

**THE JOINT HEALTH SCIENCES  
CONDOMINIUM ASSOCIATION, INC.  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2021 AND 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 sheets as of September 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in members' equity and statements of cash flows for the fiscal years 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, 2021 and 2020, and the results of its operations and its cash flows for the fiscal years 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 5, 2022

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.  
BALANCE SHEETS  
AS OF SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,761,048	\$ 1,807,254
Prepaid Insurance Expense	10,498	-
TOTAL ASSETS	<u>\$ 1,771,546</u>	<u>\$ 1,807,254</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 129,393	\$ 250,703
Accrued Expenses	53,861	17,663
Rutgers University Prepaid Assessment	-	155,804
Loan Payable to the Board of Governors - Current	68,668	68,668
Total Current Liabilities	251,922	492,838
Long-Term Liabilities		
Loan Payable to the Board of Governors, Net of Current Portion	206,005	274,674
TOTAL LIABILITIES	<u>457,927</u>	<u>767,512</u>
MEMBERS' EQUITY	<u>1,313,619</u>	<u>1,039,742</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 1,771,546</u>	<u>\$ 1,807,254</u>

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

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN MEMBERS' EQUITY  
FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Rowan Assessment	\$ 1,189,326	\$ 1,583,662
Rutgers Assessment	623,215	829,850
Joint Board Assessment	84,613	112,668
Other	628	7,272
Interest Income	682	450
	<u>1,898,464</u>	<u>2,533,902</u>
<b>EXPENSES</b>		
Utility Expenses	450,946	402,596
Facility Manager	374,603	373,985
Security Services	197,790	238,927
HVAC / Plumbing / Mechanical	164,934	71,427
Housekeeping Services	160,213	210,904
Insurance Expense	81,857	87,029
Exterior / Grounds	67,246	32,897
Fire Safety / Security Systems	41,875	5,025
Utility Systems	25,413	2,788
Professional Services	22,175	150
Legal Services	20,081	50,549
Miscellaneous Expenses	17,454	3,890
Building Supplies	-	19,044
	<u>1,624,587</u>	<u>1,499,211</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	273,877	1,034,691
<b>MEMBERS' EQUITY, BEGINNING OF YEAR</b>	<u>1,039,742</u>	<u>5,051</u>
<b>MEMBERS' EQUITY, END OF YEAR</b>	<u>\$ 1,313,619</u>	<u>\$ 1,039,742</u>

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

THE JOINT HEALTH SCIENCES CONDOMINIUM ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenues Over Expenses	\$ 273,877	\$ 1,034,691
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided By Operating Activities:		
(Increase) Decrease in:		
Prepaid Insurance Expense	(10,498)	-
Accounts Receivable	-	229,229
Accounts Payable	(121,310)	86,679
Accrued Expenses	36,198	17,663
Rutgers University Prepaid Assessment	(155,804)	155,804
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>22,463</u>	<u>1,524,066</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Loan Payable to the Board of Governors	(68,669)	-
Proceeds from Loan Payable to the Board of Governors	-	343,342
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(68,669)</u>	<u>343,342</u>
NET INCREASE (DECREASE) IN CASH	(46,206)	1,867,408
CASH, BEGINNING OF THE YEAR (OVERDRAFT)	<u>1,807,254</u>	<u>(60,154)</u>
CASH AT END OF YEAR	<u>\$ 1,761,048</u>	<u>\$ 1,807,254</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**

<b><u>Units</u></b>	<b><u>Undivided Interests</u></b>
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, 2021 and 2020, respectively, 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, 2021 and 2020**

<b><u>Occupant</u></b>	<b><u>Prorata Share</u></b>
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, 2021 and 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 fiscal years ended September 30, 2021 and 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. On February 11, 2021, the Association extended their agreement contract with a facility management company that will continue in force until May 31, 2022. The contract amount for the service is \$31,165 per month. The facility manager expense was \$374,603 and \$373,985 for the fiscal years 2021 and 2020, respectively.

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 \$274,673 and \$343,342 as of September 30, 2021 and 2020, respectively. See also Note 7.

Note 7: LOAN PAYABLE TO BOARD OF GOVERNORS

The Association has a loan payable of \$274,673 and \$343,342 due to the Rowan University/Rutgers Camden Board of Governors as of September 30, 2021 and 2020, respectively. The loan consists of five yearly installments of \$68,668. Repayments started in the fiscal years 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 \$1,511,048 and \$1,557,254 at September 30, 2021 and 2020, respectively.

**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 5, 2022, the date that the financial statements were available to be issued.