

**HARTSDALE GARDENS OWNERS CORP.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

**HARTSDALE GARDENS OWNERS CORP.**

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MARK COHEN, CPA  
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LORI B. LERMAN, CPA

## INDEPENDENT AUDITORS' REPORT

### **To the Board HARTSDALE GARDENS OWNERS CORP.**

#### ***Opinion***

We have audited the accompanying financial statements of Hartsdale Gardens Owners Corp., which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of loss, retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp., as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We have conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hartsdale Gardens Owners Corp., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 12, the entity has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hartsdale Gardens Owners Corp.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hartsdale Gardens Owners Corp.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hartsdale Gardens Owners Corp.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bloom and Streit LLP*  
BLOOM AND STREIT LLP  
Certified Public Accountants  
March 29, 2022

# HARTSDALE GARDENS OWNERS CORP.

## Balance Sheets

As of December 31,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in Operating Account	4,140	17,600
Cash in Bank - Money Market Accounts	75,176	102,881
Investments - Certificates of Deposit	200,000	483,890
Tenants' Accounts Receivable	9,694	8,294
Mortgage Escrow Deposits	200,703	192,351
Prepaid Expenses	8,937	10,323
<b>Total</b>	<u>498,650</u>	<u>815,339</u>
Less: Allocated to Funds (see below)	<u>(272,876)</u>	<u>(584,776)</u>
<b>Total Current Assets</b>	<u>225,774</u>	<u>230,563</u>
<b>FUNDS</b>		
Contingency Reserve:		
Reserve for Replacements (see above)	<u>272,876</u>	<u>584,776</u>
<b>PROPERTY AND EQUIPMENT -</b>		
<b>Net Book Value</b>	<u>2,117,648</u>	<u>1,867,424</u>
<b>OTHER ASSETS</b>		
Investment in National Cooperative Bank	<u>8,070</u>	<u>8,070</u>
<b>Total Other Assets</b>	<u>8,070</u>	<u>8,070</u>
<b>TOTAL ASSETS</b>	<u>2,624,368</u>	<u>2,690,833</u>

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	39,239	19,841
Accounts Payable - Capital Improvements	3,000	0
Accrued Interest	10,959	11,224
Star Credit Due to Stockholders	15,973	17,664
Rents Received in Advance	4,133	3,629
Security Deposits	16,479	16,104
Mortgage Payable - Amortization payments due within one year	<u>83,147</u>	<u>79,977</u>
<b>Total Current Liabilities</b>	<u>172,930</u>	<u>148,439</u>
<b>LONG-TERM LIABILITIES</b>		
First Mortgage Payable - Net of Payments due within one year	3,231,173	3,314,321
Less: Unamortized Debt Issuance Costs	<u>(28,416)</u>	<u>(35,671)</u>
<b>Total Long-Term Liabilities</b>	<u>3,202,757</u>	<u>3,278,650</u>
<b>STOCKHOLDERS' DEFICIT</b>		
Common Stock \$1.00 par value; 33,137 shares authorized; issued and outstanding	33,137	33,137
Paid-in Capital	3,636,536	3,636,536
Retained Earnings (Deficit)	<u>(4,420,992)</u>	<u>(4,405,929)</u>
<b>Total Stockholders' Deficit</b>	<u>(751,319)</u>	<u>(736,256)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u>2,624,368</u>	<u>2,690,833</u>

*See accompanying notes and auditors' report*

# HARTSDALE GARDENS OWNERS CORP.

## Statements of Loss

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
<b>INCOME</b>		
Carrying Charges - Net Uncollectable Charges	972,740	963,109
Parking Income	58,270	59,081
Rental Income	47,275	42,323
Laundry Room Income	11,100	11,100
Storage Income	5,889	7,310
Interest/Dividend Income	10,222	10,455
Miscellaneous Income	152	85
Gain on Extinguishment of Debt - PPP Loan	38,850	0
<b>Total Income</b>	<u>1,144,498</u>	<u>1,093,463</u>
<b>EXPENSES</b>		
Administrative Expenses	52,978	52,642
Maintenance Expenses	337,114	303,926
Utilities Expenses	156,561	132,293
Taxes and Insurance Expenses	396,913	392,226
Financial Expenses	130,464	133,890
Interest Expense - Debt Issuance Costs	7,255	7,255
<b>Total Expenses Before Depreciation</b>	<u>1,081,285</u>	<u>1,022,232</u>
<b>NET INCOME BEFORE DEPRECIATION</b>	63,213	71,231
Depreciation	<u>(78,276)</u>	<u>(77,753)</u>
<b>NET LOSS FOR THE PERIOD</b>	<u>(15,063)</u>	<u>(6,522)</u>

