

TWENTY-FIRST AMENDMENT

Apartment Corporation:

PATRICIA GARDENS OWNERS, INC.

Holder of Unsold Shares:

DEARBORN UNITS CORP. ("Dearborn")

LEONARDSON, LLC ("Leonardson")

SEF CONSULTING LLC ("SEF")

DAYTONA PROPERTY LLC ("Daytona")

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

FIRST: Certified Financial Statement

The most recent Certified Financial Statement for the year ending December 31, 2023 and December 31, 2022 is annexed hereto as Document 1. Dearborn has not participated in the preparation of these documents and has not independently verified the information contained therein. Leonardson has not participated in the preparation of these documents and has not independently verified the information contained therein. SEF has not participated in the preparation of these documents and has not independently verified the information contained therein. Daytona has not participated in the preparation of these documents and has not independently verified the information contained therein. The copies were obtained from the Apartment Corporation.

SECOND: Budget

The 2024 Budget for the Apartment Corporation as provided by the Corporation's managing agent is annexed hereto as Document 2. Dearborn has not participated in the preparation of these documents and has not independently verified the information contained therein. Leonardson has not participated in the preparation of these documents and has not independently verified the information contained therein. SEF has not participated in the preparation of these documents and has not independently verified the information contained therein. Daytona has not participated in the preparation of these documents and has not independently verified the information contained therein.

THIRD: Directors and Officers of the Apartment Corporation

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

Arthur Coleman – President
Robert Orlofsky – Vice President
Katie FitzGerald – Vice President
Alessia Daniele – Secretary
Eric Gelb – Treasurer

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

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

I. Dearborn Units Corp:

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

(b) The aggregate monthly maintenance payable for all unsold shares owned by Dearborn is \$3,719.89.

(c) The current aggregate monthly rents payable by tenants residing in apartments owned by Dearborn is approximately \$2,735.93.

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

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

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

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

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

II. Leonardson, LLC:

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

(b) The aggregate monthly maintenance payable for all unsold shares owned by Leonardson is \$5,327.30

(c) The current aggregate monthly rents payable by tenants residing in apartments owned by Leonardson is approximately \$11,867.83.

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

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

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

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

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

III. SEF Consulting LLC:

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

(b) The aggregate monthly maintenance payable for all unsold shares owned by SEF is \$6,751.80.

(c) The current aggregate monthly rents payable by tenants residing in apartments owned by SEF is approximately \$12,415.00.

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

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

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

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

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

IV. Daytona Property LLC:

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

(b) The aggregate monthly maintenance payable for all unsold shares owned by Daytona is \$2,212.43.

(c) The current aggregate monthly rents payable by tenants residing in apartments owned by Daytona is approximately \$4,150.00.

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

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

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

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

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

FIFTH: Maintenance Charges

The current maintenance charges are \$1.94 per share per month, as set by the Board of Directors of the Apartment Corporation.

SIXTH: List and Status of Holder of Unsold Shares' Other Public Offerings

I. DEARBORN UNITS CORP:

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

II. LEONARDSON, LLC:

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

III. SEF CONSULTING LLC:

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

IV. DAYTONA PROPERTY LLC:

The principals of Daytona do not currently own more than ten (10%) of the unsold shares or units in any other cooperatives, condominiums or homeowner's associations.

SEVENTH: Definitions

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

EIGHTH: Incorporation of the Amended Plan

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

NINTH: Effective Period for Using the Plan is Extended

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

TENTH: Holder of Unsold Shares, and their Principals' Other Cooperative Projects

Neither Dearborn, Leonardson, Daytona, SEF, nor their principals currently own more than ten (10%) percent of the units in any other cooperatives, condominium or homeowners associations, except that

(i) Dearborn, Leonardson, Daytona and SEF collectively own more than 10% of the units at Patricia Gardens Owners, Inc., 1825, 1829, 1833 Palmer Avenue, Larchmont, New York; DOL file # C830250; and

(ii) Dearborn collectively with affiliates of the Holders of Unsold Shares and their principals (namely Dearborn Units Corp., Sash North LLC, Steven Finkelstein and Stacy Finkelstein) own more than 10% of the units at Orienta Gardens, Inc., 1015 Old Post Road / 953 West Boston Post Road, Mamaroneck, New York; DOL file# file # NA050070

(iii) Dearborn collectively with affiliates of the Holders of Unsold Shares and their principals along with its affiliates (namely Dearborn Units Corp, SEF Consulting, LLC, Leonardson, LLC) own more than 10% of units at 2-4 Windsor Terrace Owners, Inc., 2-4 Windsor Terrace, White Plains, New York 10601; DOL File # C850272.

