

## EIGHTEENTH AMENDMENT

Apartment Corporation:

PATRICIA GARDENS OWNERS, INC.

Holder of Unsold Shares:

DEARBORN UNITS CORP. ("Dearborn")

LEONARDSON, LLC ("Leonardson")

SEF CONSULTING LLC ("SEF")

DAYTONA PROPERTY LLC ("Daytona")

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1825, 1829 and 1833 Palmer Avenue, Larchmont, New York, dated August 1, 1984 as heretofore amended (the "Plan") is hereby further amended as follows:

**FIRST: Certified Financial Statement**

The most recent Certified Financial Statement for the year ending December 31, 2019 and December 31, 2018 is annexed hereto as Document 1. Dearborn has not participated in the preparation of these documents and has not independently verified the information contained therein. Leonardson has not participated in the preparation of these documents and has not independently verified the information contained therein. SEF has not participated in the preparation of these documents and has not independently verified the information contained therein. Daytona has not participated in the preparation of these documents and has not independently verified the information contained therein. The copies were obtained from the Apartment Corporation.

**SECOND: Budget**

The 2020 Budget for the Apartment Corporation as provided by the Corporation's managing agent is annexed hereto as Document 2. Dearborn has not participated in the preparation of these documents and has not independently verified the information contained therein. Leonardson has not participated in the preparation of these documents and has not independently verified the information contained therein. SEF has not participated in the preparation of these documents and has not independently verified the information contained therein. Daytona has not participated in the preparation of these documents and has not independently verified the information contained therein.

**THIRD: Directors and Officers of the Apartment Corporation**

The Sponsor relinquished control of the Board of Directors of the Apartment Corporation on April 20, 1987 when the Sponsor initially transferred title in the property to the apartment corporation. The current Board of Directors of the Apartment Corporation was elected at the annual stockholders' meeting which was held on November 29, 2018. The following were elected as officers and directors:

Arthur Coleman – President  
Robert Orlofsky – Vice President  
Katie FitzGerald – Secretary  
Ellen Chase – Treasurer  
Eric Gelb – Director

None of the foregoing are affiliated with Palmer, Leonardson, SEF, Daytona or Dearborn.

**FOURTH: Holder of Unsold Shares/Sponsor's Financial Disclosure**

**I. Dearborn Units Corp:**

(a) A list of the apartments currently held by Dearborn is set forth in Document 3 annexed hereto.

(b) The aggregate monthly maintenance payable for all unsold shares owned by Dearborn is \$3,457.05.

(c) The current aggregate monthly rents payable by tenants residing in apartments owned by Dearborn is approximately \$7,485.07.

(d) Dearborn is not aware of any financial obligations to the Apartment Corporation which will become due within twelve (12) months of the date hereof (other than the payment of maintenance charges).

(e) No unsold shares have been pledged as collateral for loans or otherwise represent security for financial arrangements.

(f) The maintenance obligations of Dearborn, as set forth above, will be funded from the receipt of rental income and the net proceeds of the sale of Unsold Shares held by Dearborn.

(g) Dearborn is current on all financial obligations owed to the Apartment Corporation, including, but not limited to, maintenance charges, assessments and payments for repairs or improvements required by the Plan.

(h) Dearborn is not in control of the Board of Directors of the Apartment Corporation.

**II. Leonardson, LLC:**

(a) A list of the apartments currently held by Leonardson is set forth in Document 3 annexed hereto.

(b) The aggregate monthly maintenance payable for all unsold shares owned by Leonardson is \$5,520.07.

(c) The current aggregate monthly rents payable by tenants residing in apartments

owned by Leoanrdson is approximately \$5,490.46.

(d) Dearborn is not aware of any financial obligations to the Apartment Corporation which will become due within twelve (12) months of the date hereof (other than the payment of maintenance charges).

(e) No unsold shares have been pledged as collateral for loans or otherwise represent security for financial arrangements.

(f) The maintenance obligations of Leoanrdson, as set forth above, will be funded from the receipt of rental income and the net proceeds of the sale of Unsold Shares held by Leoanrdson.

(g) Leoanrdson is current on all financial obligations owed to the Apartment Corporation, including, but not limited to, maintenance charges, assessments and payments for repairs or improvements required by the Plan.