*See accompanying notes and auditors' report*



**HARTSDALE GARDENS OWNERS CORP.**

**Statements of Retained Earnings (Deficit)**

**For the Years Ended December 31,**

	<u>2021</u>	<u>2020</u>
<b>RETAINED EARNINGS (DEFICIT) - Beginning of Year</b>	(4,405,929)	(4,399,407)
Net Loss for the Year	<u>(15,063)</u>	<u>(6,522)</u>
<b>RETAINED EARNINGS (DEFICIT) - End of Year</b>	<u>(4,420,992)</u>	<u>(4,405,929)</u>

*See accompanying notes and auditors' report*

# HARTSDALE GARDENS OWNERS CORP.

## Statements of Cash Flows

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Net Loss	(15,063)	(6,522)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation	78,276	77,753
Interest - Debt Issuance Costs	7,255	7,255
Revenue allocated to financing activities	(79,978)	(76,563)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(1,400)	(5,964)
Mortgage Escrow Deposits	(8,352)	(25,398)
Prepaid Expenses	1,386	2,182
Increase (Decrease) in operating liabilities:		
Accounts Payable	19,398	3,382
Accrued Interest	(265)	(253)
Star Credit Due to Stockholders	(1,691)	(661)
Rents Received in Advance	504	(1,761)
Security Deposits	375	(6,840)
<b>Net cash provided (used) by operating activities</b>	<u>445</u>	<u>(33,390)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of Investments - Certificates of Deposit	(200,000)	(1,233,790)
Maturities of Investments - Certificates of Deposit	483,890	1,196,195
Purchase of Property and Equipment	(325,500)	(14,400)
<b>Net cash used by investing activities</b>	<u>(41,610)</u>	<u>(51,995)</u>
<b>Cash Flows From Financing Activities</b>		
Portion of Carrying Charges applied to Amortization of Mortgage	79,978	76,563
Amortization Payments on Mortgage	(79,978)	(76,563)
<b>Net cash provided (used) by financing activities</b>	<u>0</u>	<u>0</u>
<b>Decrease in Cash and Cash Equivalents (carryforward)</b>	(41,165)	(85,385)

See accompanying notes and auditors' report

# HARTSDALE GARDENS OWNERS CORP.

## Statements of Cash Flows

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
<b>Decrease in Cash and Cash Equivalents (brought forward)</b>	(41,165)	(85,385)
Cash and Cash Equivalents at Beginning of Year	<u>120,481</u>	<u>205,866</u>
<b>Cash and Cash Equivalents at End of Period (see below)</b>	<u>79,316</u>	<u>120,481</u>
<b>Represented by:</b>		
Cash in Operating Account	4,140	17,600
Cash in Bank - Money Market Accounts	<u>75,176</u>	<u>102,881</u>
<b>Cash and Cash Equivalents (as above)</b>	<u>79,316</u>	<u>120,481</u>
<b>Supplemental Disclosure:</b>		
Interest Paid	<u>130,729</u>	<u>134,143</u>
Taxes Paid	<u>100</u>	<u>3,300</u>

*See accompanying notes and auditors' report*

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 1

#### Organization

Hartsdale Gardens Owners Corp., a Cooperative Housing Corporation, was incorporated in the State of New York in February 1981. The cooperative owns and operates an apartment building located at 27 North Central Avenue, Hartsdale, New York, consisting of 73 residential units. The primary purpose of the cooperative is to manage the operations of the building and maintain the common elements.

### 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 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.

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. The cooperative's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are delinquent. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 2

#### Summary of Significant Accounting Policies - continued

Property and equipment is being carried at cost. Depreciation of the building is being computed by the straight line method over an estimated useful life of 30 years. Building improvements and equipment are depreciated on the straight line method over estimated lives that range from 15 to 27.5 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 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.

Effective January 1, 2020 the cooperative adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. The topic requires the recognition of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects consideration to which an entity expects to be entitled to in exchange for those goods or services. For purposes of this cooperative, the definition of customers includes the tenant-stockholders.

The new standard became effective beginning January 1, 2019. The guidance permitted two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). Adoption of this standard had no impact on the cooperative's financial position, results of operations or cash flows.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

**Note 3**

**Concentration of Credit Risk**

The cooperative maintains various bank and money market accounts that at times may exceed insured credit limits. The cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances. However, should any of these institutions fail, the cooperative could suffer a loss.

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.

**Note 4**

**Property and Equipment**

Property and Equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	858,440	858,440
Building	3,433,760	3,433,760
Building improvements	<u>2,684,623</u>	<u>2,356,123</u>
	6,976,823	6,648,323
Less: accumulated depreciation	<u>4,859,175</u>	<u>4,780,899</u>
Total Property and Equipment	<u>2,117,648</u>	<u>1,867,424</u>

Depreciation expense for the years ended December 31, 2021 and 2020 is \$78,276 and \$77,753, respectively.

