

**THE JOINT HEALTH SCIENCES
CONDOMINIUM ASSOCIATION, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**



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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Rowan University/ Rutgers-Camden Board of Governors

We have audited the accompanying financial statements of The Joint Health Sciences Condominium Association, Inc., which comprise the balance sheet as of September 30, 2020, and the related statement of revenues, expenses, and changes in members' equity and statement of cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility 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; 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 made by management, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Joint Health Sciences Condominium Association, Inc. as of September 30, 2020, and the results of its operations and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Omission of Required Supplementary Information about Future Major Repairs and replacements

Management has omitted supplementary information about future major repairs and replacements 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 required 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 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.

Bowman & Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
March 22, 2021

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
AS OF SEPTEMBER 30, 2020

ASSETS

Cash	\$ 1,807,254
TOTAL ASSETS	\$ 1,807,254

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities

Accounts Payable	\$ 250,703
Accrued Expenses	17,663
Rutgers University Prepaid Assessment	155,804
Loan Payable to the Board of Governors - Current	68,668
Total Current Liabilities	492,838

Long-Term Liabilities

Loan Payable to the Board of Governors, Net of Current Portion	274,674
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TOTAL LIABILITIES	767,512
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MEMBERS' EQUITY	1,039,742
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 1,807,254
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The accompanying notes are an integral part of these financial statements.

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN MEMBERS' EQUITY
FISCAL YEAR ENDED SEPTEMBER 30, 2020

REVENUES

Rutgers Assessment	\$ 829,850
Rowan Assessment	1,583,662
Joint Board Assessment	112,668
Other	7,272
Interest Income	450
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	2,533,902

EXPENSES

Facility Manager	373,985
Security Services	238,927
Housekeeping Services	210,904
Building Supplies	19,044
Exterior / Grounds	32,897
HVAC / Plumbing / Mechanical	71,427
Fire Safety / Security Systems	5,025
Utility Systems	2,788
Utility Expenses	402,596
Professional Services	150
Insurance Expense	87,029
Legal Services	50,549
Miscellaneous Expenses	3,890
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	1,499,211

EXCESS OF REVENUES OVER EXPENSES	1,034,691
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MEMBERS' EQUITY, BEGINNING OF YEAR	<hr/> 5,051
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MEMBERS' EQUITY, END OF YEAR	<hr/> <hr/> \$ 1,039,742
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The accompanying notes are an integral part of these financial statements.

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITES

Excess of Revenues Over Expenses	\$ 1,034,691
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided By Operating Activities:	
(Increase) Decrease in:	
Accounts Receivable	229,229
(Increase) Decrease in:	
Accounts Payable	86,679
Accrued Expenses	17,663
Rutgers University Prepaid Assessment	<u>155,804</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,524,066</u>
CASH FLOWS FROM FINANCING ACTIVITES	
Proceeds from Loan Payable to the Board of Governors	<u>343,342</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>343,342</u>
NET INCREASE IN CASH	1,867,408
CASH, BEGINNING OF THE YEAR (OVERDRAFT)	<u>(60,154)</u>
CASH AT END OF YEAR	<u><u>\$ 1,807,254</u></u>

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

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 1: **NATURE OF ORGANIZATION**

The Joint Health Sciences Condominium Association, Inc. (“the Association”) is incorporated in the State of New Jersey on May 17, 2017. The Joint Health Sciences Center (“JHSC”) is constructed on land purchased and owned by Rowan University-Rutgers Camden Board of Governors. The Association is responsible for the operation and maintenance of the Joint Health Science Center. The Association consists of three tenants (Rutgers University (“Rutgers”), Rowan University (“Rowan”), and Camden County College (“CCC”)) who participate in a leasehold condominium in which members have a leasehold interest in their units and the common elements. The leasehold interests are derived from their ground leases.

The Association is the contracting party for all goods and services required for the operation of the JHSC. The Association is the platform for Rutgers, Rowan and CCC to share the use of the JHSC. The common expenses incurred to operate the JHSC will be apportioned among the JHSC occupants according to their relative occupancy percentages stated in the Leasehold Master Deed. Rowan has agreed to pay CCC’s share of the common expenses allocated to the CCC Unit.

Schedule of Units and Undivided Interests

<u>Units</u>	<u>Undivided Interests</u>
Rutgers Unit	36.5%
Rowan Unit	58.3%
CCC Unit	5.2%
Total	100%

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Member Assessments

In accordance with the Leaseholder Master Deed, the operating expenses are allocated among the occupants of the JHSC according to their occupancy percentages below. Operating expenses are determined annually after budget adoption and Association members are subject to quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Any excess assessments at year end are retained by the Association for use in the succeeding year. At September 30, 2020, the Association had delinquent assessments of \$0. Pursuant to the Lease Agreement between Rutgers and the Joint Board, the Joint Board will pay its proportionate share of the assessment allocated to the Rutgers Unit.

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Schedule of Building Occupancy as of September 30, 2020

<u>Occupant</u>	<u>Prorata Share</u>
Rowan	37.66%
Rowan - CMSRU	19.87%
Rutgers	32.85%
Camden County College	5.19%
Joint Board	4.47%
Total	100%

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the tenants and not by the Association. The Association is responsible for maintenance on or replacements of any assets in the JHSC.

Interest Income

The cash fund account accumulates interest monthly.

Estimates

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. No significant estimates were used in the financial statement presentation as of September 30, 2020.

Basis of Accounting

The financial statements have been prepared on an accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its industry accounting and audit guide for not-for-profit organizations.

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 3: FEDERAL INCOME TAXES

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended September 30, 2020. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property.

Note 4: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has not engaged an independent engineer to conduct a study to estimate the remaining useful lives and the replacement costs of the common property components since all assets are new and many have warranties. Upon discovery of any repairs or replacements needed in the future, the Association will increase its assessments to its tenants to provide the funds needed.

Note 5: MANAGEMENT AGREEMENT

On June 1, 2019, the Association entered into an agreement contract with a facility management company that will continue in force until May 31, 2021. The contract amount for the service is \$31,165 per month. The facility manager expense was \$373,985 for the fiscal year 2020.

Note 6: RELATED PARTY

The Rowan University-Rutgers Camden Board of Governors owns the land the JHSC is located on. The Association also has a loan payable balance with the Board of Governors of \$343,342. See also Note 7.

Note 7: LOAN PAYABLE TO BOARD OF GOVERNORS

The Association has a loan payable of \$343,342 due to the Rowan University/Rutgers Camden Board of Governors as of September 30, 2020. The loan consists of five yearly installments of \$68,668. Repayments start in the fiscal year ended September 30, 2021 with no interest charged.

Note 8: UNINSURED CASH BALANCE

The Association maintains its cash balance at a financial institution located in Camden, New Jersey. The account at the institution is secured by the Federal Deposit Corporation up to \$250,000. The uninsured balance is approximately \$1,557,254 at September 30, 2020.

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 9: COVID - 19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to The Joint Health Sciences Condominium Association, Inc., its performance, and its financial results.

Note 10: DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 22, 2021, the date that the financial statements were available to be issued.

On November 1, 2020, the Association entered into an agreement contract for janitorial services with a company that will continue in force until October 31, 2021. The contract amount for the service is \$12,975 per month.