(h) Leoanrdson is not in control of the Board of Directors of the Apartment Corporation.

### **III. SEF Consulting LLC:**

(a) A list of the apartments currently held by SEF is set forth in Document 3 annexed hereto.

(b) The aggregate monthly maintenance payable for all unsold shares owned by SEF is \$6,119.88.

(c) The current aggregate monthly rents payable by tenants residing in apartments owned by SEF is approximately \$11,265.00.

(d) SEF is not aware of any financial obligations to the Apartment Corporation which will become due within twelve (12) months of the date hereof (other than the payment of maintenance charges).

(e) No unsold shares have been pledged as collateral for loans or otherwise represent security for financial arrangements.

(f) The maintenance obligations of SEF, as set forth above, will be funded from the receipt of rental income and the net proceeds of the sale of Unsold Shares held by SEF.

(g) SEF is current on all financial obligations owed to the Apartment Corporation, including, but not limited to, maintenance charges, assessments and payments for repairs or improvements required by the Plan.

(h) SEF is not in control of the Board of Directors of the Apartment Corporation.

### **IV. Daytona Property LLC:**

(a) A list of the apartments currently held by Daytona is set forth in Document 3 annexed hereto.

(b) The aggregate monthly maintenance payable for all unsold shares owned by Daytona is \$2,005.36.

(c) The current aggregate monthly rents payable by tenants residing in apartments owned by Daytona is approximately \$3,675.00.

(d) Daytona is not aware of any financial obligations to the Apartment Corporation which will become due within twelve (12) months of the date hereof (other than the payment of maintenance charges).

(e) No unsold shares have been pledged as collateral for loans or otherwise represent security for financial arrangements.

(f) The maintenance obligations of Daytona, as set forth above, will be funded from the receipt of rental income and the net proceeds of the sale of Unsold Shares held by Daytona.

(g) Daytona is current on all financial obligations owed to the Apartment Corporation, including, but not limited to, maintenance charges, assessments and payments for repairs or improvements required by the Plan.

(h) Daytona is not in control of the Board of Directors of the Apartment Corporation.

**FIFTH: Maintenance Charges**

The current maintenance charges are \$29.10 per share per month, as set by the Board of Directors of the Apartment Corporation.

**SIXTH: Price Increase**

The cash purchase price to be paid for the remaining unsold units has been increased to \$378.05 per share as set forth on Document 3.

**SEVENTH: List and Status of Holder of Unsold Shares's Other Public Offerings**

**I. DEARBORN UNITS CORP:**

The principals of Dearborn do not currently own more than ten (10%) percent of the unsold shares or units in any other cooperatives, condominiums or homeowners associations, except for (i) Orienta Gardens, Inc., 1015 Old Post Road / 953 West Boston Post Road, Mamaroneck, New York; DOL file # NA050070 and (ii) 345 Montgomery Owners Corp., 345 Montgomery Street, Brooklyn, New York; DOL File # C840296.

**II. LEONARDSON, LLC:**

The principals of Leonardson do not currently own more than ten (10%) percent of the unsold shares or units in any other cooperatives, condominiums or homeowners associations.

**III. SEF CONSULTING LLC:**

The principals of SEF do not currently own more than ten (10%) percent of the unsold shares or units in any other cooperatives, condominiums or homeowners associations.

**EIGHTH: Definitions**

All terms used in this Amendment not otherwise defined herein shall have the same meanings ascribed to them as in the Plan.

**NINTH: Incorporation of the Amended Plan**

The Plan and the Amendments thereto, as modified and supplemented hereby, are incorporated herein by reference with the same effect as if set forth at length.

**TENTH: Effective Period for Using the Plan is Extended**

The Plan, as modified and supplemented hereby, may not be used after twelve (12) months following the Filing Date of this Amendment unless the Plan is further amended or extended.

**ELEVENTH: Tax Cuts and Jobs Act of 2017**

On January 1, 2018, the Tax Cuts and Jobs Act of 2017 went into effect. This federal law significantly changed the previously existing Internal Revenue Code, including the taxes and deductions related to homeownership. Accordingly, the tax information and projections disclosed in this offering plan may be inaccurate because such are based on federal tax law as it existed prior to 2018. Purchasers are advised to consult with a tax expert regarding whether the new law will affect the purchaser's taxes. Purchasers should not rely on any representations in this offering plan addressing taxes without first consulting a tax expert.