Dearborn, Leonardson, SEF, Daytona and their principals are current in their financial obligations, including but not limited to, payment of maintenance or common charges, taxes, reserve or working capital fund payments, assessments, payments for repairs and improvements promised in the plan, payment of underlying mortgages, and payment of loans for which shares or units have been pledged as collateral or mortgaged.

ELEVENTH: Recent Offering by Holder of Unsold Shares

Dearborn, Leonardson, SEF, Daytona and/or their principals have offered and sold unsold shares in relation to the following properties in the past five (5) years:

345 Montgomery Owners Corp.

345 Montgomery Street, Brooklyn, New York 11225

Dept. of Law Plan #: C840296

Accepted Date: 05-24-1985 - Effective Date: 01-23-1986

Patricia Gardens Owners, Inc.

1825, 1829, 1833 Palmer Avenue, Larchmont, New York

Dept. of Law Plan # C830250

Accepted date: 07-31-1984 Effective Date: 01-22-1985

Edgemont Apartments Inc.

370-372 Central Park Avenue, Scarsdale, NY 10583

Dept, of Law Plan # C830192

Accepted Date: 06-29-1984 Effective Date: 09-12-1985

Orienta Gardens Owners, Inc.

1015 Old Post Road Mamaroneck, New York 10543

Dept. of Law Plan #: C850455

Accepted Date: 07-01-1986 - Effective Date: 01-20-1987

TWELFTH: No Material Changes

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

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

DOCUMENT 1

Financial Statements for Year Ending in December 2023

PATRICIA GARDENS OWNERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

PATRICIA GARDENS OWNERS, INC.

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DECEMBER 31, 2023 AND 2022

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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
PATRICIA GARDENS OWNERS, INC.**

Opinion

We have audited the accompanying financial statements of Patricia Gardens Owners, Inc., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of loss, retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Patricia Gardens Owners, Inc., 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 Patricia 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.

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 Patricia 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 Patricia 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 Patricia 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.

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 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited" 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 15, 2024

PATRICIA GARDENS OWNERS, INC.

Balance Sheets

As of December 31,

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash in Banks	11,914	1,865
Cash in Operating Account	14,425	10,263
Tenants' Accounts Receivable	12,971	9,776
Mortgagee Escrow Deposits	120,466	114,019
Prepaid Expenses	21,007	22,304
Total Current Assets	<u>180,783</u>	<u>158,227</u>
RESERVE FOR CONTINGENCIES		
Cash and Money Funds	104,191	29,763
Investments	100,932	201,453
Total Reserve for Contingencies	<u>205,123</u>	<u>231,216</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>1,839,156</u>	<u>1,896,565</u>
OTHER ASSETS		
Investment in NCB Stock	8,990	8,990
Total Other Assets	<u>8,990</u>	<u>8,990</u>
TOTAL ASSETS	<u>2,234,052</u>	<u>2,294,998</u>

	<u>2023</u>	<u>2022</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	44,363	28,289
Accrued Interest on Mortgage	8,896	9,146
Rents Received in Advance	4,670	10,129
Exchanges Payable	4,949	5,671
First Mortgage Payable - Amortization payments due within one year	<u>78,520</u>	<u>75,825</u>
Total Current Liabilities	<u>141,398</u>	<u>129,060</u>
LONG-TERM LIABILITIES		
Security Deposits	19,475	16,475
First Mortgage Payable (Due after one year)	2,625,986	2,704,505
Less: Unamortized Debt Issuance Costs	<u>(16,942)</u>	<u>(20,331)</u>
Total Long-Term Liabilities	<u>2,628,519</u>	<u>2,700,649</u>
STOCKHOLDERS' DEFICIT		
Common Stock \$1.00 par value; Authorized, 35,000 shares, Issued and Outstanding 33,282	33,282	33,282
Paid-in Capital	1,444,908	1,444,908
Retained Earnings (Deficit)	(2,061,555)	(2,060,401)
Appropriated Retained Earnings: Reserve for Contingencies	<u>47,500</u>	<u>47,500</u>
Total Stockholders' Deficit	<u>(535,865)</u>	<u>(534,711)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>2,234,052</u>	<u>2,294,998</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Loss

