

CAROLIN GARDENS INC.

FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

CAROLIN GARDENS INC.

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# Marin & Montanye LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD B. MONTANYE, CPA

PATRICIA A. PRUSINSKI, CPA

## Independent Auditor's Report

To: The Board of Directors and Shareholders of Carolin Gardens Inc.

### ***Opinion***

We have audited the financial statements of Carolin Gardens Inc., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, accumulated 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 Carolin Gardens Inc. as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Carolin Gardens 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 the 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 the 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 Carolin Gardens 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 generally accepted auditing standards 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Carolin Gardens 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 evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Carolin Gardens 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.

***Omission of Required Supplementary Information***

Management has omitted the information about the estimates of future costs of major repairs and replacements 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by the missing information.

April 13, 2021

*Marin & Montanye LLP*

CAROLIN GARDENS INC.EXHIBIT ABALANCE SHEETSAs of December 31, 2020 and 2019ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash – Operating account	\$ 60,764	\$ 47,287
Receivables:		
Shareholder's arrears	7,103	4,249
Prepaid Expenses:		
Insurance	3,706	3,355
Corporate taxes	1,542	1,237
Real estate taxes	<u>21,566</u>	<u>490</u>
<u>TOTAL CURRENT ASSETS</u>	94,681	56,618
<u>FUND</u>		
Reserve Fund – Schedule 1	75,071	72,138
<u>PROPERTY AND EQUIPMENT</u>		
Land	48,793	48,793
Building and improvements	741,383	741,383
Furniture and equipment	53,960	53,960
Less: Accumulated depreciation	<u>(587,108)</u>	<u>(567,316)</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>257,028</u>	<u>276,820</u>
<u>TOTAL ASSETS</u>	<u>\$ 426,780</u>	<u>\$ 405,576</u>

See Notes to Financial Statements.

CAROLIN GARDENS INC.EXHIBIT ABALANCE SHEETSAs of December 31, 2020 and 2019LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2020</u>	<u>2019</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 14,623	\$ 11,559
Accrued mortgage interest	1,537	1,623
Prepaid shareholder maintenance	6,095	4,734
Real estate tax abatements and exemptions payable – (Note 5)	48,567	15,916
Mortgage payable – current portion	<u>21,521</u>	<u>20,437</u>
<u>TOTAL CURRENT LIABILITIES</u>	92,343	54,269
<u>LONG TERM LIABILITY</u>		
Mortgage payable – (Note 6)	367,260	387,697
Less: Current portion	(21,521)	(20,437)
Unamortized debt issuance costs – (Note 2)	<u>(15,483)</u>	<u>(16,742)</u>
<u>TOTAL LONG TERM LIABILITY</u>	<u>330,256</u>	<u>350,518</u>
<u>TOTAL LIABILITIES</u>	422,599	404,787
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock – Common – Authorized, Issued and Outstanding 620 shares at \$100 par value	62,000	62,000
Paid-in Capital in excess of par value	128,824	128,824
Accumulated Deficit	<u>(186,643)</u>	<u>(190,035)</u>
<u>TOTAL STOCKHOLDERS' EQUITY</u>	<u>4,181</u>	<u>789</u>
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 426,780</u>	<u>\$ 405,576</u>

See Notes to Financial Statements.