**TWELFTH: FinCEN Geographic Targeting Order**

On November 17, 2018 the U.S. Department of the Treasury Financial Crimes Enforcement Network ("FinCEN") revised geographic targeting order ("GTO") became effective requiring U.S. title insurance companies to report to FinCEN the personal identity of purchasers in residential real estate transactions in which:

- 1) the purchaser is a legal entity as defined in the GTO;
- 2) the purchaser purchases residential real property located in the Boroughs of Bronx, Brooklyn, Queens, Manhattan, and Staten Island;
- 3) the total purchase price is in in the amount of \$300,000 or more;
- 4) such purchase is made without a bank loan or other similar form of external financing; and

- 5) the purchase is made, at least in part, using currency or a cashier's check, a certified check, a traveler's check, a personal check, a business check, a money order in any form, a funds transfer, or virtual currency.

As long as the GTO remains in effect, its reporting requirements apply to all residential real property closings meeting the above criteria and occurring on or after November 17, 2018 (the revised GTO's effective date).

**FOURTEENTH: New York State's Additional Transfer Tax and New Supplemental Tax**

On March 31, 2019, New York State announced additions to the base real estate transfer tax ("transfer tax") and established a new supplemental tax ("supplemental tax") on certain conveyances of real property within New York State. These amended tax rates apply only to conveyances of real property in cities with a population of 1 million or more (which includes only New York City as of the date of this amendment). The additional transfer tax applies only to conveyances of residential real property when the consideration for the conveyance is \$3 million or more, and conveyances of any other property when the consideration for the conveyance is \$2 million or more. The new supplemental tax applies only to conveyances of residential real property when the consideration for the conveyance is \$2 million or more. The additional transfer tax and new supplemental tax apply to all applicable transfers occurring after July 1, 2019. Further information regarding the amended transfer tax and additional supplemental tax is available at the following web address: [https://www.tax.ny.gov/pdf/memos/real\\_estate/m19-1r.pdf](https://www.tax.ny.gov/pdf/memos/real_estate/m19-1r.pdf). The additional transfer tax and new supplemental tax may increase the typical closing costs as disclosed in the Offering Plan, and purchasers are advised to consult with their attorney and/or a tax expert to determine the tax implications of their purchase.

**FIFTEENTH: No Material Changes**

Except as set forth in this Amendment, there have been no material changes to the Plan.

Dearborn Units Corp., Leonardson, LLC,  
Daytona Property LLC and SEF Consulting LLC  
Holder of Unsold Shares

DOCUMENT 1

Financial Statements for Year Ending in December 2019

**PATRICIA GARDENS OWNERS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**



**PATRICIA GARDENS OWNERS, INC.**

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**PATRICIA GARDENS OWNERS, INC.**

**Balance Sheets**

**As of December 31,**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in Banks	4,169	36,025
Cash in Operating Account	33,835	25,917
Tenants' Accounts Receivable	10,899	13,190
Mortgagee Escrow Deposits	78,892	77,374
Prepaid Expenses	39,209	37,147
<b>Total Current Assets</b>	<u>167,004</u>	<u>189,653</u>
<b>RESERVE FOR CONTINGENCIES</b>		
Cash and Money Funds	<u>378,336</u>	<u>572,793</u>
<b>PROPERTY AND EQUIPMENT -</b>		
<b>Net Book Value</b>	<u>2,107,653</u>	<u>1,941,865</u>
<b>OTHER ASSETS</b>		
Investment in NCB Stock	<u>8,990</u>	<u>8,990</u>
<b>Total Other Assets</b>	<u>8,990</u>	<u>8,990</u>
<b>TOTAL ASSETS</b>	<u>2,661,983</u>	<u>2,713,301</u>

