

PATRICIA GARDENS OWNERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

PATRICIA GARDENS OWNERS, INC.

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

MARK COHEN, CPA
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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, 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 Patricia Gardens Owners, Inc., 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 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
April 3, 2026

PATRICIA GARDENS OWNERS, INC.

Balance Sheets

As of December 31,

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	10,518	26,503
Tenants' Accounts Receivable	16,085	11,555
Mortgagee Escrow Deposits	55,308	121,819
Prepaid Expenses	21,414	21,251
Total Current Assets	<u>103,325</u>	<u>181,128</u>
RESERVE FOR CONTINGENCIES		
Cash and Money Funds	498,624	23,215
Investments - at Amortized Cost	707,564	202,920
Total Reserve for Contingencies	<u>1,206,188</u>	<u>226,135</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>1,816,784</u>	<u>1,787,405</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>3,135,287</u>	<u>2,203,658</u>

	<u>2025</u>	<u>2024</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	34,870	58,802
Accrued Interest on Mortgage	18,678	8,638
Rents Received in Advance	8,605	2,756
Exchanges Payable	4,046	4,346
Mortgage Payable - Amortization payments due within one year (Net of Unamortized Debt Issuance Costs)	<u>8,177</u>	<u>2,625,773</u>
Total Current Liabilities	<u>74,376</u>	<u>2,700,315</u>
LONG-TERM LIABILITIES		
Security Deposits	11,750	8,250
Mortgage Payable (Due after one year)	3,719,864	0
Less: Unamortized Debt Issuance Costs	<u>(116,878)</u>	<u>0</u>
Total Long-Term Liabilities	<u>3,614,736</u>	<u>8,250</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)	(2,079,515)	(2,030,597)
Appropriated Retained Earnings: Reserve for Contingencies	<u>47,500</u>	<u>47,500</u>
Total Stockholders' Deficit	<u>(553,825)</u>	<u>(504,907)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u><u>3,135,287</u></u>	<u><u>2,203,658</u></u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of (Loss) Income

For the years ended December 31,

	<u>2025</u>	<u>2024</u>
INCOME		
Carrying Charge	794,474	775,097
Fuel Surcharge	6,829	13,659
Parking Income	26,220	26,220
Laundry Room Income	5,400	5,400
NCB Dividend	0	1,278
Interest Income	27,598	9,098
Miscellaneous Income	1,610	1,981
Total Income	<u>862,131</u>	<u>832,733</u>
EXPENSES		
Administrative Expenses	57,850	58,950
Utilities Expenses	130,004	120,567
Maintenance Expenses	221,303	179,714
Taxes and Insurance Expenses	253,538	247,454
Financial Expenses	164,596	103,390
Interest Expense - Debt Issuance Costs	7,088	16,729
Total Expenses Before Depreciation	<u>834,379</u>	<u>726,804</u>
NET INCOME BEFORE DEPRECIATION	27,752	105,929
Depreciation Expense	<u>(76,670)</u>	<u>(74,971)</u>
NET (LOSS) INCOME FOR THE YEAR	<u>(48,918)</u>	<u>30,958</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Retained Earnings (Deficit)

For the years ended December 31,

	<u>2025</u>	<u>2024</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(2,030,597)	(2,061,555)
Net (Loss) Income for the Year	<u>(48,918)</u>	<u>30,958</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u><u>(2,079,515)</u></u>	<u><u>(2,030,597)</u></u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2025	2024
Cash Flows From Operating Activities		
Net (Loss) Income	(48,918)	30,958
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	76,670	74,971
Interest Expense - Debt Issuance Costs	7,088	16,729
Revenue allocated to financing activities	(48,906)	(78,520)
Decrease (Increase) in operating assets		
Tenants' Accounts Receivable	(4,530)	1,416
Mortgagee Escrow Deposits	66,511	(1,353)
Prepaid Expenses	(163)	(244)
Increase (Decrease) in operating liabilities:		
Accounts Payable and Accrued Expenses	(23,932)	14,439
Accrued Interest on Mortgage	10,040	(258)
Rents Received in Advance	5,849	(1,914)
Exchanges Payable	3,200	(11,828)
Net cash provided by operating activities	42,909	44,396
Cash Flows From Investing Activities		
Increase in Reserve Funds	(475,409)	80,976
Purchase of Investments	(1,055,644)	(420,920)
Maturity of Investments	551,000	318,932
Purchase of Property and Equipment	(106,049)	(23,220)
Net cash used by investing activities	(1,086,102)	(44,232)
Cash Flows From Financing Activities		
Proceeds from New Mortgage	3,750,000	0
Payoff of Old Mortgage	(2,585,289)	0
Deferred Financing Expenses Paid	(137,503)	0
Portion of Carrying Charges applied to		
Monthly Amortization of Mortgage	48,906	78,520
Monthly Amortization of Mortgage	(48,906)	(78,520)
Net cash provided by financing activities	1,027,208	0
(Decrease) Increase in Cash and Cash Equivalents (carryforward)	(15,985)	164