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICITFor The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>INCOME</u>		
<u>Income from Shareholders</u>		
Maintenance charges	\$ 270,940	\$ 262,880
Storage fees	286	600
Laundry	2,865	3,150
Miscellaneous	<u>-0-</u>	<u>50</u>
<u>Total Income from Shareholders</u>	274,091	266,680
<u>Other Income</u>		
Interest	69	99
NCB Patronage refund	834	420
Real estate tax refund	<u>37,622</u>	<u>-0-</u>
<u>Total Other Income</u>	<u>38,525</u>	<u>519</u>
<u>TOTAL INCOME</u>	312,616	267,199
<u>COST OF OPERATIONS</u>		
Administrative expenses	Schedule 2 41,377	41,151
Operating expenses	Schedule 3 71,632	81,512
Maintenance expenses	Schedule 4 43,136	28,127
Taxes	Schedule 5 113,416	106,758
Mortgage interest – (includes amortized debt issuance costs)	<u>19,872</u>	<u>20,806</u>
<u>TOTAL COST OF OPERATIONS</u>	<u>289,433</u>	<u>278,354</u>
<u>INCOME (LOSS) FROM OPERATIONS BEFORE</u>		
<u>DEPRECIATION</u>	23,183	(11,155)
Depreciation	<u>(19,791)</u>	<u>(19,791)</u>
<u>NET INCOME (LOSS)</u>	3,392	(30,946)
Beginning Accumulated Deficit	<u>(190,035)</u>	<u>(159,089)</u>
Ending Accumulated Deficit	<u>\$ (186,643)</u>	<u>\$ (190,035)</u>

See Notes to Financial Statements.

CAROLIN GARDENS INC.EXHIBITS C & DSTATEMENTS OF CASH FLOWSEXHIBIT CFor The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income (loss)	\$ 3,392	\$ (30,946)
Adjustment to reconcile net income (loss) to cash provided by operating activities:		
Depreciation	19,791	19,791
Mortgage interest expense related to amortization of debt issuance costs	1,260	1,260
Increase in receivables	(2,854)	(697)
(Increase) Decrease in prepaid expenses	(21,732)	28,604
Increase (Decrease) in accounts payable	<u>36,990</u>	<u>(11,514)</u>
Total Adjustments	<u>33,455</u>	<u>37,444</u>
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>	36,847	6,498
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>		
Payment of mortgage principal	<u>(20,437)</u>	<u>(19,508)</u>
<u>CASH USED BY FINANCING ACTIVITY</u>	<u>(20,437)</u>	<u>(19,508)</u>
<u>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</u>	16,410	(13,010)
Cash, cash equivalents and restricted cash at beginning of year	<u>119,425</u>	<u>132,435</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 135,835</u>	<u>\$ 119,425</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATIONEXHIBIT D

	<u>2020</u>	<u>2019</u>
Cash paid during the year:		
Corporate taxes	\$ 1,676	\$ 3,331
Interest	\$ 18,698	\$ 19,627

See Notes to Financial Statements.



CAROLIN GARDENS INC.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

Note 1 - ORGANIZATION

Carolyn Gardens Inc. (the "Corporation") is a cooperative housing corporation incorporated in the State of New York on March 15, 1954. The Corporation owns the premises located at 43-13, 43-17, 43-25, 43-31 and 43-37 47<sup>th</sup> Street, Sunnyside, New York. The apartment building consists of 32 residential units. The primary purpose of the Corporation is to manage the operations of Carolyn Gardens Inc. and maintain the common elements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Depreciation

Property and equipment are stated at cost. Depreciation of the building was being computed using the straight-line method over a 40-year life. The building is fully depreciated. Building improvements and equipment are being depreciated using the straight-line method over the estimated useful life of the asset.

Amortization of Debt Issuance Costs

Costs incurred in obtaining long-term financing, included under mortgage payable on the balance sheet is being amortized on a straight-line basis, which approximates the effective interest method, over the term of the related debt agreement, as applicable.

Revenue Recognition

Tenant-shareholders are subject to monthly maintenance charges to provide funds for the Corporation's operating expenses, future capital acquisitions, and repairs and replacements. An operating assessment is recognized as income when the related performance obligation (the purpose of the assessment) is satisfied. The performance obligations, relating to capital assessments, are satisfied and recorded as income when these funds are expended for their designated purpose. In accordance with FASB ASC 606, a capital assessment that is not expended in the current year will be deferred to subsequent years and will only be recognized as income when the performance obligation is satisfied.

