

WESTCHESTER GARDENS OWNERS INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

WESTCHESTER GARDENS OWNERS INC.

TABLE OF CONTENTS

DECEMBER 31, 2021 AND 2020

	Page
INDEPENDENT AUDITORS' REPORT	1
Balance Sheets	2
Statements of Income (Loss)	3
Statements of Retained Earnings (Deficit)	4
Statements of Cash Flows	5-6
Notes to Financial Statements	7-14
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	15
Schedule of Budget with Actual Operating Amounts	16-17
Detailed Schedule of Repairs and Improvements	18



BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

MARK COHEN, CPA
WILLIAM J. RANK, CPA, CFP
LORI B. LERMAN, CPA

INDEPENDENT AUDITORS' REPORT

To the Board

WESTCHESTER GARDENS OWNERS INC.

Opinion

We have audited the accompanying financial statements of Westchester Gardens Owners Inc., which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income (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 Westchester Gardens Owners Inc., 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 Westchester Gardens Owners Inc., 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 Westchester Gardens Owners Inc.'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 Westchester Gardens Owners Inc.'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 Westchester Gardens Owners Inc.'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
April 11, 2022

WESTCHESTER GARDENS OWNERS INC.

Balance Sheets

As of December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	21,665	21,750
Cash in Bank - Money Market Accounts	5,442	25,367
Cash in Bank - Investment Account	511,104	87,464
Investments - Certificates of Deposit	0	549,875
Tenants' Accounts Receivable	11,389	17,630
Mortgage Escrow Deposits	188,828	177,751
Prepaid Expenses	34,995	24,806
Total	<u>773,423</u>	<u>904,643</u>
Less: Allocated to Funds (see below)	<u>(516,546)</u>	<u>(662,706)</u>
Total Current Assets	<u>256,877</u>	<u>241,937</u>
 FUNDS		
Contingency Reserve:		
Reserve for Replacements (see above)	<u>516,546</u>	<u>662,706</u>
 PROPERTY AND EQUIPMENT -		
Net Book Value	<u>5,356,391</u>	<u>5,344,595</u>
 OTHER ASSETS		
Investment in National Cooperative Bank	<u>9,649</u>	<u>9,649</u>
Total Other Assets	<u>9,649</u>	<u>9,649</u>
 TOTAL ASSETS		
	<u>6,139,463</u>	<u>6,258,887</u>

	<u>2021</u>	<u>2020</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	33,512	85,402
Accounts Payable - Capital Improvements	7,000	0
Accrued Interest	12,358	12,664
Star Credit Due to Stockholders	49,620	51,436
Rents Received in Advance	12,016	6,480
Security Deposits	20,710	19,960
Mortgage Payable - Amortization payments due within one year	<u>96,933</u>	<u>93,266</u>
Total Current Liabilities	<u>232,149</u>	<u>269,208</u>
LONG-TERM LIABILITIES		
First Mortgage Payable - Net of Payments due within one year	3,669,764	3,766,697
Less: Unamortized Debt Issuance Costs	<u>(22,780)</u>	<u>(29,288)</u>
Total Long-Term Liabilities	<u>3,646,984</u>	<u>3,737,409</u>
STOCKHOLDERS' EQUITY		
Common Stock \$1.00 par value; 50,815 shares authorized issued and outstanding	50,815	50,815
Paid-in Capital	4,864,060	4,864,060
Retained Earnings (Deficit)	<u>(2,654,545)</u>	<u>(2,662,605)</u>
Total Stockholders' Equity	<u>2,260,330</u>	<u>2,252,270</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>6,139,463</u>	<u>6,258,887</u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Statements of Income (Loss)

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
INCOME		
Carrying Charges - Net of Uncollectable Charges	1,318,547	1,305,493
Parking Income	79,920	79,920
Laundry Room Income	13,200	13,200
Storage Income	6,439	5,994
Interest/Dividend Income	11,601	13,685
Miscellaneous Income	1,137	526
Total Income	<u>1,430,844</u>	<u>1,418,818</u>
EXPENSES		
Administrative Expenses	63,799	61,596
Maintenance Expenses	387,808	420,427
Utilities Expenses	171,830	126,481
Taxes and Insurance Expenses	542,611	529,085
Financial Expenses	147,156	151,111
Interest - Debt Issuance Costs	6,508	6,508
Total Expenses Before Depreciation	<u>1,319,712</u>	<u>1,295,208</u>
NET INCOME BEFORE DEPRECIATION AND OTHER INCOME	111,132	123,610
Depreciation	(155,494)	(151,629)
PPP Loan Proceeds	52,422	0
Total Depreciation and Other Income	<u>(103,072)</u>	<u>(151,629)</u>
NET INCOME (LOSS) FOR THE YEAR	<u><u>8,060</u></u>	<u><u>(28,019)</u></u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Statements of Retained Earnings (Deficit)