For the years ended December 31,

	<u>2023</u>	<u>2022</u>
INCOME		
Carrying Charge	756,192	723,629
Fuel Surcharge	18,300	0
Parking Income	25,440	21,360
Laundry Room Income	4,900	4,800
NCB Dividend	3,077	8,910
Interest Income	9,684	2,123
Miscellaneous Income	2,899	1,974
Total Income	<u>820,492</u>	<u>762,796</u>
EXPENSES		
Administrative Expenses	56,879	56,695
Utilities Expenses	127,731	128,394
Maintenance Expenses	214,465	251,307
Taxes and Insurance Expenses	238,458	249,572
Financial Expenses	106,095	108,979
Interest Expense - Debt Issuance Costs	3,389	4,066
Total Expenses Before Depreciation	<u>747,017</u>	<u>799,013</u>
NET INCOME BEFORE DEPRECIATION	73,475	(36,217)
Depreciation Expense	<u>(74,629)</u>	<u>(74,322)</u>
NET LOSS FOR THE YEAR	<u>(1,154)</u>	<u>(110,539)</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Retained Earnings (Deficit)

For the years ended December 31,

	<u>2023</u>	<u>2022</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(2,060,401)	(1,949,862)
Net Loss for the Year	<u>(1,154)</u>	<u>(110,539)</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(2,061,555)</u>	<u>(2,060,401)</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Net Loss	(1,154)	(110,539)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	74,629	74,322
Interest Expense - Debt Issuance Costs	3,389	4,066
Revenue allocated to financing activities	(75,824)	(72,949)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(3,195)	88
Mortgagee Escrow Deposits	(6,447)	(931)
Prepaid Expenses	1,297	(763)
Increase (Decrease) in operating liabilities:		
Accounts Payable	16,074	(10,783)
Accrued Interest Payable	(250)	(240)
Rents Received in Advance	(5,459)	2,535
Deposits and Exchanges	2,278	(581)
Net cash provided (used) by operating activities	<u>5,338</u>	<u>(115,775)</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(17,220)	0
Net cash used by investing activities	<u>(17,220)</u>	<u>0</u>
Cash Flows From Financing Activities		
Decrease in Reserve Funds	26,093	112,882
Portion of Carrying Charges applied to Monthly Amortization of Mortgage	75,824	72,949
Monthly Amortization of Mortgage	(75,824)	(72,949)
Net cash provided by financing activities	<u>26,093</u>	<u>112,882</u>
Increase (Decrease) in Cash and Cash Equivalents (carryforward)	14,211	(2,893)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	<u>2023</u>	<u>2022</u>
Increase (Decrease) in Cash and Cash Equivalents (brought forward)	14,211	(2,893)
Cash and Cash Equivalents at Beginning of Year	<u>12,128</u>	<u>15,021</u>
Cash and Cash Equivalents at End of Year (see below)	<u><u>26,339</u></u>	<u><u>12,128</u></u>
Represented by:		
Cash in Banks and On Hand	11,914	1,865
Cash in Operating Account	<u>14,425</u>	<u>10,263</u>
Cash and Cash Equivalents (as above)	<u><u>26,339</u></u>	<u><u>12,128</u></u>
Supplemental Disclosure:		
Interest Paid	<u>106,345</u>	<u>109,219</u>
Taxes Paid	<u>0</u>	<u>0</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1

Organization

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

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

Note 2

Summary of Significant Accounting Policies

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of 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. Reserve funds, restricted to specific purposes other than operations, are not considered cash and cash equivalents even though such reserve funds may be on deposit with banks invested in short-term, non-equity, interest-bearing instruments.

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. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

PATRICIA GARDENS OWNERS, INC.

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

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

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 2

Summary of Significant Accounting Policies - continued

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 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

Investments

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

Fixed Income:	<u>2023</u>	<u>2022</u>
Amortized Cost	\$100,932	\$201,453
Fair Value	\$100,000	\$201,395

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

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due Within One Year	\$100,932	\$100,000
Due One - Five Years	0	0
Due After Five Years	<u>0</u>	<u>0</u>
Total	\$100,932	\$100,000

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.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 5

Property and Equipment

Property and Equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	2,218,884	2,201,664
Furniture and Fixtures	<u>20,087</u>	<u>20,087</u>
	4,641,931	4,624,711
Less: accumulated depreciation	<u>2,802,775</u>	<u>2,728,146</u>
Total Property and Equipment	<u>1,839,156</u>	<u>1,896,565</u>

Depreciation expense for the years ending December 31, 2023 and 2022 was \$74,629 and \$74,322, respectively.

Note 6

Mortgage Payable

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

The mortgage matures on September 1, 2025 at which time the entire unpaid principal and accrued interest will be due and payable.