Shareholder Maintenance - Accounts Receivable

Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose maintenance charges are delinquent. The Corporation considers all tenant-shareholder receivables at December 31, 2020 to be collectible. Accordingly, no allowance for doubtful accounts is required. If any receivables become uncollectible, they will be charged to operations when that determination is made. Any excess maintenance charges at year end are retained by the Corporation for use in future years.

Estimates

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.

CAROLIN GARDENS INC.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

Note 3 - STATEMENTS OF CASH FLOWS

The following tables provide a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that adds to the total of the same amounts as shown on the statements of cash flows as of December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Cash - Operating Account	\$ 60,764	\$ 47,287
Cash - Reserve Fund	48,783	46,842
Restricted Cash - Mortgagee - Reserve Fund	<u>26,288</u>	<u>25,296</u>
Total cash, cash equivalents and restricted cash as shown on the statements of cash flows	<u>\$ 135,835</u>	<u>\$ 119,425</u>

Restricted cash represents minimum amounts that must be maintained in the Reserve Fund as contractually required by the mortgagee. The restriction expires when the mortgage is paid off.

Note 4 - INVESTMENT

The Corporation holds Class B2 Stock of its mortgagee, National Cooperative Bank ("NCB").

Class B2 Stock is acquired through patronage refunds. The stock is currently non-transferrable and non-redeemable. The Bank Act does not allow a dividend to be paid on this stock.

Under NCB's Capitalization and Patronage Refund Policy, the total amount of patronage is based, in part, on the amount of fees and interest paid by each member in relation to the member's loan. Member's refunds are a combination of cash and stock; stock being a permanent capital investment in NCB. NCB's patronage refund is distributed in the form of cash and Class B2 and/or Class C Stock.

Patronage stock dividends and cash refunds have been received as follows:

	<u>Stock Patronage</u>	<u>Cash Patronage</u>
2020	\$ 1,945	\$ 834
2019	629	420

Note 5 - REAL ESTATE TAX ABATEMENTS

As a result of revisions to Section 467(a) of the New York Real Property Tax Law, certain shareholders of the Cooperative units are eligible for partial abatements of their real estate taxes commencing with the 1996/1997 tax year. In June 2015, the New York State Legislature passed a bill that amends the cooperative abatement, beginning with the 2015/2016 tax year and extended it through June 30, 2019. In June 2019, the cooperative abatement was extended for two years.

For the year ended December 31, 2020, the Corporation received credits of \$27,523 on its tax bills representing abatements for the last two quarters of the 2019/2020 tax year and first two quarters of the 2020/2021 tax year. For the year ended December 31, 2019, the Corporation received credits of \$14,863 on its tax bills representing the abatements for the last two quarters of the 2018/2019 tax year and the first two quarters of the 2019/2020 tax year. These amounts are being credited to the eligible shareholders.

CAROLIN GARDENS INC.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

Note 6 - MORTGAGE PAYABLE

On May 1, 2013, the Corporation refinanced its mortgage with NCB. The mortgage, in the original amount of \$500,000, bears interest at a rate of 4.86% per annum and requires monthly payments of \$3,261 applied first toward interest and the remainder to principal. A final balloon payment of approximately \$11,281 is due at maturity on May 1, 2033. The mortgage note is collateralized by the land and building owned by the Corporation.

The Corporation is allowed to prepay the mortgage in whole only. If paid at any time until the seventh month prior to maturity, a prepayment penalty is payable equal to the greater of 1% of the amount of principal being prepaid or an amount based on a formula stipulated in the Promissory Note. If made prior to the fourth month prior to maturity but after the seventh month prior to maturity the prepayment penalty shall be 1% of the principal amount being paid.

The Corporation is required to maintain a general operating and replacement reserve account equal to 10% of the previous year's maintenance and this must be maintained and replenished within 180 days, if reduced. As of December 31, 2020, the Corporation has met this requirement.