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(2,662,605)	(2,634,586)
Net Income (Loss) for the Year	<u>8,060</u>	<u>(28,019)</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u><u>(2,654,545)</u></u>	<u><u>(2,662,605)</u></u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Statements of Cash Flows

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Net Income (Loss)	8,060	(28,019)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	155,494	151,629
Interest Expense - Debt Issuance Costs	6,508	6,508
Revenue allocated to financing activities	(93,266)	(89,324)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	6,241	(695)
Mortgage Escrow Deposits	(11,077)	(41,311)
Prepaid Expenses	(10,189)	2,562
Increase (Decrease) in operating liabilities:		
Accounts Payable	(51,890)	47,226
Accrued Interest	(306)	(293)
Star Credit Due to Stockholders	(1,816)	(2,128)
Rents Received in Advance	5,536	2,460
Security Deposits	750	(450)
Net cash provided by operating activities	<u>14,045</u>	<u>48,165</u>
Cash Flows From Investing Activities		
Purchase of Investments - Certificates of Deposit	(125)	(1,424,747)
Maturities of Investments - Certificates of Deposit	550,000	1,608,795
Purchase of Property and Equipment	(160,290)	(165,301)
Net cash provided by investing activities	<u>389,585</u>	<u>18,747</u>
Cash Flows From Financing Activities		
Portion of Carrying Charges applied to Amortization of Mortgage	93,266	89,324
Amortization Payments on Mortgage	(93,266)	(89,324)
Net cash provided by financing activities	<u>0</u>	<u>0</u>
Increase in Cash and Cash Equivalents (carryforward)	403,630	66,912

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Statements of Cash Flows

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
Increase in Cash and Cash Equivalents (brought forward)	403,630	66,912
Cash and Cash Equivalents at Beginning of Year	<u>134,581</u>	<u>67,669</u>
Cash and Cash Equivalents at End of Year (see below)	<u><u>538,211</u></u>	<u><u>134,581</u></u>
Represented by:		
Cash in Operating Account	21,665	21,750
Cash in Bank - Money Market Accounts	5,442	25,367
Cash in Bank - Investment Account	<u>511,104</u>	<u>87,464</u>
Cash and Cash Equivalents (as above)	<u><u>538,211</u></u>	<u><u>134,581</u></u>
Supplemental Disclosure:		
Interest Paid	<u><u>147,462</u></u>	<u><u>151,404</u></u>
Taxes Paid	<u><u>2,000</u></u>	<u><u>3,335</u></u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 1

Organization

Westchester Gardens Owners Inc. is a cooperative housing corporation incorporated in the State of New York in January 1986. The cooperative owns and operates an apartment building located at 445 Gramatan Avenue, Mount Vernon, New York, consisting of 112 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 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.

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.

WESTCHESTER GARDENS OWNERS INC.

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 35 years. Building improvements are depreciated on the straight line method over an estimated useful life of 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 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.

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.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 3 Concentrations 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.

Note 4 Property and Equipment

Property and Equipment consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	3,824,018	3,824,018
Building	3,086,857	3,086,857
Building improvements	<u>2,150,007</u>	<u>1,982,717</u>
	9,060,882	8,893,592
Less: accumulated depreciation	<u>3,704,491</u>	<u>3,548,997</u>
Total Property and Equipment	<u>5,356,391</u>	<u>5,344,595</u>

Depreciation expense was \$155,494 and \$151,629 for the years ended December 31, 2021 and 2020, respectively.

Note 5 Mortgage Payable

On July 14, 2015, the cooperative refinanced their mortgage in the total amount of \$4,300,000. The mortgage, is payable in monthly installments of \$20,061 including interest at a rate of 3.81%, per annum, based on a 30 year amortization period. The note matures on August 1, 2025, at which time a balloon payment of \$3,401,408 will be due.

In conjunction with the refinancing, 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.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 5 Mortgage Payable - continued

At December 31, 2021 and 2020, the cooperative owned approximately 96 Class B1 shares. At December 31, 2021 and 2020, the cooperative owned 723 and 570 Class B2 shares, respectively.

Principal maturities of the mortgage are as follows:

2022	96,933
2023	100,745
2024	104,319
2025	3,464,700

As part of the aforementioned refinancing, the cooperative has paid closing costs of approximately \$65,000, which are being amortized over the life of the new mortgage.

Note 6 Sponsor Ownership

At both December 31, 2021 and 2020, the Sponsor owned twenty six residential units, or approximately 22% of the total residential units. Carrying charges received from the Sponsor's residential units aggregated approximately \$292,000 and \$289,000 for the year ended December 31, 2021 and 2020, respectively. As of that date, the Sponsor was current in the payment of carrying charges.

Note 7 Charges

In November 2019, the Board approved a 1% increase effective January 1, 2020. In November 2020, the Board approved a 1% increase effective January 1, 2021.

Note 8 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 (where applicable) 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.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 9

PPP Loan Proceeds

On March 20, 2021, the cooperative was granted a loan from National Cooperative Bank, N.A. in the amount of \$52,422, 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 20, 2021, was issued by the borrower, was expected to mature March 20, 2026. The note bears interest at a rate of 1% per month, which approximates the effective interest rate. 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. Pursuant to the PPP Loan Program funds from the loan could only be used for payroll cost, cost used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020.

