcome of any mediation or further court proceedings. Thereafter, the parties engaged in mediation which was unsuccessful at reaching a resolution. Furthermore, despite the restrictions on opening and operating being partially lifted, the Palisadium has not re-opened and indicated that it will likely not be able to do so in the near future. As a result, the parties have agreed, subject to a reservation of rights, that no further payments into escrow will be made by the Association and have begun negotiations outside of mediation to attempt to resolve the matter. At this time, the Association is awaiting a proposal from the Palisadium.

As of July 31, 2020, the Association paid $123,072 currently being held in escrow by legal counsel which consists of the monthly payments of $30,768 for the period April 2020 through July 2020. Subsequently the Association also paid the August 2020 installment whereby all payments are held in an Attorney Trust Account of Cutolo Barros LLC. The ultimate disposition of the funds in escrow will abide either settlement or additional litigation if the matter cannot be settled.

Note 15 Commitments

- Union Contract

  The Association has collective bargaining agreements with 32BJ and Teamsters Local Union No.11. The contracts provide for salary, welfare, and pension benefits for non-administrative personnel.

- Employee 401(K) Profit Sharing Plan

  The Association has adopted a 401(k) profit-sharing plan covering substantially all of its full time non-union employees. Eligible employees may contribute up to 15% of their compensation to this plan up to the maximum determined by the Internal Revenue Service. Their contributions are matched dollar-for-dollar on the first 5% of employee contributions based on their annual compensation.

Note 15 Commitments (Continued)

- Antenna

During July 2017, the Association entered into an antenna lease agreement with Starry, Inc. to lease space for an antenna and equipment cabinet. The lease is effective July 5, 2017 for an initial term of 24 months. The Association will have the option to renew for four additional terms of five years. The lease income for the first two years is $1,250 per month. The lease will increase at a minimum of 5% each renewal term.

The future minimum lease payments to the Association for the next five years and thereafter are as follows.

Year Ended July 31,	Annual Lease Income
2021	$ 15,750
2022	15,750
2023	15,750
2024	15,750
2025	15,750
Thereafter	243,610
Total	$322,360

Note 16 Contingency - COVID-19

In late 2019, a novel strain of coronavirus, COVID-19, emerged globally. As the impact of the spread of the COVID-19 coronavirus continues to spread in the United States and around the world, the Association may experience disruptions that could impact its ability to carry out its activities. The total impact to the Association's future activities, revenues, financial condition or results of operations, cannot be reasonably estimated at this time.

Note 17 Concentration of Credit Risk

Financial instruments which potentially subject the Association to significant concentrations of credit risk consist principally of cash and interest bearing deposits. The Association maintains multiple cash accounts with CIT Bank. At July 31, 2020, the total cash balance exceeded FDIC insured limits by approximately $580,000. However, the Association has not experienced any losses to date on these accounts.

Winston Towers 300 Association, Inc.
Supplementary Information
Schedule of Future Major Repairs and Replacements
July 31, 2020

Reserve Advisors, Inc., professional engineering consultants, conducted a replacement study which was revised in October 2015 (effective August 1, 2015) to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the schedule and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property.

	As of 2020 Study (Unaudited)	
Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Exterior Building Elements		
Balconies	1 - 9	$ 1,624,225
Door	24	37,000
Roofs	13	1,335,500
Sealants	13 - 19	774,760
Walls	9 - 19	1,346,650
Windows and doors	4 - 9	109,480
Interior Building Elements		
Ceilings	27	26,550
Common rooms	6 - 15	247,000
Elevator cab finishes	16	200,000
Employee locker room and rest room	10	37,000
Floor coverings	2 - 18	571,100
Laundry and trash room	15	65,000
Light fixtures	8 - 11	143,350
Lobby doorman station	17	10,000
Lobby furnishings	7	30,000
Lobby renovation	17	355,000
Mailboxes	11	47,460
Office renovation	6	18,700
Wall coverings, hallways	2 - 3	715,050

Winston Towers 300 Association, Inc.
Supplementary Information
Schedule of Future Major Repairs and Replacements
July 31, 2020

	As of 2020 Study (Unaudited)	
Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Building Services Elements		
Air handling units	3 - 5	242,000
Boilers	1 - 16	224,700
Electrical system	24 - 27	824,000
Elevators	1 - 30	1,293,000
Exhaust fans	6	18,000
Generator	11 - 30	343,500
Heat exchangers	13	30,000
Life safety system	18	223,000
Packaged terminal air conditioners	1 - 3	3,096,000
Pipes	10 - 30	4,637,600
Pumps	9 - 18	212,100
Security system	8 - 9	55,600
Storage tanks	17	153,000
Trash chutes and doors	22	194,800
Trash compactors	8	38,600
Property Site Elements		
Asphalt pavement	4	62,000
Fences	5	61,620
Light poles	6	9,000
Light poles and fixtures	16 - 26	74,800
Pavers	11	92,625
Playground equipment	9 - 19	82,350
Site furniture	15	15,000
Sports courts	1 - 8	81,900
Vehicle	1 - 10	52,000
Waterproof membrane and concrete	16 - 25	7,825,500

Winston Towers 300 Association, Inc.
Supplementary Information
Schedule of Future Major Repairs and Replacements
July 31, 2020