	<u>2019</u>	<u>2018</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	22,003	34,388
Accrued Interest on Mortgage	9,838	10,051
Rents Received in Advance	10,644	6,479
Exchanges Payable	8,220	9,243
First Mortgage Payable - Amortization payments due within one year	<u>67,207</u>	<u>64,971</u>
<b>Total Current Liabilities</b>	<u>117,912</u>	<u>125,132</u>
<b>LONG-TERM LIABILITIES</b>		
Security Deposits	14,975	17,326
First Mortgage Payable (Due after one year)	2,923,460	2,990,667
Less: Unamortized Debt Issuance Costs	<u>(35,131)</u>	<u>(40,986)</u>
<b>Total Long-Term Liabilities</b>	<u>2,903,304</u>	<u>2,967,007</u>
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Common Stock \$1.00 par value; Authorized, 35,000 shares, Issued and Outstanding 33,282	33,282	33,282
Paid-in Capital	1,444,908	1,444,908
Retained Earnings (Deficit)	(1,884,923)	(1,904,528)
Appropriated Retained Earnings:		
Reserve for Contingencies	<u>47,500</u>	<u>47,500</u>
<b>Total Stockholders' Equity (Deficit)</b>	<u>(359,233)</u>	<u>(378,838)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<u>2,661,983</u>	<u>2,713,301</u>

*See accompanying notes and auditors' report*

**PATRICIA GARDENS OWNERS, INC.**

**Statements of Income (Loss)**

**For the years ended December 31,**

	<u>2019</u>	<u>2018</u>
<b>INCOME</b>		
Carrying Charge	682,091	674,296
Parking Income	20,520	16,560
Sublet Income	0	660
Resale Waiver Fee	3,000	0
Laundry Room Income	4,800	4,800
NCB Dividend	2,442	1,956
Interest Income	8,415	6,138
Miscellaneous Income	2,370	2,639
<b>Total Income</b>	<u>723,638</u>	<u>707,049</u>
<b>EXPENSES</b>		
Administrative Expenses	52,287	55,159
Utilities Expenses	73,438	99,312
Maintenance Expenses	148,505	164,718
Taxes and Insurance Expenses	236,234	234,656
Financial Expenses	116,984	119,455
Interest Expense - Debt Issuance Costs	5,855	5,855
<b>Total Expenses Before Depreciation</b>	<u>633,303</u>	<u>679,155</u>
<b>NET INCOME BEFORE DEPRECIATION</b>	90,335	27,894
Depreciation Expense	<u>(70,730)</u>	<u>(67,280)</u>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<u>19,605</u>	<u>(39,386)</u>

*See accompanying notes and auditors' report*

**PATRICIA GARDENS OWNERS, INC.**

**Statements of Retained Earnings (Deficit)**

**For the years ended December 31,**

	<u>2019</u>	<u>2018</u>
<b>RETAINED EARNINGS (DEFICIT) - Beginning of Year</b>	(1,904,528)	(1,865,142)
Net Income (Loss) for the Year	<u>19,605</u>	<u>(39,386)</u>
<b>RETAINED EARNINGS (DEFICIT) - End of Year</b>	<u>(1,884,923)</u>	<u>(1,904,528)</u>

*See accompanying notes and auditors' report*

# PATRICIA GARDENS OWNERS, INC.

## Statements of Cash Flows

For the years ended December 31,

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Net Income (Loss)	19,605	(39,386)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	70,730	67,280
Interest Expense - Debt Issuance Costs	5,855	5,855
Revenue allocated to financing activities	(64,971)	(62,506)
Decrease (Increase) in operating assets		
Tenants' Accounts Receivable	2,291	990
Mortgagee Escrow Deposits	(1,518)	6,322
Prepaid Expenses	(2,062)	(15,094)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(12,385)	9,669
Accrued Interest Payable	(213)	(206)
Rents Received in Advance	4,165	4,752
Deposits and Exchanges	(3,374)	2,113
<b>Net cash provided (used) by operating activities</b>	<u>18,123</u>	<u>(20,211)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of Property and Equipment	<u>(236,518)</u>	<u>(24,480)</u>
<b>Cash Flows From Financing Activities</b>		
Increase in Reserve Funds	194,457	2,246
Portion of Carrying Charges applied to Monthly Amortization of Mortgage	64,971	62,506
Monthly Amortization of Mortgage	<u>(64,971)</u>	<u>(62,506)</u>
<b>Net cash provided by financing activities</b>	<u>194,457</u>	<u>2,246</u>
<b>Decrease in Cash and Cash Equivalents (carryforward)</b>	(23,938)	(42,445)