Principal maturities of the mortgage are as follows:

2024	78,520
2025	2,625,986

Pursuant to the loan agreement with NCB, the cooperative was required to purchase shares of NCB Class B1 Capital Stock. This stock is reflected on the cooperative's balance sheet with a cost basis of \$8,990. For the year ended December 31, 2023 and 2022, the cooperative received \$3,077 and \$8,910, respectively in patronage dividends.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 7

Reserve Fund

The cooperative maintains a contingency reserve fund to be used for capital repairs, replacements and improvements, or for such other cooperative purposes as determined by the Board. As of December 31, 2023 and 2022, specific funds held in the Reserve for Contingencies totaled \$205,123 and \$231,216, respectively.

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

Note 8

Sponsor/Holder of Unsold Shares Ownership

As of December 31, 2023 and 2022, the sponsor/holder of unsold shares owned approximately 29% of the outstanding shares of the cooperative's stock, representing eighteen apartments. As of that date, the sponsor/holder of unsold shares was current in the payment of carrying charges.

The most recent Disclosure Statement filed with the Attorney General's Office (seventeenth amendment to the Cooperative Offering Plan) dated July 16, 2019, indicates that the aggregate monthly maintenance for all unsold shares is \$17,595. The aggregate monthly rents received from tenants residing in the apartments owned by the sponsor/holder of unsold shares is \$28,563. No subsequent amendments have been filed.

Note 9

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.

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.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 9

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

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	3,272	4,910
Health Contributions	13,768	20,640
Other Contributions	744	798

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

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

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 11

Income Taxes

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

Losses incurred in years prior to 2018, may be carried forward for twenty years from the year incurred and may be used to offset 100% of taxable income. Due to a change in the tax law, federal net operating losses incurred in 2018 and thereafter may be carried forward indefinitely, but may only be used to offset 80% of taxable income each year. 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 \$1,905,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,276,000 which expire beginning in 2024 and continuing through 2037 and carryforwards of approximately \$629,000 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.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 12

Future Major Repairs and Replacements

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

Note 13

Subsequent Events

Management has evaluated subsequent events through March 15, 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.

PATRICIA GARDENS OWNERS, INC.

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	756,192	756,192	723,629
Fuel Surcharge	18,305	18,300	0
Parking Income	24,660	25,440	21,360
Laundry Room Income	4,800	4,900	4,800
NCB Dividend	5,000	3,077	8,910
Interest and Miscellaneous Income	8,000	12,583	4,097
Total Receipts	<u>816,957</u>	<u>820,492</u>	<u>762,796</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	33,000	33,000	33,000
Legal Expense	2,000	4,747	5,876
Auditing	10,300	10,300	10,296
Telephone	1,500	1,007	1,018
Office and Administrative Expenses	7,000	7,825	6,505
Total Administrative Expenses	<u>53,800</u>	<u>56,879</u>	<u>56,695</u>
UTILITIES EXPENSES			
Heat	95,000	86,830	81,156
Electricity and Gas	13,000	16,837	14,989
Water	31,000	24,064	32,249
Total Utilities Expenses	<u>139,000</u>	<u>127,731</u>	<u>128,394</u>
MAINTENANCE EXPENSES			
Payroll and Additional Labor	100,500	81,015	101,491
Supplies	13,000	15,528	9,931
Repairs and Maintenance - Plumbing and Related	0	14,229	31,856
Repairs and Maintenance - Other	35,000	23,985	23,281
Major Repairs - Fire Escape Painting	0	0	62,800
Major Repairs - Masonry	0	33,500	0
Major Repairs - Carpentry	0	13,663	0
Landscaping and Trees	22,000	23,902	18,544
Exterminating	4,000	8,643	3,404
Total Maintenance Expenses	<u>174,500</u>	<u>214,465</u>	<u>251,307</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget	Actual	Actual
	Year Ended	Year Ended	Year Ended
	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
	(Unaudited)		
TAXES AND INSURANCE			
Real Estate Taxes	178,500	160,576	167,769
Payroll Taxes	6,000	5,813	6,142
Insurance	52,000	54,285	49,313
Union Welfare and Pension Fund	28,500	17,784	26,348
Franchise Taxes	1,700	0	0
Total Taxes and Insurance	266,700	238,458	249,572
FINANCIAL EXPENSES			
Interest on Mortgage	106,347	106,095	108,979
Total Financial Expenses	106,347	106,095	108,979
CONTRIBUTIONS TO EQUITY			
Amortization of Mortgage	75,825	75,824	72,949
Total Contributions to Equity	75,825	75,824	72,949
Total Expenditures	816,172	819,452	867,896
NET SURPLUS (DEFICIT)			
FOR THE YEAR	785	1,040	(105,100)