**Note 5**

**Debt Service**

**First Mortgage Payable**

On November 30, 2015, the cooperative refinanced their mortgage with NCB (National Cooperative Bank) in the amount of \$3,750,000. The mortgage is payable in monthly installments of \$17,559, including interest at the rate of 3.84% per annum, based on a 30 year amortization period. The note will mature November 1, 2025, at which time a balloon payment of approximately \$2,978,000 will be due.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 5

#### Debt Service - continued

#### First Mortgage Payable - continued

In conjunction with the mortgage, the cooperative was required to purchase shares of NCB's Class B1 and B2 stock. Class B1 shares earn a patronage dividend payable in cash and in Class B2 stock, as determined by NCB. Class B1 shares are redeemable by NCB upon satisfactory repayment of all loans made to or guaranteed by eligible customers. Class B2 shares are non-redeemable, non-transferable, and pay no dividends. Additional shares were purchased during 2014 in order to draw on the line of credit and in 2015 to refinance.

At December 31, 2021 and 2020, the cooperative owned 81 Class B1 shares each year and 769 and 534 Class B2 shares, respectively.

Principal maturities of the mortgage are as follows:

2022	83,147
2023	86,443
2024	89,525
2025	3,055,205

As part of the newer refinancing, the cooperative paid closing costs of approximately \$72,500, which are being amortized over the life of the mortgage.

### Note 6

#### Sponsor Ownership

At December 31, 2021 and 2020, the Sponsor owned 13 and 14 residential units, or approximately 18% and 19% of the total residential units, respectively.

Carrying charges received from the Sponsor's residential units aggregated approximately \$168,000 and \$180,000 for the years ended December 31, 2021 and 2020, respectively. As of these dates, the Sponsor was current in the payment of carrying charges.

### Note 7

#### Carrying Charges

Pursuant to meetings of the Board of Directors, the cooperative approved an increase of 1% effective January 1, 2021. The increase was necessary to offset higher operating costs and to present a balanced budget.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 8

#### Gain on Extinguishment of Debt

On March 17, 2021, the cooperative was granted a loan from National Cooperative Bank, N.A. in the amount of \$38,500, pursuant to the Paycheck Protection Plan (the "PPP") under Division A Title 1 of the CARES Act, which was enacted March 27, 2020.

The loan which was in the form of a note dated March 31, 2021, issued by the borrower, was expected to mature March 31, 2026, bearing interest at a rate of 1% per annum. If any amounts were owed after applying for forgiveness, then monthly payments of principal and interest would begin ten months after the borrower's covered period for the use of the loan proceeds. The note could be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan could only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020.

The cooperative used the entire loan amount for qualifying expenses, and under the terms of the PPP, certain amounts of the loan could be forgiven if they are used for qualifying expenses as described in the CARES Act.

As of December 31, 2021, the full amount of the loan was forgiven. As such, the amount of the forgiveness is recognized on the Statements of Loss as Gain on Extinguishment of Debt - PPP Loan.

### Note 9

#### Real Estate Taxes/Tax Abatements

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2021 and 2020. The abatements, which include Star, Veterans and Senior Citizens are 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 Star Credit Due to Stockholders. 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

#### Benefits

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2021 and 2020. The cooperative participated in this multi-employer plan, for the years ended December 31, 2021 and 2020 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.



# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 10

#### 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 beginning January 1, 2020 and 2019. The certified zone status for the plan for 2020 and 2019 was green and red, respectively. A rehabilitation plan was implemented for 2019 which involved 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, 2021 and 2020. 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>2021</u>	<u>2020</u>
Pension Contributions	9,178	8,578
Health Contributions	39,504	38,136

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

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 11

#### 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 tax is 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. This law was subsequently modified under the CARES Act, which was enacted March 27, 2020. Under the CARES Act, the 80% taxable income limitation is delayed until years beginning after December 31, 2020. The 80% limitation will apply to any net operating loss arising in a year beginning after December 31, 2017 and deducted for a year beginning after December 31, 2020. Additionally, the Act provides that for losses arising in 2018, 2019 and 2020, such loss shall be a net operating loss carryback to each of the prior five taxable years. Additionally, as is the case under pre-2018 law, the taxpayer may make an election to waive the carryback and instead treat losses arising in these years as net operating loss carryovers.