See accompanying notes and auditors' report

**PATRICIA GARDENS OWNERS, INC.**

**Statements of Cash Flows**

**For the years ended December 31,**

	<u>2019</u>	<u>2018</u>
<b>Decrease in Cash and Cash Equivalents (brought forward)</b>	(23,938)	(42,445)
Cash and Cash Equivalents at Beginning of Year	<u>61,942</u>	<u>104,388</u>
<b>Cash and Cash Equivalents at End of Year (see below)</b>	<u>38,004</u>	<u>61,943</u>
<b>Represented by:</b>		
Cash in Banks and On Hand	4,169	36,025
Cash in Operating Account	<u>33,835</u>	<u>25,917</u>
<b>Cash and Cash Equivalents (as above)</b>	<u>38,004</u>	<u>61,942</u>
<b>Supplemental Disclosure:</b>		
Interest Paid	<u>117,197</u>	<u>119,661</u>
Taxes Paid	<u>3,070</u>	<u>3,050</u>

*See accompanying notes and auditors' report*

# PATRICIA GARDENS OWNERS, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 1

#### Organization

Pursuant to a Plan to Convert to Cooperative Ownership dated June 29, 1984, and as amended, title to the land and building known as Patricia Gardens, Larchmont, New York, was conveyed by the sponsor to Patricia Gardens Owners, Inc. on February 12, 1985. Patricia Gardens Owners, Inc. is a cooperative housing corporation whose primary purpose is to manage the operations of its buildings, consisting of 65 residential apartments, and maintain common elements.

The sponsor elected to treat the transfer of the real property to the cooperative as an exchange in accordance with Section 351 of the Internal Revenue Code. As a result, the cooperative's tax basis of the land and the building is the same as in the hands of the sponsor on the date of transfer. The lower basis of the property will result in lower depreciation deductions for tax purposes, as compared with that shown in the financial statements.

### Note 2

#### Summary of Significant Accounting Policies

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of income (loss).

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The cooperative classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost.



# PATRICIA GARDENS OWNERS, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 2

#### Summary of Significant Accounting Policies - continued

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is being carried at cost. Depreciation of the buildings is being computed by the straight-line method using a life of thirty-five years. Depreciation of building improvements is being computed by the straight-line method over periods from twenty-seven and one-half years to thirty-five years.

Costs incurred in obtaining long-term financing, included under mortgage payable on the balance sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreement. The amortization of these costs are being recognized as interest expense-debt issuance costs on the statements of income (loss).

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.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

### Note 3

#### Concentration of Credit Risk

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested.

# PATRICIA GARDENS OWNERS, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 4

#### Property and Equipment

Property and Equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	2,188,164	1,951,646
Furniture and Fixtures	<u>20,087</u>	<u>20,087</u>
	4,611,211	4,374,693
Less: accumulated depreciation	<u>2,503,558</u>	<u>2,432,828</u>
Total Property and Equipment	<u>2,107,653</u>	<u>1,941,865</u>

Depreciation expense for the years ending December 31, 2019 and 2018 was \$70,730 and \$67,280, respectively.

### Note 5

#### Mortgages Payable

On August 26, 2015, the cooperative refinanced its previous mortgages and line of credit with a new mortgage held by National Cooperative Bank (NCB) in the principal sum of \$3,250,000. The new mortgage which consolidated the prior two mortgages and line of credit previously held by NCB, requires monthly payments in the amount of \$15,180.64, which includes principal and interest calculated at a rate of 3.82% per annum pursuant to a thirty year amortization schedule. The mortgage matures on September 1, 2025 at which time the entire unpaid principal and accrued interest will be due and payable.

Principal maturities of the mortgage are as follows:

2020	67,207
2021	70,182
2022	72,949
2023	75,825
2024	78,520
Thereafter	2,625,984

Pursuant to the loan agreement with NCB, the cooperative was required to purchase shares of NCB Class B1 Capital Stock. This stock is reflected on the cooperative's balance sheet with a cost basis of \$8,990. For the year December 31, 2019 and 2018, the cooperative received \$2,442 and \$1,956, respectively in patronage dividends.

# PATRICIA GARDENS OWNERS, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 6**

**Reserve Fund**

The cooperative maintains a contingency reserve fund to be used for capital repairs, replacements and improvements, or for such other cooperative purposes as are determined by the Board. As of December 31, 2019 and 2018, specific funds held in the Reserve for Contingencies totaled \$378,336 and \$572,793, respectively.

