

**HARTSDALE GARDENS OWNERS CORP.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**HARTSDALE GARDENS OWNERS CORP.**

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**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**  
**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, 2022 and 2021, and the related statements of loss, paid-in capital, 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, 2022 and 2021, 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 13, 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 7, 2023**

# HARTSDALE GARDENS OWNERS CORP.

## Balance Sheets

As of December 31,

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in Operating Account	2,853	4,140
Cash in Bank - Money Market Accounts	190,544	75,176
Investments - Certificates of Deposit	250,000	200,000
Tenants' Accounts Receivable	6,993	9,694
Mortgage Escrow Deposits	217,008	200,703
Prepaid Expenses	7,708	8,937
Total	<u>675,106</u>	<u>498,650</u>
Less: Allocated to Funds (see below)	<u>(380,162)</u>	<u>(272,876)</u>
<b>Total Current Assets</b>	<u>294,944</u>	<u>225,774</u>
 <b>FUNDS</b>		
Contingency Reserve:		
Reserve for Replacements (see above)	<u>380,162</u>	<u>272,876</u>
 <b>PROPERTY AND EQUIPMENT -</b>		
<b>Net Book Value</b>	<u>2,034,602</u>	<u>2,117,648</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>2,717,778</u>	<u>2,624,368</u>

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	43,161	39,239
Accounts Payable - Capital Improvements	0	3,000
Accrued Interest	10,684	10,959
Star Credit Due to Stockholders	16,146	15,973
Rents Received in Advance	2,448	4,133
Security Deposits	21,754	16,479
Mortgage Payable - Amortization payments due within one year	<u>86,443</u>	<u>83,147</u>
<b>Total Current Liabilities</b>	<u>180,636</u>	<u>172,930</u>
<b>LONG-TERM LIABILITIES</b>		
First Mortgage Payable - Net of Payments due within one year	3,144,729	3,231,173
Less: Unamortized Debt Issuance Costs	<u>(21,161)</u>	<u>(28,416)</u>
<b>Total Long-Term Liabilities</b>	<u>3,123,568</u>	<u>3,202,757</u>
<b>STOCKHOLDERS' DEFICIT</b>		
Common Stock \$1.00 par value; 33,537 and 33,137 shares authorized; issued and outstanding	33,537	33,137
Paid-in Capital	3,813,021	3,636,536
Retained Earnings (Deficit)	<u>(4,432,984)</u>	<u>(4,420,992)</u>
<b>Total Stockholders' Deficit</b>	<u>(586,426)</u>	<u>(751,319)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u>2,717,778</u>	<u>2,624,368</u>

*See accompanying notes and auditors' report*

# HARTSDALE GARDENS OWNERS CORP.

## Statements of Loss

For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>
<b>INCOME</b>		
Carrying Charges	1,016,542	972,740
Parking Income	57,885	58,270
Rental Income	29,550	47,275
Laundry Room Income	11,100	11,100
Storage Income	6,539	5,889
Interest/Dividend Income	11,769	10,222
Miscellaneous Income	1,062	152
Gain on Extinguishment of Debt - PPP Loan	0	38,850
<b>Total Income</b>	<u>1,134,447</u>	<u>1,144,498</u>
<b>EXPENSES</b>		
Administrative Expenses	53,660	52,978
Maintenance Expenses	293,204	337,114
Utilities Expenses	181,152	156,561
Taxes and Insurance Expenses	395,038	396,913
Financial Expenses	127,284	130,464
Interest Expense - Debt Issuance Costs	7,255	7,255
<b>Total Expenses Before Depreciation</b>	<u>1,057,593</u>	<u>1,081,285</u>
<b>NET INCOME BEFORE DEPRECIATION</b>	76,854	63,213
Depreciation	<u>(88,846)</u>	<u>(78,276)</u>
<b>NET LOSS FOR THE PERIOD</b>	<u>(11,992)</u>	<u>(15,063)</u>

*See accompanying notes and auditors' report*



**HARTSDALE GARDENS OWNERS CORP.**

**Statements of Paid-In Capital**

**For the Years Ended December 31,**

	<u>2022</u>	<u>2021</u>
<b>PAID-IN CAPITAL - Beginning of Year</b>	3,636,536	3,636,536
Additional Equity Received from Sale of Stock	<u>176,485</u>	<u>0</u>
<b>PAID-IN CAPITAL - End of Year</b>	<u><u>3,813,021</u></u>	<u><u>3,636,536</u></u>

*See accompanying notes and auditors' report*

**HARTSDALE GARDENS OWNERS CORP.**

**Statements of Retained Earnings (Deficit)**

**For the Years Ended December 31,**

	<u>2022</u>	<u>2021</u>
<b>RETAINED EARNINGS (DEFICIT) - Beginning of Year</b>	(4,420,992)	(4,405,929)
Net Loss for the Year	<u>(11,992)</u>	<u>(15,063)</u>
<b>RETAINED EARNINGS (DEFICIT) - End of Year</b>	<u>(4,432,984)</u>	<u>(4,420,992)</u>