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	<u>2025</u>	<u>2024</u>
(Decrease) Increase in Cash and Cash Equivalents (brought forward)	(15,985)	164
Cash and Cash Equivalents at Beginning of Year	<u>26,503</u>	<u>26,339</u>
Cash and Cash Equivalents at End of Year (see below)	<u><u>10,518</u></u>	<u><u>26,503</u></u>
Represented by:		
Cash in Operating Account	<u>10,518</u>	<u>26,503</u>
Cash and Cash Equivalents (as above)	<u><u>10,518</u></u>	<u><u>26,503</u></u>
Supplemental Disclosure:		
Interest Paid	<u>154,556</u>	<u>103,648</u>
Taxes Paid	<u>1,700</u>	<u>872</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

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) 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. 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.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

Note 2

Summary of Significant Accounting Policies - continued

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 collect ability issues. The cooperative's policy is to retain legal counsel and place liens on the shares of tenant-stockholders whose charges are delinquent, We also consider payment history, unit owner specific information and current market conditions (such as the effects of inflation).

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) 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.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

Note 2

Summary of Significant Accounting Policies - continued

Tenant-stockholders are subject to monthly charges to 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.

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

Investments

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

Fixed Income:	<u>2025</u>	<u>2024</u>
Amortized Cost	707,564	202,920
Fair Value	706,065	204,843

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

Note 3 Investments - continued

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

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due Within One Year	707,564	706,065
Due One - Five Years	0	0
Due After Five Years	<u>0</u>	<u>0</u>
Total	707,564	706,065

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 4 Property and Equipment

Property and Equipment consists of the following:

	<u>2025</u>	<u>2024</u>
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	2,348,153	2,242,104
Furniture and Fixtures	<u>20,087</u>	<u>20,087</u>
	4,771,200	4,665,151
Less: accumulated depreciation	<u>2,954,416</u>	<u>2,877,746</u>
Total Property and Equipment	<u>1,816,784</u>	<u>1,787,405</u>

Depreciation expense for the years ending December 31, 2025 and 2024 was \$76,670 and \$74,971, respectively.

Note 5 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 required monthly payments in the amount of \$15,181, which included principal and interest at 3.82% based on a 30 year amortization schedule.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

Note 5

Mortgage Payable - continued

On June 25, 2025, the cooperative refinanced the previous mortgage with Morgan Stanley Bank for \$3,750,000. The new mortgage requires constant monthly payments of \$20,105 which includes interest at 5.797%, based on a forty year amortization schedule and the remainder as a reduction of principal. The mortgage is set to mature on July 1, 2035 when a balloon payment of approximately \$3,469,000 will be due and payable.

The cooperative incurred closing costs of approximately \$138,000 which are being amortized over the life of the mortgage.

Principal maturities of the mortgage are as follows:

2026	21,927
2027	23,251
2028	24,003
2029	26,106
2030	27,682
Thereafter	3,618,822

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. As of December 31, 2025 and 2024, the cooperative's B1 stock was worth \$8,990. For the year ended December 31, 2024, the cooperative received cash patronage dividends of \$1,278.

Note 6

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, 2025 and 2024, specific funds held in the Reserve for Contingencies totaled \$1,206,188 and \$226,135, 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.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

Note 7

Sponsor/Holder of Unsold Shares Ownership

As of December 31, 2025 and 2024, 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 8

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 2024 and 2023 was green for both years.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

Note 8

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	5,586	4,940
Health Contributions	23,903	21,132
Other Contributions	1,554	1,372

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

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 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.