The amount accumulated in the contingency fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the cooperative can increase regular carrying charges, pass special assessments, borrow needed funds, or delay major repairs and replacements until funds are available.

**Note 7**

**Sponsor/Holder of Unsold Shares Ownership**

As of December 31, 2019 and 2018, the sponsor/holder of unsold shares owned approximately 30% of the outstanding shares of the cooperative's stock, representing nineteen apartments. As of that date, the sponsor/holder of unsold shares was current in the payment of carrying charges.

The most recent Disclosure Statement filed with the Attorney General's Office (sixteenth amendment to the Cooperative Offering Plan) dated November 9, 1995, indicates that the aggregate monthly maintenance for all unsold shares is \$9,200. The aggregate monthly rents received from tenants residing in the apartments owned by the sponsor/holder of unsold shares is \$11,096. No subsequent amendments have been filed.

**Note 8**

**Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2019 and 2018. The cooperative participated in this multi-employer plan, for the years ended December 31, 2019 and 2018 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2022 and the cooperative has no intention of withdrawing from the plan.

# PATRICIA GARDENS OWNERS, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 8

#### **Benefits - continued**

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at December 31, 2019 and 2018. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. This rehabilitation plan currently involves a surcharge to the cooperative.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2019 and 2018. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.

The cooperative made the following contributions to the plans:

	<u>2019</u>	<u>2018</u>
Pension Contributions	4,008	3,746
Health Contributions	18,408	17,196

The cooperative's contributions to the plan were not greater than 5% of the plan's total contributions.

# PATRICIA GARDENS OWNERS, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 9**

**Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2019 and 2018. The abatements, which include Star and Veterans abatements (where applicable) have been passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Exchanges Payable. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

**Note 10**

**Income Taxes**

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. New York State Franchise taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

Losses incurred in years prior to 2018, may be carried forward for twenty years from the year incurred and may be used to offset 100% of taxable income. Due to a change in the tax law, federal net operating losses incurred in 2018 and thereafter may be carried forward indefinitely, but may only be used to offset 80% of taxable income each year.

As of December 31, 2019, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$1,825,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,682,100 which expire beginning in 2020 and continuing through 2037 and carryforwards of approximately \$142,900 which were incurred in 2018 and thereafter. New York State substantially limits the use of these net operating loss carryforwards.

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

# PATRICIA GARDENS OWNERS, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 11**

**Future Major Repairs and Replacements**

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

**Note 12**

**Subsequent Events**

Management has evaluated subsequent events through March 4, 2020, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

**To the Board  
PATRICIA GARDENS OWNERS, INC.**

We have audited the financial statements of Patricia Gardens Owners, Inc. as of and for the years ended December 31, 2019 and 2018, and our report thereon dated March 4, 2020, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts, which is the responsibility of the entity's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information 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, that 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.

*Bloom and Streit LLP*

**BLOOM AND STREIT LLP  
Certified Public Accountants  
March 4, 2020**

**PATRICIA GARDENS OWNERS, INC.**

**Schedule of Budget with Actual Operating Amounts**

	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b><u>Dec. 31, 2019</u></b>	<b><u>Dec. 31, 2019</u></b>	<b><u>Dec. 31, 2018</u></b>
	<b>(Unaudited)</b>		
<b>RECEIPTS</b>			
Carrying Charges	682,089	682,091	674,296
Parking Income	20,700	20,520	16,560
Sublet Income	0	0	660
Resale Waiver Fee	0	3,000	0
Laundry Room Income	4,800	4,800	4,800
NCB Dividend	0	2,442	1,956
Interest and Miscellaneous Income	4,000	10,785	8,777
<b>Total Receipts</b>	<u>711,589</u>	<u>723,638</u>	<u>707,049</u>
<b>EXPENDITURES</b>			
<b>ADMINISTRATIVE EXPENSES</b>			
Management Fee	30,000	30,000	30,000
Legal Expense	500	3,249	3,965
Auditing	9,350	9,350	9,350
Telephone	2,000	1,897	2,080
Office and Administrative Expenses	6,000	7,791	9,764
<b>Total Administrative Expenses</b>	<u>47,850</u>	<u>52,287</u>	<u>55,159</u>
<b>UTILITIES EXPENSES</b>			
Heat	55,000	31,886	60,993
Electricity and Gas	13,500	11,745	13,083
Water	18,000	29,807	25,236
<b>Total Utilities Expenses</b>	<u>86,500</u>	<u>73,438</u>	<u>99,312</u>
<b>MAINTENANCE EXPENSES</b>			
Payroll and Additional Labor	85,000	89,922	79,996
Supplies	12,000	13,099	10,531
Repairs and Maintenance	25,000	20,388	24,520
Temporary Generator and Rental Installation	0	0	23,352
Landscaping and Trees	14,500	20,858	21,050
Exterminating	5,500	4,238	5,269
<b>Total Maintenance Expenses</b>	<u>142,000</u>	<u>148,505</u>	<u>164,718</u>