*See accompanying notes and auditors' report*

# HARTSDALE GARDENS OWNERS CORP.

## Statements of Cash Flows

For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Net Loss	(11,992)	(15,063)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Depreciation	88,846	78,276
Interest - Debt Issuance Costs	7,255	7,255
Revenue allocated to financing activities	(83,148)	(79,978)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	2,701	(1,400)
Mortgage Escrow Deposits	(16,305)	(8,352)
Prepaid Expenses	1,229	1,386
Increase (Decrease) in operating liabilities:		
Accounts Payable	3,922	19,398
Accrued Interest	(275)	(265)
Star Credit Due to Stockholders	173	(1,691)
Rents Received in Advance	(1,685)	504
Security Deposits	5,275	375
<b>Net cash (used) provided by     operating activities</b>	<u>(4,004)</u>	<u>445</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of Investments - Certificates of Deposit	(550,000)	(200,000)
Maturities of Investments - Certificates of Deposit	500,000	483,890
Purchase of Property and Equipment	(8,800)	(325,500)
<b>Net cash used by     investing activities</b>	<u>(58,800)</u>	<u>(41,610)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Sale of Capital Stock	400	0
Proceeds from Sale of Treasury Stock	176,485	0
Portion of Carrying Charges applied to Amortization of Mortgage	83,148	79,978
Amortization Payments on Mortgage	(83,148)	(79,978)
<b>Net cash provided by     financing activities</b>	<u>176,885</u>	<u>0</u>
<b>Increase (Decrease) in Cash and Cash Equivalents (carryforward)</b>	114,081	(41,165)

*See accompanying notes and auditors' report*

# HARTSDALE GARDENS OWNERS CORP.

## Statements of Cash Flows

For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>
<b>Increase (Decrease) in Cash and Cash Equivalents (brought forward)</b>	114,081	(41,165)
Cash and Cash Equivalents at Beginning of Year	<u>79,316</u>	<u>120,481</u>
<b>Cash and Cash Equivalents at End of Year (see below)</b>	<u><u>193,397</u></u>	<u><u>79,316</u></u>
<b>Represented by:</b>		
Cash in Operating Account	2,853	4,140
Cash in Bank - Money Market Accounts	<u>190,544</u>	<u>75,176</u>
<b>Cash and Cash Equivalents (as above)</b>	<u><u>193,397</u></u>	<u><u>79,316</u></u>
<b>Supplemental Disclosure:</b>		
Interest Paid	<u>127,559</u>	<u>130,729</u>
Taxes Paid	<u>1,950</u>	<u>100</u>

*See accompanying notes and auditors' report*

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2022 and 2021

### 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, 2022 and 2021

### 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.

Tenant stockholders are subject to monthly assessments to provide funds for the cooperative's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The cooperative's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund (reserve fund) assessments are satisfied when these funds are expended for their designated purpose.

The cooperative recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance) is recognized when the condominium has the right to receive payment in advance of the satisfaction of performance obligations related to replacement (reserve) assessments.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2022 and 2021

**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>2022</u>	<u>2021</u>
Land	858,440	858,440
Building	3,433,760	3,433,760
Building improvements	<u>2,690,423</u>	<u>2,684,623</u>
	6,982,623	6,976,823
Less: accumulated depreciation	<u>4,948,021</u>	<u>4,859,175</u>
Total Property and Equipment	<u>2,034,602</u>	<u>2,117,648</u>

Depreciation expense for the years ended December 31, 2022 and 2021 is \$88,846 and \$78,276, 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, 2022 and 2021

### 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, 2022 and 2021, the cooperative owned 81 Class B1 shares each year and 1,138 and 769 Class B2 shares, respectively.

Principal maturities of the mortgage are as follows:

2023	86,443
2024	89,525
2025	3,055,204

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, 2022 and 2021, the Sponsor owned 11 and 13 residential units, or approximately 15% and 18% of the total residential units, respectively. Carrying charges received from the Sponsor's residential units aggregated approximately \$150,000 and \$168,000 for the years ended December 31, 2022 and 2021, respectively. As of these dates, the Sponsor was current in the payment of carrying charges.

### Note 7

#### Paid-In Capital

In previous years, a superintendent's apartment was renovated for rental. During the year ended December 31, 2022, shares were allotted to this apartment and the apartment was sold for \$199,500. Costs of approximately \$18,000 were incurred to renovate the apartment to ready it for sale along with closing costs of approximately \$5,000. The net proceeds of approximately \$177,000 are reflected as an increase to paid-in capital at December 31, 2022.



# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2022 and 2021

**Note 8**

**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.

**Note 9**

**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 10**

**Real Estate Taxes/Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2021 and 2021. 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.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 11

#### Benefits

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2022 and 2021. The cooperative participated in this multi-employer plan, for the years ended December 31, 2022 and 2021 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires March 14, 2023 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.