Note 10

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.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2025 and 2024

Note 10

Income Taxes - continued

Losses incurred in years prior to 2018, may be carried forward for twenty years from the year incurred and may be used to offset 100% of taxable income. Due to a change in the tax law, federal net operating losses incurred in 2018 and thereafter may be carried forward indefinitely, but may only be used to offset 80% of taxable income each year. This law was subsequently modified under the CARES Act, which was enacted March 27, 2020. Under the CARES Act, the 80% taxable income limitation is delayed until years beginning after December 31, 2020. The 80% limitation will apply to any net operating loss arising in a year beginning after December 31, 2017 and deducted for a year beginning after December 31, 2020.

Additionally, the Act provides that for losses arising in 2018, 2019, and 2020, such loss shall be a net operating loss carryback to each of the prior five taxable years. Additionally, as is the case under pre-2018 law, the taxpayer may make an election to waive the carryback and instead treat losses arising in these years as net operating loss carryovers.

As of December 31, 2025, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$1,809,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,026,000 which expire beginning in 2025 and continuing through 2037 and carryforwards of approximately \$783,000 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, 2025 and 2024

Note 11

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 12

Subsequent Events

Management has evaluated subsequent events through April 3, 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.

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget	Actual	Actual
	Year Ended	Year Ended	Year Ended
	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
	(Unaudited)		
RECEIPTS			
Carrying Charges	794,474	794,474	775,097
Fuel Surcharge	13,725	6,829	13,659
Parking Income	25,440	26,220	26,220
Laundry Room Income	5,400	5,400	5,400
NCB Dividend	1,500	0	1,278
Interest and Miscellaneous Income	7,000	29,208	11,079
Total Receipts	<u>847,539</u>	<u>862,131</u>	<u>832,733</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	35,004	35,000	35,004
Legal Expense	3,500	1,243	3,630
Auditing	10,800	10,800	10,300
Telephone	1,200	720	1,440
Office and Administrative Expenses	8,000	10,087	8,576
Total Administrative Expenses	<u>58,504</u>	<u>57,850</u>	<u>58,950</u>
UTILITIES EXPENSES			
Heat	95,000	87,726	60,023
Electricity and Gas	16,000	11,899	18,884
Water	35,000	30,379	41,660
Total Utilities Expenses	<u>146,000</u>	<u>130,004</u>	<u>120,567</u>
MAINTENANCE EXPENSES			
Payroll and Additional Labor	83,000	79,500	70,484
Supplies	13,000	13,142	8,110
Repairs and Maintenance - Plumbing and Related	0	22,638	15,727
Repairs and Maintenance - Other	45,000	43,365	20,998
Major Repairs - Painting	0	19,778	17,340
Major Repairs - Masonry	0	0	3,280
Major Repairs - Steam Pipe	0	0	20,653
Landscaping and Trees	22,000	34,778	14,888
Exterminating	7,500	8,102	8,234
Total Maintenance Expenses	<u>170,500</u>	<u>221,303</u>	<u>179,714</u>

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

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>
TAXES AND INSURANCE			
Real Estate Taxes	160,000	148,977	152,909
Payroll Taxes	5,400	5,875	5,083
Insurance	67,000	65,943	61,146
Union Welfare and Pension Fund	29,000	31,043	27,444
Franchise Taxes	1,700	1,700	872
Total Taxes and Insurance	<u>263,100</u>	<u>253,538</u>	<u>247,454</u>
FINANCIAL EXPENSES			
Interest on Old Mortgage	115,915	49,979	103,390
Interest on New Mortgage	0	114,617	0
Total Financial Expenses	<u>115,915</u>	<u>164,596</u>	<u>103,390</u>
CONTRIBUTIONS TO EQUITY			
Amortization of Old Mortgage	78,520	48,906	78,520
Amortization of New Mortgage	0	8,209	0
Contribution to Reserve	15,000	0	15,000
Total Contributions to Equity	<u>93,520</u>	<u>57,115</u>	<u>93,520</u>
Total Expenditures	<u>847,539</u>	<u>884,406</u>	<u>803,595</u>
NET (DEFICIT) SURPLUS FOR THE YEAR	<u>0</u>	<u>(22,275)</u>	<u>29,138</u>

See accompanying notes and auditors' report