

HARTSDALE GARDENS OWNERS CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

HARTSDALE GARDENS OWNERS CORP.

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

MARK COHEN, CPA
WILLIAM J. RANK, CPA, CFP
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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, 2025 and 2024, and the related statements of (loss) income, 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, 2025 and 2024, 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
February 17, 2026**

HARTSDALE GARDENS OWNERS CORP.

Balance Sheets

As of December 31,

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	52,477	8,273
Cash in Bank - Money Market Accounts	165,248	134,485
Investments - Certificates of Deposit - at amortized cost	1,685,981	287,348
Tenants' Accounts Receivable	22,196	5,910
Miscellaneous Receivable	0	1,634
Mortgage Escrow Deposits	121,494	261,145
Prepaid Expenses	17,374	26,071
Total	<u>2,064,770</u>	<u>724,866</u>
Less: Allocated to Funds (see below)	<u>(1,851,226)</u>	<u>(421,833)</u>
Total Current Assets	<u>213,544</u>	<u>303,033</u>
FUNDS		
Contingency Reserve:		
Reserve for Replacements (see above)	<u>1,851,226</u>	<u>421,833</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>2,223,599</u>	<u>2,293,719</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><u>4,296,439</u></u>	<u><u>3,026,655</u></u>

	<u>2025</u>	<u>2024</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable	44,590	46,257
Accrued Interest	23,667	13,009
Star Credit Due to Stockholders	9,221	12,263
Rents Received in Advance	9,927	7,451
Security Deposits	21,465	24,254
Mortgages Payable - Amortization payments due within one year (less unamortized debt issuance costs)	16,342	3,484,694
Total Current Liabilities	<u>125,212</u>	<u>3,587,928</u>
LONG-TERM LIABILITIES		
First Mortgage Payable - Net of Payments due within one year	4,965,514	0
Less: Unamortized Debt Issuance Costs	(136,168)	0
Total Long-Term Liabilities	<u>4,829,346</u>	<u>0</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)	(4,504,677)	(4,407,831)
Total Stockholders' Deficit	<u>(658,119)</u>	<u>(561,273)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>4,296,439</u>	<u>3,026,655</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of (Loss) Income

For the Years Ended December 31,

	<u>2025</u>	<u>2024</u>
INCOME		
Carrying Charges	1,118,207	1,090,933
Assessment Income	33,537	33,537
Parking Income	58,545	58,645
Rental Income	35,150	33,550
Laundry Room Income (including Bonus)	19,400	11,100
Storage Income	6,512	4,470
Interest/Dividend Income	31,767	22,296
Miscellaneous Income	1,333	2,312
Total Income	<u>1,304,451</u>	<u>1,256,843</u>
EXPENSES		
Administrative Expenses	110,169	53,522
Maintenance Expenses	389,641	323,227
Utilities Expenses	193,180	171,270
Taxes and Insurance Expenses	413,455	389,365
Financial Expenses	174,295	155,197
Interest Expense - Debt Issuance Costs	21,782	23,885
Total Expenses Before Depreciation	<u>1,302,522</u>	<u>1,116,466</u>
NET INCOME BEFORE DEPRECIATION	1,929	140,377
Depreciation	<u>(98,775)</u>	<u>(100,813)</u>
NET (LOSS) INCOME FOR THE YEAR	<u>(96,846)</u>	<u>39,564</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Retained Earnings (Deficit)

For the Years Ended December 31,

	<u>2025</u>	<u>2024</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(4,407,831)	(4,447,395)
Net (Loss) Income for the Year	<u>(96,846)</u>	<u>39,564</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(4,504,677)</u>	<u>(4,407,831)</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Years Ended December 31,

	2025	2024
Cash Flows From Operating Activities		
Net (Loss) Income	(96,846)	39,564
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	98,775	100,813
Interest - Debt Issuance Costs	21,782	23,885
Revenue allocated to financing activities	(80,521)	(89,526)
(Increase) Decrease in operating assets:		
Tenants' Accounts Receivable	(16,286)	1,140
Miscellaneous Receivable	1,634	(1,634)
Mortgage Escrow Deposits	139,651	(20,744)
Prepaid Expenses	8,697	(23,942)
(Decrease) Increase in operating liabilities:		
Accounts Payable	(1,667)	26
Accrued Interest	10,658	(296)
Star Credit Due to Stockholders	(3,042)	(1,221)
Rents Received in Advance	2,476	4,000
Security Deposits	(2,789)	250
Net cash provided by operating activities	82,522	32,315
Cash Flows From Investing Activities		
Purchase of Investments - Certificates of Deposit	(2,186,306)	(524,503)
Maturities of Investments - Certificates of Deposit	787,673	589,000
Purchase of Property and Equipment	(28,655)	(28,993)
Net cash (used) provided by investing activities	(1,427,288)	35,504
Cash Flows From Financing Activities		
Proceeds from Refinancing of Mortgage	5,000,000	0
Mortgage Payoff	(2,977,555)	0
Second Mortgage Payoff	(450,000)	0
Mortgage Financing Costs	(152,712)	0
Portion of Carrying Charges applied to Amortization of Mortgage	80,521	89,526
Amortization Payments on Mortgage	(80,521)	(89,526)
Net cash provided by financing activities	1,419,733	0
Increase in Cash and Cash Equivalents (carryforward)	74,967	67,819