*See auditors' report on supplementary information*



**PATRICIA GARDENS OWNERS, INC.**

**Schedule of Budget with Actual Operating Amounts**

	<b>Budget Year Ended <u>Dec. 31, 2019</u> (Unaudited)</b>	<b>Actual Year Ended <u>Dec. 31, 2019</u></b>	<b>Actual Year Ended <u>Dec. 31, 2018</u></b>
<b>TAXES AND INSURANCE</b>			
Real Estate Taxes	175,000	163,940	165,533
Payroll Taxes	4,500	4,444	4,220
Insurance	45,000	41,386	39,801
Union Welfare and Pension Fund	23,000	23,394	22,052
Franchise Taxes	3,000	3,070	3,050
<b>Total Taxes and Insurance</b>	<u>250,500</u>	<u>236,234</u>	<u>234,656</u>
<b>FINANCIAL EXPENSES</b>			
Interest on Mortgage	117,197	116,984	119,455
<b>Total Financial Expenses</b>	<u>117,197</u>	<u>116,984</u>	<u>119,455</u>
<b>CONTRIBUTIONS TO EQUITY</b>			
Amortization of Mortgage	64,971	64,971	62,506
<b>Total Contributions to Equity</b>	<u>64,971</u>	<u>64,971</u>	<u>62,506</u>
<b>Total Expenditures</b>	<u>709,018</u>	<u>692,419</u>	<u>735,806</u>
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>	<u>2,571</u>	<u>31,219</u>	<u>(28,757)</u>

*See auditors' report on supplementary information*

DOCUMENT 2

2020 Budget

**PATRICIA GARDENS OWNERS, INC.**  
**APPROVED OPERATING BUDGET**  
**For the Year Ending December 31, 2020**

**RECEIPTS**

CARRYING CHARGES - APARTMENTS	(*) 702,552	
PARKING INCOME	20,700	
RENTAL INCOME	-	
LAUNDRY ROOM INCOME	4,800	
INTEREST AND MISCELLANEOUS INCOME	3,000	
TOTAL RECEIPTS	<u>          </u>	731,052

**EXPENDITURES**

**ADMINISTRATIVE EXPENSES**

MANAGEMENT FEE	33,000	
LEGAL FEE AND DISBURSEMENTS	5,000	
AUDITING	9,800	
TELEPHONE/INTERNET/BOILER ALARM	2,000	
OFFICE AND ADMINISTRATIVE EXPENSES	6,000	
TOTAL ADMINISTRATIVE EXPENSES	<u>          </u>	55,800

**UTILITIES EXPENSES**

HEATING FUEL	55,000	
ELECTRICITY	11,500	
WATER	23,500	
GAS	1,000	
TOTAL UTILITIES EXPENSES	<u>          </u>	91,000

**MAINTENANCE EXPENSES**

MAINTENANCE PAYROLL	55,000	
ADDITIONAL LABOR	33,000	
SUPPLIES	12,000	
LANDSCAPING AND TREE WORK	20,000	
SNOW REMOVAL	2,000	
REPAIRS AND MAINTENANCE	25,000	
EXTERMINATING	5,500	
TOTAL MAINTENANCE EXPENSES	<u>          </u>	152,500