As of December 31, 2021, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$1,545,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,130,000 which expire beginning in 2022 and continuing through 2037 and carryforwards of approximately \$415,000 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.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2021 and 2020

**Note 12**

**Future Major Repairs and Replacements**

The cooperative has not conducted an official CIRA 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 13**

**Subsequent Events**

Management has evaluated subsequent events through March 29, 2022, 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  
HARTSDALE GARDENS OWNERS CORP.**

We have audited the financial statements of Hartsdale Gardens Owners Corp. as of and for the years ended December 31, 2021 and 2020, and our report thereon dated March 29, 2022, 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 and detailed schedule of repairs and maintenance, which are the responsibility of the entity's management, are presented for purposes of additional analysis and are 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 29, 2022**

## HARTSDALE GARDENS OWNERS CORP.

### Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2021</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2021</u>	Actual Year Ended <u>Dec. 31, 2020</u>
<b>RECEIPTS</b>			
Carrying Charges	972,740	972,740	963,109
Parking Income	59,000	58,270	59,081
Rental Income	50,000	47,275	42,323
Laundry Room Income	11,100	11,100	11,100
Storage Income	8,000	5,889	7,310
Interest and Dividend income	10,000	10,222	10,455
Gain on Extinguishment of Debt - PPP Loan	0	38,850	0
Miscellaneous Income	1,000	152	85
<b>Total Receipts</b>	<u>1,111,840</u>	<u>1,144,498</u>	<u>1,093,463</u>
<b>EXPENDITURES</b>			
<b>ADMINISTRATIVE EXPENSES</b>			
Management Fee	30,000	30,000	30,000
Legal Expense	1,000	620	1,350
Auditing	9,000	9,000	9,000
Telephone and Beeper	3,500	3,977	3,160
Lease Commissions	0	0	1,900
Office and Administrative Expenses	8,898	9,381	7,232
<b>Total Administrative Expenses</b>	<u>52,398</u>	<u>52,978</u>	<u>52,642</u>
<b>MAINTENANCE EXPENSES</b>			
Super and Maintenance Payroll	134,000	133,010	138,066
Supplies	19,000	21,684	16,502
Repairs (see schedule)	80,000	105,256	59,919
Major Repairs	0	11,000	35,186
Elevator Maintenance	15,000	14,357	15,430
Landscaping and Tree Work	28,000	25,301	27,772
Snow Removal	9,000	15,214	5,988
Exterminating	5,000	4,738	5,063
Security Expense	5,500	6,554	0
<b>Total Maintenance Expenses</b>	<u>295,500</u>	<u>337,114</u>	<u>303,926</u>
<b>UTILITIES EXPENSES</b>			
Gas Heat and Fuel Oil	85,000	94,078	76,392
Electricity and Gas	25,000	28,242	22,286
Water	34,000	34,241	33,615
<b>Total Utilities Expenses</b>	<u>144,000</u>	<u>156,561</u>	<u>132,293</u>

*See auditors' report on supplementary information*

## HARTSDALE GARDENS OWNERS CORP.

### 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>Dec. 31, 2021</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>
	<b>(Unaudited)</b>		
<b>TAXES AND INSURANCE</b>			
Real Estate Taxes	277,000	276,484	275,607
Payroll Taxes	10,000	10,756	10,785
Licenses and Permits	500	0	0
Insurance	58,000	58,486	53,886
Union Welfare and Pension Fund	51,000	51,087	48,648
NYS Franchise Taxes	1,000	100	3,300
<b>Total Taxes and Insurance</b>	<u>397,500</u>	<u>396,913</u>	<u>392,226</u>
<b>FINANCIAL EXPENSES</b>			
Interest on Mortgage	130,464	130,464	133,890
<b>Total Financial Expenses</b>	<u>130,464</u>	<u>130,464</u>	<u>133,890</u>
<b>CONTRIBUTIONS TO EQUITY AND RESERVES</b>			
Amortization of Mortgage	79,978	79,978	76,563
Contingency Reserve	12,000	0	0
<b>Total Contributions to Equity</b>	<u>91,978</u>	<u>79,978</u>	<u>76,563</u>
<b>Total Expenditures</b>	<u>1,111,840</u>	<u>1,154,008</u>	<u>1,091,540</u>
<b>NET (DEFICIT) SURPLUS FOR THE YEAR</b>	<u>0</u>	<u>(9,510)</u>	<u>1,923</u>

*See auditors' report on supplementary information*

**HARTSDALE GARDENS OWNERS CORP.**

**Detailed Schedule of Repairs and Maintenance**

**For the Years Ended December 31,**

	<u>2021</u>	<u>2020</u>
<b>REPAIRS AND MAINTENANCE</b>		
Boiler and Burners	7,851	1,429
Plumbing and Pipes	29,073	26,294
Electrical and Intercoms	8,056	4,677
Painting, Plastering and Carpentry Work	39,891	16,409
Roofing and Waterproofing	3,600	6,632
Locks, Doors and Equipment	5,628	0
General	11,157	4,478
<b>Total Repairs and Maintenance</b>	<u>105,256</u>	<u>59,919</u>

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