Under the terms of the PPP, certain amounts of the loan could be forgiven if they were used for qualifying expenses as described in the CARES Act. The cooperative used the entire loan proceeds for the qualifying expenses are listed above. As of December 31, 2021, the entire amount of the loan was forgiven. Accordingly, the amount of the loan forgiveness is recognized on the Statements of Income (Loss) as PPP Loan Proceeds.

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.

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.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 10

Benefits - continued

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 condominium made the following contributions to the plans:

	<u>2021</u>	<u>2020</u>
Pension Contributions	13,767	12,866
Health Contributions	59,256	57,204

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

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, such as interest and commercial rents, 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.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 11

Income Taxes - continued

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 \$1,699,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,310,000 which expire beginning in 2022 and continuing through 2037 and carryforwards of approximately \$389,000 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 believes that its estimates are appropriate based on current facts and circumstances. 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.

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.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 13

Subsequent Events

Management has evaluated subsequent events through April 11, 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
WESTCHESTER GARDENS OWNERS INC.**

We have audited the financial statements of Westchester Gardens Owners Inc. as of and for the years ended December 31, 2021 and 2020, and our report thereon dated April 11, 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 improvements, 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
April 11, 2022**

WESTCHESTER GARDENS OWNERS INC.

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>
RECEIPTS			
Carrying Charges	1,318,549	1,318,547	1,305,493
Parking Income	80,000	79,920	79,920
Laundry Room Income	13,200	13,200	13,200
Storage Income	6,000	6,439	5,994
Miscellaneous Income	1,000	1,137	526
Total Receipts	<u>1,418,749</u>	<u>1,419,243</u>	<u>1,405,133</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	36,000	36,000	36,000
Legal Expense	4,000	3,820	2,421
Auditing	9,000	9,000	9,000
Telephone and Answering Service	3,500	3,992	3,086
Office and Administrative Expenses	10,827	10,987	11,089
Total Administrative Expenses	<u>63,327</u>	<u>63,799</u>	<u>61,596</u>
MAINTENANCE EXPENSES			
Payroll	183,000	184,164	179,011
Supplies	24,000	20,827	23,392
Repairs (see schedule)	120,000	97,013	117,931
Major Repairs	12,000	10,926	28,938
Exterminating/Bed Bugs	12,000	14,939	10,108
Landscaping, Grounds and Trees	44,000	42,659	53,747
Snow Removal and Supplies	10,000	17,280	7,300
Total Maintenance Expenses	<u>405,000</u>	<u>387,808</u>	<u>420,427</u>
UTILITIES EXPENSES			
Fuel and Gas Heat	110,000	128,267	81,263
Electricity and Gas	19,000	20,648	17,544
Water	25,000	22,915	27,674
Total Utilities Expenses	<u>154,000</u>	<u>171,830</u>	<u>126,481</u>

See auditors' report on supplementary information

WESTCHESTER GARDENS OWNERS INC.

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>
TAXES AND INSURANCE			
Real Estate Taxes	374,000	371,804	366,503
Payroll Taxes	14,500	14,957	14,029
Licenses and Permits	500	0	0
Insurance	77,000	78,106	72,106
Union Welfare and Pension Fund	76,000	75,744	73,112
Franchise Taxes	2,000	2,000	3,335
Total Taxes and Insurance	<u>544,000</u>	<u>542,611</u>	<u>529,085</u>
FINANCIAL EXPENSES			
Interest on Mortgage	147,156	147,156	151,111
Total Financial Expenses	<u>147,156</u>	<u>147,156</u>	<u>151,111</u>
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgage	93,266	93,266	89,324
Contingency Reserve	12,000	12,000	24,000
Total Contributions to Equity and Reserves	<u>105,266</u>	<u>105,266</u>	<u>113,324</u>
Total Expenditures	<u>1,418,749</u>	<u>1,418,470</u>	<u>1,402,024</u>
NET SURPLUS FOR THE YEAR	<u>0</u>	<u>773</u>	<u>3,109</u>

See auditors' report on supplementary information

WESTCHESTER GARDENS OWNERS INC.
Detailed Schedule of Repairs and Improvements
For the Years Ended December 31,

	2021	2020
REPAIRS AND MAINTENANCE		
Boiler and Burners	18,335	8,611
Plumbing and Pipes	39,804	28,700
Electrical and Intercoms	8,114	9,523
Painting, Plastering and Carpentry Work	7,411	38,141
Roofing and Waterproofing	1,734	15,516
Paving, Excavation and Masonry	5,235	3,568
Window Repairs, Fencing and Gates	6,514	1,761
Locks	5,609	4,957
Truck Expenses	2,372	1,681
General	1,885	5,473
Total Repairs and Maintenance	97,013	117,931

See auditors' report on supplementary information