**PATRICIA GARDENS OWNERS, INC.**  
**APPROVED OPERATING BUDGET (cont'd)**  
**For the Year Ending December 31, 2020**

<b>TAXES AND INSURANCE</b>		
REAL ESTATE TAXES	173,000	
PAYROLL TAXES	4,500	
INSURANCE	45,000	
UNION WELFARE AND PENSION FUND	24,250	
NEW YORK STATE FRANCHISE TAX	3,000	
TOTAL TAXES AND INSURANCE	<u>249,750</u>	
<b>FINANCIAL EXPENSES</b>		
INTEREST ON FIRST MORTGAGE		114,740
<b>CONTRIBUTIONS TO EQUITY</b>		
AMORTIZATION OF FIRST MORTGAGE		<u>67,208</u>
TOTAL EXPENDITURES		<u>730,998</u>
<b>NET SURPLUS</b>		<u><u>54</u></u>

(\*) Carrying Charges reflect an approved increase of 3%, effective January 1, 2020.

DOCUMENT 3

Unsold Shares Owned by Dearborn Units Corp.

Unit	Maintenance	Shares	Rent	Purchase Price
1829 #1B	\$879.55	515	\$1,600.00	\$194,695.12
1829 #3D	\$700.22	410	\$1,650.00	\$155,000.00
1833 #2F	\$920.88	507	\$795.07	\$191,671.35
1833 #3J	\$956.40	560	\$1,540.00	\$211,708.00
1825 #1D	\$751.46	440	\$1,900.00	\$166,342.00

Unsold Shares Owned by LEONARDSON, LLC

Unit	Maintenance	Shares	Rent	Purchase Price
1825 #2B	\$1,130.95	630	\$870.61	\$238,171.50
1825 #3C	\$845.39	495	1,575.00	\$187,134.75
1829 #3A	\$722	410	VACANT	\$155,000.00
1833 #3A	\$717.30	420	\$1,650.00	\$158,781.00
1833 #3C	\$1,148.03	640	\$698.77	\$241,952.00
1833 #3K	\$956.40	560	\$696.08	\$211,708.00

Unsold Shares Owned by SEF CONSULTING LLC

Unit	Maintenance	Shares	Rent	Purchase Price
1825 #3F	\$1,125.82	640	\$2,050.00	\$241,952.00
1829 #2C	\$1,108.23	630	\$2,100.00	\$238,171.50
1829 #2G	\$649.11	369	\$1,365.00	\$139,500.45
1829 #1C	\$1,125.82	640	\$1,950.00	\$241,952.00
1833 #1K	\$1,029.06	585	\$2,000.00	\$221,159.25
1833 #3E	\$1,081.84	615	\$1,800.00	\$232,500.75

Unsold Shares Owned by DAYTONA PROPERTY LLC

Unit	Maintenance	Shares	Rent	Purchase Price
1829 #1F	\$1,143.40	650	\$2,050.00	\$245,732.50
1833 #3B	\$861.96	490	\$1,625.00	\$185,244.50

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**From:**  
**Sent:** Thursday, August 20, 2020 12:33 PM  
**To:**  
**Subject:** FW: C830250 - Patricia Gardens Owners, Inc. - Amendment 18

Good Afternoon:

The Department of Law ("DOL") has accepted and filed the above-referenced amendment as of 8/4/2020. This amendment extends the term of the offering plan for 12 months from the date of filing of this amendment.

However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment. Any misstatement or concealment of material fact in the materials submitted as part of this amendment renders this filing void ab initio. The DOL has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or any waiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this acceptance email is conditioned upon the collection of all fees imposed by law.

**This email shall serve as the DOL's official acceptance for filing letter for the above-referenced amendment; no other acceptance for filing letter will be issued by the DOL for this amendment.** This email constitutes a public record and any alteration to this email may constitute a criminal offense.

Please note that the DOL may issue administrative deficiencies while processing this amendment's acceptance for filing. It is the sponsor's responsibility to cure all such deficiencies in an expeditious manner. If there are any outstanding deficiencies at the time of submission of the next amendment to this offering plan, the DOL reserves the right to reject the submission of such amendment until all outstanding deficiencies are cured. **Notwithstanding, this will not impact this amendment's date of acceptance for filing.**

Please note that due to the COVID-19 state of emergency, the DOL temporarily is suspending its requirement for a paper copy and a digital copy (on a CD-ROM, DVD, USB flash drive, or external hard drive) of the final amendment until further notice. Therefore, please do **not** send such documents to the DOL.

If you have any questions or comments, please feel free to contact me. Thank you.

Very truly yours,  
Constance Leperides