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, 2021 and 2020. The certified zone status for the plan for 2021 and 2020 was green each year.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2022 and 2021. 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.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2022 and 2021

**Note 11** Benefits - continued

The cooperative made the following contributions to the plans:

	<u>2022</u>	<u>2021</u>
Pension Contributions	9,821	9,178
Health Contributions	41,280	39,504

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

**Note 12** 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.

# HARTSDALE GARDENS OWNERS CORP.

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 12

#### **Income Taxes - continued**

As of December 31, 2022, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$1,636,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,127,000 which expire beginning in 2023 and continuing through 2037 and carryforwards of approximately \$509,000 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.

### Note 13

#### **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 14

#### **Subsequent Events**

Management has evaluated subsequent events through March 7, 2023, 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, 2022 and 2021, and our report thereon dated March 7, 2023, 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 7, 2023**

## HARTSDALE GARDENS OWNERS CORP.

### Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2022</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2022</u>	Actual Year Ended <u>Dec. 31, 2021</u>
<b>RECEIPTS</b>			
Carrying Charges	1,011,649	1,016,542	972,740
Parking Income	58,000	57,885	58,270
Rental Income	29,400	29,550	47,275
Laundry Room Income	11,100	11,100	11,100
Storage Income	7,000	6,539	5,889
Interest and Dividend income	10,000	11,769	10,222
Gain on Extinguishment of Debt - PPP Loan	0	0	38,850
Miscellaneous Income	1,000	1,062	152
<b>Total Receipts</b>	1,128,149	1,134,447	1,144,498
<b>EXPENDITURES</b>			
<b>ADMINISTRATIVE EXPENSES</b>			
Management Fee	30,000	30,000	30,000
Legal Expense	1,000	1,325	620
Auditing	9,000	9,000	9,000
Telephone and Beeper	4,000	4,431	3,977
Office and Administrative Expenses	8,217	8,904	9,381
<b>Total Administrative Expenses</b>	52,217	53,660	52,978
<b>MAINTENANCE EXPENSES</b>			
Super and Maintenance Payroll	134,000	133,440	133,010
Supplies	12,000	8,922	21,684
Repairs (see schedule)	80,000	86,149	105,256
Major Repairs	0	11,414	11,000
Elevator Maintenance	16,000	16,434	14,357
Landscaping and Tree Work	25,000	22,863	25,301
Snow Removal	9,000	8,263	15,214
Exterminating	5,000	5,019	4,738
Security Expense	3,500	700	6,554
<b>Total Maintenance Expenses</b>	284,500	293,204	337,114
<b>UTILITIES EXPENSES</b>			
Gas Heat and Fuel Oil	108,000	118,379	94,078
Electricity and Gas	28,000	28,440	28,242
Water	35,000	34,333	34,241
<b>Total Utilities Expenses</b>	171,000	181,152	156,561

*See auditors' report on supplementary information*

## HARTSDALE GARDENS OWNERS CORP.

### Schedule of Budget with Actual Operating Amounts

	<u>Budget</u> <u>Year Ended</u> <u>Dec. 31, 2022</u> <u>(Unaudited)</u>	<u>Actual</u> <u>Year Ended</u> <u>Dec. 31, 2022</u>	<u>Actual</u> <u>Year Ended</u> <u>Dec. 31, 2021</u>
<b>TAXES AND INSURANCE</b>			
Real Estate Taxes	266,000	266,308	276,484
Payroll Taxes	10,500	10,796	10,756
Licenses and Permits	500	0	0
Insurance	63,000	62,401	58,486
Union Welfare and Pension Fund	53,000	53,583	51,087
NYS Franchise Taxes	2,000	1,950	100
<b>Total Taxes and Insurance</b>	395,000	395,038	396,913
<b>FINANCIAL EXPENSES</b>			
Interest on Mortgage	127,284	127,284	130,464
<b>Total Financial Expenses</b>	127,284	127,284	130,464
<b>CONTRIBUTIONS TO EQUITY AND RESERVES</b>			
Amortization of Mortgage	83,148	83,148	79,978
Contingency Reserve	15,000	0	0
<b>Total Contributions to Equity</b>	98,148	83,148	79,978
<b>Total Expenditures</b>	1,128,149	1,133,486	1,154,008
<b>NET SURPLUS (DEFICIT)</b>			
<b>FOR THE YEAR</b>	0	961	(9,510)

*See auditors' report on supplementary information*

**HARTSDALE GARDENS OWNERS CORP.**

**Detailed Schedule of Repairs and Maintenance**

**For the Years Ended December 31,**

	<u>2022</u>	<u>2021</u>
<b>REPAIRS AND MAINTENANCE</b>		
Boiler and Burners	6,545	7,851
Plumbing and Pipes	26,615	29,073
Electrical and Intercoms	10,267	8,056
Painting, Plastering and Carpentry Work	15,147	39,891
Roofing and Waterproofing	8,626	3,600
Compactors	1,845	0
Locks, Doors and Equipment	9,149	5,628
General	7,955	11,157
<b>Total Repairs and Maintenance</b>	<u>86,149</u>	<u>105,256</u>

*See auditors' report on supplementary information*