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Years Ended December 31,

	<u>2025</u>	<u>2024</u>
Increase in Cash and Cash Equivalents (brought forward)	74,967	67,819
Cash and Cash Equivalents at Beginning of Year	<u>142,758</u>	<u>74,939</u>
Cash and Cash Equivalents at End of Year (see below)	<u>217,725</u>	<u>142,758</u>
Represented by:		
Cash in Operating Account	52,477	8,273
Cash in Bank - Money Market Accounts	<u>165,248</u>	<u>134,485</u>
Cash and Cash Equivalents (as above)	<u>217,725</u>	<u>142,758</u>
Supplemental Disclosure:		
Interest Paid	<u>163,637</u>	<u>155,493</u>
Taxes Paid - State	<u>1,950</u>	<u>1,950</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

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) income.

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

The cooperative assesses collectability by reviewing individual shareholder accounts receivable with known disputes or collectability issues. The cooperative's policy is to retain legal counsel and place liens on the shares of tenant-stockholders whose charges are delinquent. The cooperative also considers payment history, unit owner specific information and current market conditions (such as the effects of inflation).

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

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) income.

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.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

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.

The prior year financial statements may include reclassifications in order to conform to the current year presentation in accordance with generally accepted accounting principles (GAAP).

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 balances in these accounts, at any given time, may exceed the federally insured limits established by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 per institution.

The cooperative has investments in money funds which are not bank deposits or FDIC 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>2025</u>	<u>2024</u>
Amortized Cost	1,685,981	287,348
Fair Value	1,685,211	287,491

The following investments were held as of December 31, 2025:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due Within One Year	451,767	451,922
Due In One to Five Years	712,432	722,017
Due After Five Years	521,782	511,272

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

Note 4

Investments - continued

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, 2025 and 2024.

Note 5

Property and Equipment

Property and Equipment consists of the following:

	<u>2025</u>	<u>2024</u>
Land	858,440	858,440
Building	3,433,760	3,433,760
Building improvements	<u>3,164,355</u>	<u>3,135,700</u>
	7,456,555	7,427,900
Less: accumulated depreciation	<u>5,232,956</u>	<u>5,134,181</u>
Total Property and Equipment	<u>2,223,599</u>	<u>2,293,719</u>

Depreciation expense for the years ended December 31, 2025 and 2024 is \$98,775 and \$100,813, respectively.

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 was 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 was set to mature November 1, 2025, at which time a balloon payment of approximately \$2,978,000 was due and payable.

On October 30, 2025, the mortgage was refinanced for a new \$5,000,000 mortgage with Morgan Stanley. The mortgage requires constant monthly payments of approximately \$25,789, including interest at the rate of 5.5%, based on a 40 year amortization period. The new mortgage will mature November 1, 2035, at which time a balloon payment of approximately \$4,597,000 will be due and payable.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

Note 6

Debt Service - continued

First Mortgage Payable - continued

Although the cooperative refinanced their mortgage with Morgan Stanley, they are still in possession of the NCB stock that the cooperative was required to purchase in connection with the 2015 refinance with NCB. The cooperative owns shares of both 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, 2025 and 2024, the cooperative owned 81 Class B1 shares each year and 1,573 and 1,138 Class B2 shares, respectively.

Principal maturities of the mortgage are as follows:

2026	31,613
2027	33,422
2028	34,549
2029	37,310
2030	39,445
Thereafter	4,820,788

As part of the 2025 refinancing, the cooperative paid closing costs of approximately \$153,000 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 required interest only payments at 7.5%, was co-terminus with the first mortgage and the full amount was paid off as part of the October 30, 2025 refinancing.

Note 7

Carrying Charges

Pursuant to meetings of the Board of Directors, the cooperative approved increases of 2.5% effective January 1, 2025 and 2024. The increases were necessary to offset higher operating costs and to present balanced budgets.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

Note 8

Assessment Income

The cooperative implemented an assessment of \$1 per share for the year ended December 31, 2025 and again for the year ended December 31, 2024 to offset the interest expense incurred on the second mortgage. The total assessment of approximately \$34,000 per year is reflected as Assessment Income on the statements of (loss) income.

