

HARTSDALE GARDENS OWNERS CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

Report on Supplementary Information

Our audit was conducted 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 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" is the responsibility of the entity's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing 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.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
March 6, 2024

HARTSDALE GARDENS OWNERS CORP.

Balance Sheets

As of December 31,

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	7,320	2,853
Cash in Bank - Money Market Accounts	67,619	190,544
Investments - Certificates of Deposit - at amortized cost	351,845	250,000
Tenants' Accounts Receivable	7,050	6,993
Mortgage Escrow Deposits	240,401	217,008
Prepaid Expenses	2,129	7,708
Total	<u>676,364</u>	<u>675,106</u>
Less: Allocated to Funds (see below)	<u>(413,856)</u>	<u>(380,162)</u>
Total Current Assets	<u>262,508</u>	<u>294,944</u>
 FUNDS		
Contingency Reserve:		
Reserve for Replacements (see above)	<u>413,856</u>	<u>380,162</u>
 PROPERTY AND EQUIPMENT -		
Net Book Value	<u>2,376,239</u>	<u>2,034,602</u>
 OTHER ASSETS		
Investment in National Cooperative Bank	<u>8,070</u>	<u>8,070</u>
Total Other Assets	<u>8,070</u>	<u>8,070</u>
 TOTAL ASSETS		
	<u>3,060,673</u>	<u>2,717,778</u>

	<u>2023</u>	<u>2022</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable	46,231	43,161
Accounts Payable - Capital Improvements	10,700	0
Accrued Interest	13,305	10,684
Star Credit Due to Stockholders	13,484	16,146
Rents Received in Advance	3,451	2,448
Security Deposits	24,004	21,754
Mortgage Payable - Amortization payments due within one year	<u>89,525</u>	<u>86,443</u>
Total Current Liabilities	<u>200,700</u>	<u>180,636</u>
LONG-TERM LIABILITIES		
First Mortgage Payable - Net of Payments due within one year	3,055,204	3,144,729
Second Mortgage Payable	450,000	0
Less: Unamortized Debt Issuance Costs	<u>(44,394)</u>	<u>(21,161)</u>
Total Long-Term Liabilities	<u>3,460,810</u>	<u>3,123,568</u>
STOCKHOLDERS' DEFICIT		
Common Stock \$1.00 par value; 33,537 shares authorized, issued and outstanding	33,537	33,537
Paid-in Capital	3,813,021	3,813,021
Retained Earnings (Deficit)	<u>(4,447,395)</u>	<u>(4,432,984)</u>
Total Stockholders' Deficit	<u>(600,837)</u>	<u>(586,426)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>3,060,673</u>	<u>2,717,778</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Loss

For the Year Ended December 31,

	<u>2023</u>	<u>2022</u>
INCOME		
Carrying Charges	1,064,325	1,016,542
Parking Income	60,758	57,885
Rental Income	29,875	29,550
Laundry Room Income	11,100	11,100
Storage Income	4,117	6,539
Interest/Dividend Income	12,285	11,769
Miscellaneous Income	3,628	1,062
Total Income	<u>1,186,088</u>	<u>1,134,447</u>
EXPENSES		
Administrative Expenses	54,567	53,660
Maintenance Expenses	348,963	293,204
Utilities Expenses	186,442	181,152
Taxes and Insurance Expenses	379,665	395,038
Financial Expenses	134,103	127,284
Interest Expense - Debt Issuance Costs	11,412	7,255
Total Expenses Before Depreciation	<u>1,115,152</u>	<u>1,057,593</u>
NET INCOME BEFORE DEPRECIATION	70,936	76,854
Depreciation	<u>(85,347)</u>	<u>(88,846)</u>
NET LOSS FOR THE YEAR	<u>(14,411)</u>	<u>(11,992)</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Paid-In Capital

For the Year Ended December 31,

	<u>2023</u>	<u>2022</u>
PAID-IN CAPITAL - Beginning of Year	3,813,021	3,636,536
Additional Equity Received from Sale of Stock	<u>0</u>	<u>176,485</u>
PAID-IN CAPITAL - End of Year	<u>3,813,021</u>	<u>3,813,021</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Retained Earnings (Deficit)