Components	As of 2020 Study (Unaudited) Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Pool Elements		
Canopies	14	25,050
Canopies and frames	2	50,100
Concrete deck	5	35,000
Furniture	7	30,000
Mechanical equipment	4 - 11	31,000
Pool finish	6	30,750
Garage Elements		
Asphalt pavement	19	758,625
Concrete	1 - 18	774,300
Exhaust system	7	158,000
Fire suppression system	17	1,100,400
Garage attendant booth	11	20,000
Light fixtures	19	280,000
		$ 30,929,745

Replacement fund balance as of July 31, 2020	$6,269,765

Winston Towers 300 Association, Inc.
Supplementary Information
Schedule of Total Revenues, Operating Expenses and Allocations to the Funds - Actual to Budget
For the Year Ended July 31, 2020

	Actual	(Unaudited) Budget
Revenues		
Maintenance fees	$ 5,188,146	$ 5,188,146
Parking income	727,174	712,000
Interest income	93,928	90,000
Laundry lease income	90,156	97,000
Membership / application fees	72,530	100,000
Late fees / legal collections income	51,925	39,000
Working capital contributions	44,900	81,000
Other income	33,340	40,000
Storage income	24,665	24,000
Antenna income	24,009	24,009
Water shut-down income	10,685	10,000
Room rental fees income	3,000	8,500
Valet income	1,600	9,600
Total Revenues	6,366,058	6,423,255
Expenses		
Administrative		
Palisadium dues (including sales tax)	368,703	363,120
Insurance	297,077	299,000
Management (including clerical)	236,400	236,400
Legal - general / collections	88,685	37,500
Office and meetings expenses	71,204	73,116
Bad debt expense	30,550	24,000
Audit	9,000	8,500
Computer costs	7,485	3,500
Concierge	5,831	7,775
Miscellaneous expenses	3,353	2,000
Licenses and fees	2,683	10,000
Total Administrative Expenses	1,120,971	1,064,911

Winston Towers 300 Association, Inc.
Supplementary Information
Schedule of Total Revenues, Operating Expenses and Allocations to the Funds - Actual to Budget
For the Year Ended July 31, 2020

	Actual	(Unaudited) Budget
Expenses (Continued)		
Federal Income Taxes - Operating	8,992	-
General Maintenance and Operations		
Building maintenance and supplies	104,335	110,000
Landscaping	69,168	62,000
Elevator maintenance	50,363	49,000
Trash removal	26,094	29,000
Uniform cleaning and allowance	21,574	19,000
Pool management and maintenance	19,396	55,000
HVAC contract and maintenance	18,126	20,000
Window cleaning	17,060	17,060
Snow removal	11,157	42,000
Fire alarm / fire sprinkler / smoke detectors	8,526	7,000
Plumbing repairs and supplies	8,035	10,000
Boiler contract and maintenance	7,816	8,000
Generator maintenance	6,981	2,000
Exterminating	5,571	5,500
Security system repairs	2,004	3,000
Auto and truck expense	126	1,500
Electrical repairs and supplies	24	2,000
Total General Maintenance and Operations Expenses	376,356	442,060
Payroll and Related Expenses		
Salaries and wages	1,442,561	1,472,345
Employee benefits	571,845	575,000
Payroll taxes	124,344	131,000
Overtime salaries and wages	119,835	85,000
Severance / employee settlements	109,817	-
Workers compensation	61,000	61,000
Matching pension contribution	17,080	20,000
Total Payroll and Related Expenses	2,446,482	2,344,345

Winston Towers 300 Association, Inc.
Supplementary Information
Schedule of Total Revenues, Operating Expenses and Allocations to the Funds - Actual to Budget
For the Year Ended July 31, 2020

	Actual	(Unaudited) Budget
Expenses (Continued)		
Utilities		
Cable services	391,033	400,000
Electricity and gas	387,666	410,000
Water and sewer	214,995	240,000
Telephone and intercom	14,205	15,000
Electricity and gas - rental units	3,647	5,800
Total Utilities Expenses	1,011,546	1,070,800
Operating Contingency	-	10,000
Allocations to Funds -		
Deferred Maintenance Fund		
Maintenance fees (contributions)	73,203	73,203
Replacement Fund		
Maintenance fees (contributions)	1,530,000	1,530,000
Total Expenses and Allocations to Funds	6,567,550	6,535,319
Deficiency of Revenues Over Expenses Before Budgeted Surplus Carryover	(201,492)	(112,064)
Budgeted Surplus Carryover	-	112,064
Deficiency of Revenues Over Expenses	$ (201,492)	$ -

Winston Towers 300 Association, Inc.
Supplementary Information
Schedule of Non-Operating Fund Expenses
For the Year Ended July 31, 2020

Deferred Maintenance Fund Expenses	
Cleaning supplies	$ 15,782
Landscaping improvements	15,429
Miscellaneous supplies and maintenance	6,248
Total	$ 37,459
Replacement Fund Expenses	
Pavement reconstruction	$ 54,349
Balcony repairs	39,675
Pool renovations	34,699
Garage restoration	4,071
Concrete repairs	3,106
Total	$ 135,900