Note 9

Real Estate Taxes/Tax Abatements

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2025 and 2024. 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 as Star Credit Due to Stockholders. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 10

Benefits

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2025 and 2024. The cooperative participated in this multi-employer plan, for the years ended December 31, 2025 and 2024 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.

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, 2024 and 2023. The certified zone status for the plan for both years was green.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

Note 10

Benefits - continued

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2025 and 2024. 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>2025</u>	<u>2024</u>
Pension Contributions	10,200	9,600
Health Contributions	44,880	43,584
All Other Contributions	3,394	1,551

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

Note 11

Income Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources 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.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2025 and 2024

Note 11

Income Taxes - continued

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, 2025, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$1,949,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,112,000 which expire beginning in 2026 and continuing through 2037 and carryforwards of approximately \$837,000 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 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 February 17, 2026, 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, 2025</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2025</u>	Actual Year Ended <u>Dec. 31, 2024</u>
RECEIPTS			
Carrying Charges	1,118,207	1,118,207	1,090,933
Assessment Income	33,537	33,537	33,537
Parking Income	59,000	58,545	58,645
Rental Income	35,000	35,150	33,550
Laundry Room Income (including Bonus)	11,100	19,400	11,100
Storage Income	6,000	6,512	4,470
Interest and Dividend income	20,000	31,767	22,296
Miscellaneous Income	2,000	1,333	2,312
Total Receipts	1,284,844	1,304,451	1,256,843
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	4,000	4,346	850
Legal Expense - Taco Bell Litigation	0	49,625	0
Auditing	9,600	9,600	9,300
Telephone and Intercom	4,000	2,329	5,395
Office and Administrative Expenses	8,876	14,269	7,977
Total Administrative Expenses	56,476	110,169	53,522
MAINTENANCE EXPENSES			
Super and Maintenance Payroll	150,000	150,824	143,341
Supplies	13,000	13,195	10,145
Repairs (see schedule)	95,000	131,014	69,582
Major Repairs	20,000	21,592	15,178
Elevator Maintenance	20,000	21,085	18,035
Landscaping and Tree Work	30,000	25,947	38,470
Snow Removal	12,000	13,601	11,174
Exterminating	12,000	12,383	17,302
Total Maintenance Expenses	352,000	389,641	323,227
UTILITIES EXPENSES			
Gas Heat and Fuel Oil	130,000	135,226	96,049
Electricity and Gas	33,000	35,462	32,758
Water	33,000	34,395	42,463
Water - Prior Year Meter Billing Adjustments	0	(11,903)	0
Total Utilities Expenses	196,000	193,180	171,270

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget	Actual	Actual
	Year Ended	Year Ended	Year Ended
	Dec. 31, 2025	Dec. 31, 2025	Dec. 31, 2024
	(Unaudited)		
TAXES AND INSURANCE			
Real Estate Taxes	266,000	267,494	247,519
Payroll Taxes	12,000	12,160	11,059
Licenses and Permits	500	556	362
Insurance	73,000	72,821	73,740
Union Welfare and Pension Fund	58,000	58,474	54,735
NYS Franchise Taxes	1,950	1,950	1,950
Total Taxes and Insurance	411,450	413,455	389,365
FINANCIAL EXPENSES			
Interest on First Mortgage	132,000	145,795	120,885
Interest on Second Mortgage	28,500	28,500	34,312
Total Financial Expenses	160,500	174,295	155,197
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgage	93,418	93,418	89,525
Contingency Reserve	15,000	0	15,000
Total Contributions to Equity and Reserves	108,418	93,418	104,525
Total Expenditures	1,284,844	1,374,158	1,197,106
NET (DEFICIT) SURPLUS FOR THE YEAR	0	(69,707)	59,737

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Detailed Schedule of Repairs and Maintenance

For the Year Ended December 31,

	<u>2025</u>	<u>2024</u>
REPAIRS AND MAINTENANCE		
Boiler and Burners	15,103	5,488
Plumbing and Pipes	38,727	34,272
Electrical and Intercoms	14,327	1,916
Painting, Plastering and Carpentry Work	30,657	7,157
Roofing and Waterproofing	9,646	5,256
Locks, Doors and Equipment	6,820	2,747
Garage Door Repairs	591	8,596
Uniforms	0	1,030
General	15,143	3,120
Total Repairs and Maintenance	<u>131,014</u>	<u>69,582</u>

See accompanying notes and auditors' report