For the Year Ended December 31,

	<u>2023</u>	<u>2022</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(4,432,984)	(4,420,992)
Net Loss for the Year	<u>(14,411)</u>	<u>(11,992)</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(4,447,395)</u>	<u>(4,432,984)</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	2023	2022
Cash Flows From Operating Activities		
Net Loss	(14,411)	(11,992)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	85,347	88,846
Interest - Debt Issuance Costs	11,412	7,255
Revenue allocated to financing activities	(86,443)	(83,148)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(57)	2,701
Mortgage Escrow Deposits	(23,393)	(16,305)
Prepaid Expenses	5,579	1,229
Increase (Decrease) in operating liabilities:		
Accounts Payable	3,070	3,922
Accrued Interest	2,621	(275)
Star Credit Due to Stockholders	(2,662)	173
Rents Received in Advance	1,003	(1,685)
Security Deposits	2,250	5,275
Net cash used by operating activities	(15,684)	(4,004)
Cash Flows From Investing Activities		
Purchase of Investments - Certificates of Deposit	(631,845)	(550,000)
Maturities of Investments - Certificates of Deposit	530,000	500,000
Purchase of Property and Equipment	(416,284)	(8,800)
Net cash used by investing activities	(518,129)	(58,800)
Cash Flows From Financing Activities		
Proceeds from Second Mortgage	450,000	0
Proceeds from Sale of Capital Stock	0	400
Proceeds from Sale of Treasury Stock	0	176,485
Mortgage Financing Costs	(34,645)	0
Portion of Carrying Charges applied to Amortization of Mortgage	86,443	83,148
Amortization Payments on Mortgage	(86,443)	(83,148)
Net cash provided by financing activities	415,355	176,885
(Decrease) Increase in Cash and Cash Equivalents (carryforward)	(118,458)	114,081

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2023</u>	<u>2022</u>
(Decrease) Increase in Cash and Cash Equivalents (brought forward)	(118,458)	114,081
Cash and Cash Equivalents at Beginning of Year	<u>193,397</u>	<u>79,316</u>
Cash and Cash Equivalents at End of Year (see below)	<u><u>74,939</u></u>	<u><u>193,397</u></u>
Represented by:		
Cash in Operating Account	7,320	2,853
Cash in Bank - Money Market Accounts	<u>67,619</u>	<u>190,544</u>
Cash and Cash Equivalents (as above)	<u><u>74,939</u></u>	<u><u>193,397</u></u>
Supplemental Disclosure:		
Interest Paid	<u>131,482</u>	<u>127,559</u>
Taxes Paid	<u>2,000</u>	<u>1,950</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2023 and 2022

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 including accrued interest.

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, 2023 and 2022

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.

In February 2016, the Financial Accounting Standards Board (FASB) issued an update (ASU 2016-02) establishing ASC Topic 842, Leases (ASC 842), as amended by subsequent ASUs on the topic, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a two-method approach, classifying leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase. Lessees are required to record a right-of-use (ROU) asset and a lease liability for all leases with a term of greater than 12 months. The accounting applied by the lessor is largely unchanged from existing guidance. The leasing standard is effective for fiscal years beginning after December 15, 2021. The leasing standard did not materially impact the cooperative's financial position or results of operations.

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.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2023 and 2022

Note 2

Summary of Significant Accounting Policies - continued

Tenant-stockholders are subject to monthly charges that provide funds for the cooperative's operating expenses and major repairs and replacements, and the 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 ongoing annual charges are satisfied over time on a daily pro-rata basis using the input method.

The cooperative also recognizes revenues from non-member customers that generate additional funds for the cooperative's operating expenses and major repairs and replacements. The revenue from these ancillary operations is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The cooperative's performance obligations related to these other revenue sources are satisfied over time on a daily pro-rata basis using the input method.

The performance obligations related to special assessments and replacement fund (reserve fund) assessments are satisfied when these funds are expended for their designated purpose at transaction amounts expected to be collected using the input method. The cooperative recognizes revenue from special assessments and replacement fund (reserve fund) assessments as the related performance obligations are satisfied. A contract liability (assessments received in advance) is recognized when the cooperative has the right to receive payment in advance of the satisfaction of performance obligations related to replacement (reserve) assessments.

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.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2023 and 2022

Note 4

Investments

The following investments were held by the cooperative as of December 31:

Fixed Income:	<u>2023</u>	<u>2022</u>
Amortized Cost	\$351,845	\$250,000
Fair Value	\$352,050	\$250,273

The following investments were held as of December 31, 2023:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due Within One Year	\$351,845	\$352,050
Due One - Five Years	0	0
Due After Five Years	<u>0</u>	<u>0</u>
Total	\$351,845	\$352,050

The cooperative measures expected credit losses on held to maturity debt securities on a collective basis by major security type. These securities are either explicitly or implicitly guaranteed by the US government, are highly rated by major rating agencies and have a long history of no credit losses.

As a result, no allowance for credit losses was recorded on held to maturity securities as of December 31, 2023 and 2022.

Note 5

Property and Equipment

Property and Equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Land	858,440	858,440
Building	3,433,760	3,433,760
Building improvements	<u>3,117,407</u>	<u>2,690,423</u>
	7,409,607	6,982,623
Less: accumulated depreciation	<u>5,033,368</u>	<u>4,948,021</u>
Total Property and Equipment	<u>2,376,239</u>	<u>2,034,602</u>

Depreciation expense for the years ended December 31, 2023 and 2022 is \$85,347 and \$88,846, respectively.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2023 and 2022

Note 6

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.