See accompanying notes and auditors' report

DOCUMENT 2

2024 Budget

PATRICIA GARDENS OWNERS, INC.
APPROVED OPERATING BUDGET
For the Year Ending December 31, 2024

RECEIPTS

CARRYING CHARGES - APARTMENTS	775,097 (*)	
GAS FUEL SURCHARGE	13,725 (**)	
PARKING INCOME	25,440	
LAUNDRY ROOM INCOME	4,800	
NCB DIVIDEND	2,000	
INTEREST AND MISCELLANEOUS INCOME	8,000	
TOTAL RECEIPTS		829,062

EXPENDITURES

ADMINISTRATIVE EXPENSES

MANAGEMENT FEE	33,000	
LEGAL FEE AND DISBURSEMENTS	2,000	
AUDITING	10,800	
TELEPHONE/INTERNET/BOILER ALARM	1,200	
OFFICE AND ADMINISTRATIVE EXPENSES	7,000	
TOTAL ADMINISTRATIVE EXPENSES		54,000

UTILITIES EXPENSES

HEATING FUEL	95,000	
ELECTRICITY & GAS	16,000	
WATER	30,000	
TOTAL UTILITIES EXPENSES		141,000

MAINTENANCE EXPENSES

MAINTENANCE PAYROLL	76,000	
ADDITIONAL LABOR	18,000	
SUPPLIES	13,000	
LANDSCAPING AND TREE WORK	20,000	
SNOW REMOVAL	2,000	
REPAIRS AND MAINTENANCE	45,000	
EXTERMINATING	6,000	
TOTAL MAINTENANCE EXPENSES		180,000

PATRICIA GARDENS OWNERS, INC.
APPROVED OPERATING BUDGET (cont'd)
For the Year Ending December 31, 2024

TAXES AND INSURANCE		
REAL ESTATE TAXES	160,000	
PAYROLL TAXES	6,000	
INSURANCE	59,000	
UNION WELFARE AND PENSION FUND	29,500	
NEW YORK STATE FRANCHISE TAX	1,700	
TOTAL TAXES AND INSURANCE	256,200	
FINANCIAL EXPENSES		
INTEREST ON FIRST MORTGAGE		103,652
CONTRIBUTIONS TO EQUITY		
AMORTIZATION OF FIRST MORTGAGE	78,520	
CONTRIBUTION TO RESERVES	15,000	
TOTAL CONTRIBUTIONS TO EQUITY	93,520	
TOTAL EXPENDITURES		828,372
NET SURPLUS		690

(*) Carrying Charges reflect an approved increase of 2.5%, effective January 1, 2024.

(**) Gas Fuel Surcharge reflects a decrease of 25%, effective January 1, 2024.

DOCUMENT 3

Unsold Shares Owned by Dearborn Units Corp.

Unit	Maintenance	Shares	Rent
1829 #1B	\$999.49	515	\$1,700.00
1829 #3D	\$795.71	410	\$2,000.00
1833 #3J	\$1,086.81	560	\$1,600.00
1825 #1D	\$853.92	440	\$2,000.00
1833 #2F	\$983.96	507	VACANT

Unsold Shares Owned by LEONARDSON, LLC

Unit	Maintenance	Shares	Rent
1825 #2B	\$1,222.67	630	\$896.73
1825 #3C	\$960.66	495	VACANT
1833 #3A	\$815.10	420	\$1,750.00
1833 #3C	\$1,242.06	640	\$2,050.00
1833 #3K	\$1,086.81	560	\$717.10

Unsold Shares Owned by SEF CONSULTING LLC

Unit	Maintenance	Shares	Rent
1825 #3F	\$1,242.06	640	\$2,100.00
1829 #2C	\$1,222.67	630	\$2,275.00
1829 #2G	\$716.14	369	\$1,415.00
1829 #1C	\$1,242.06	640	\$2,050.00
1833 #1K	\$1,135.32	585	\$2,175.00
1833 #3E	\$1,193.55	615	\$2,400.00

Unsold Shares Owned by DAYTONA PROPERTY LLC

Unit	Maintenance	Shares	Rent
1829 #1F	\$1,261.47	650	\$2,200.00
1833 #3B	\$950.96	490	\$1,950.00