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, 2023 and 2022, 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:

2024	89,525
2025	3,055,204

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

Second Mortgage Payable

In September 2023, the cooperative obtained a \$450,000 second mortgage from NCB. The second mortgage requires interest only payments at 7.5%, is co-terminus with the first mortgage and the full amount will be due and payable November 1, 2025. As part of obtaining the second mortgage, the cooperative paid closing costs of approximately \$34,645 which are being amortized over the life of the mortgage.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2023 and 2022

Note 7

Sponsor Ownership

At December 31, 2023 and 2022, the Sponsor owned 8 and 11 residential units, or approximately 11% and 15% 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, 2023 and 2022, respectively. As of these dates, the Sponsor was current in the payment of carrying charges.

Note 8

Paid-In Capital

In previous years, a superintendent's apartment was renovated for rental. During the year ended December 31, 2022, shares were allocated 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.

Note 9

Carrying Charges

Pursuant to meetings of the Board of Directors, the cooperative approved an increase of 4% effective January 1, 2023. The increase was necessary to offset higher operating costs and to present a balanced budget.

Note 10

Real Estate Taxes/Tax Abatements

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2023 and 2022. 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 11

Benefits

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2023 and 2022. The cooperative participated in this multi-employer plan, for the years ended December 31, 2023 and 2022 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2026 and the cooperative has no intention of withdrawing from the plan.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2023 and 2022

Note 11

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, 2022 and 2021. The certified zone status for the plan for 2022 and 2021 was green.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2023 and 2022. 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>2023</u>	<u>2022</u>
Pension Contributions	9,600	9,821
Health Contributions	42,312	41,280
All Other Contributions	1,684	2,482

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, 2023 and 2022

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.

As of December 31, 2023, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$1,733,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,123,000 which expire beginning in 2024 and continuing through 2037 and carryforwards of approximately \$610,000 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, 2023 and 2022

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 6, 2024, 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.

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2023</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2023</u>	Actual Year Ended <u>Dec. 31, 2022</u>
RECEIPTS			
Carrying Charges	1,064,325	1,064,325	1,016,542
Parking Income	60,000	60,758	57,885
Rental Income	30,000	29,875	29,550
Laundry Room Income	11,100	11,100	11,100
Storage Income	5,000	4,117	6,539
Interest and Dividend income	12,000	12,285	11,769
Miscellaneous Income	3,500	3,628	1,062
Total Receipts	<u>1,185,925</u>	<u>1,186,088</u>	<u>1,134,447</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	2,000	2,137	1,325
Auditing	9,000	9,000	9,000
Telephone and Intercom	4,500	4,531	4,431
Office and Administrative Expenses	8,004	8,899	8,904
Total Administrative Expenses	<u>53,504</u>	<u>54,567</u>	<u>53,660</u>
MAINTENANCE EXPENSES			
Super and Maintenance Payroll	142,000	142,123	133,440
Supplies	12,000	15,685	8,922
Repairs (see schedule)	100,000	103,037	86,149
Major Repairs	25,000	22,013	11,414
Elevator Maintenance	18,000	20,097	16,434
Landscaping and Tree Work	25,000	25,602	22,863
Snow Removal	5,000	1,572	8,263
Exterminating	14,000	18,494	5,019
Security Expense	1,000	340	700
Total Maintenance Expenses	<u>342,000</u>	<u>348,963</u>	<u>293,204</u>
UTILITIES EXPENSES			
Gas Heat and Fuel Oil	118,000	116,773	118,379
Electricity and Gas	32,000	31,370	28,440
Water	37,000	38,299	34,333
Total Utilities Expenses	<u>187,000</u>	<u>186,442</u>	<u>181,152</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2023 (Unaudited)	Actual Year Ended Dec. 31, 2023	Actual Year Ended Dec. 31, 2022
TAXES AND INSURANCE			
Real Estate Taxes	252,000	251,804	266,308
Payroll Taxes	11,000	10,983	10,796
Licenses and Permits	500	9	0
Insurance	64,000	61,273	62,401
Union Welfare and Pension Fund	55,000	53,596	53,583
NYS Franchise Taxes	2,000	2,000	1,950
Total Taxes and Insurance	384,500	379,665	395,038
FINANCIAL EXPENSES			
Interest on First Mortgage	123,978	123,978	127,284
Interest on Second Mortgage	8,500	10,125	0
Total Financial Expenses	132,478	134,103	127,284
CONTRIBUTIONS TO EQUITY			
Amortization of Mortgage	86,443	86,443	83,148
Total Contributions to Equity	86,443	86,443	83,148
Total Expenditures	1,185,925	1,190,183	1,133,486
NET (DEFICIT) SURPLUS FOR THE YEAR	0	(4,095)	961

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Detailed Schedule of Repairs and Maintenance

For the Year Ended December 31,

	<u>2023</u>	<u>2022</u>
REPAIRS AND MAINTENANCE		
Boiler and Burners	22,986	6,545
Plumbing and Pipes	27,245	26,615
Electrical and Intercoms	13,992	10,267
Painting, Plastering and Carpentry Work	26,980	15,147
Roofing and Waterproofing	8,880	8,626
Compactors	0	1,845
Locks, Doors and Equipment	23	9,149
General	2,931	7,955
Total Repairs and Maintenance	<u>103,037</u>	<u>86,149</u>

See accompanying notes and auditors' report