Principal payments on the mortgage note for the next five years and thereafter are as follows:

<u>Year Ending</u> <u>December 31:</u>	
2021	\$ 21,521
2022	22,606
2023	23,745
2024	24,900
2025	26,197
Thereafter	248,291

Interest expense was \$19,872 and \$20,806 for the years ended December 31, 2020 and 2019, respectively, which includes amortized debt issuance cost of \$1,260 for each of the years.

Note 7 - APARTMENT TRANSFER FEES

The Corporation's current transfer fee policy requires the seller to pay the Corporation a transfer fee of \$150 per share. Funds received by the Corporation from the transfer of shares are deposited into the Reserve Fund. Effective April 2, 2019, the Corporation resolved to change its transfer fee policy. The new transfer fee charged will be dependent on the length of time the shareholder has owned the shares and will be applied as follows:

<u>Percentage of Gross Sale Price</u>	<u>Period of Ownership Prior to Sale</u>
3.5%	Less than 3 years
2.5%	3-10 years
1.5%	More than 10 years

Income from apartment transfer fees totaled \$-0- for each of the years ended December 31, 2020 and 2019.

Note 8 - CONTRIBUTIONS TO CAPITAL

The Corporation treats special assessments used for the acquisition of capital improvements and maintenance charges used for amortization of mortgage principal as contributions to capital for tax purposes only.

CAROLIN GARDENS INC.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

Note 8 - CONTRIBUTIONS TO CAPITAL – (continued)

For the years ended December 31, 2020 and 2019, Paid-in Capital for tax purposes is:

	<u>2020</u>	<u>2019</u>
Mortgage amortization	\$ 20,437	\$ 19,508

Note 9 - INCOME TAXES

The U.S. Tax Court has ruled that housing cooperatives are subject to Subchapter T of the Internal Revenue Code (IRC). Subchapter T limits the use of patronage losses as deductions to the extent of patronage income. Income is patronage sourced if it is derived from an activity that is so closely intertwined with the main cooperative effort that it may be characterized as directly related to, and inseparable from, the cooperative's principal business activity, and this facilitates the accomplishment of the cooperative's business purpose. However, if the transaction or account which produces the income merely enhances the overall profitability of the cooperative, then the income is from non-patronage sources.

The Corporation believes all of its income is patronage sourced. Accordingly, no provision for taxes, if any, that could result from the application of Subchapter T to the Corporation's income has been reflected in the accompanying financial statements.

Under the Tax Cuts and Jobs Act tax passed into law on December 22, 2017, the carryforwards of net operating losses ("NOL") generated for tax years beginning after December 31, 2017 no longer expire. However, these losses can only be used to offset 80% of taxable income in any one year. Losses incurred prior to years beginning January 1, 2018 can continue to be used to offset 100% of taxable income.

As of December 31, 2020, the Corporation had a total NOL of \$165,393. The NOL of \$69,734 will expire in various years through 2034. The remaining NOL of \$95,659 generated from the 2018 and 2019 taxable loss does not expire under present tax law. It is believed that the Corporation will not benefit from any deferred tax benefits resulting from prior net operating losses, therefore no deferred tax assets have been recognized.

For the year ended December 31, 2020, the Corporation has patronage income, but due to permanent timing differences and net operating loss carryforwards is not liable for Federal tax. The Corporation is also subject to New York State and City tax based on the higher of net income or capital. Current tax expense is \$1,371.

The Corporation's Federal, State and City tax returns are subject to examination by the applicable taxing authority for a period of three years after filing the returns.

Note 10 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation has not conducted a 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 Corporation may have the right to borrow, utilize available cash, increase maintenance 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.

CAROLIN GARDENS INC.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

Note 11 - UNASSERTED CLAIM

In 2019 a claim was made against the Corporation relating to a slip and fall incident on the premises. In 2020, this claim was settled by the insurance company.

Note 12 - COVID-19 CORONAVIRUS

In early 2020, the COVID-19 Coronavirus spread in the United States. As a result, this may cause the Corporation to experience disruptions that could severely impact its ability to carry out its activities. The impact of the outbreak of the COVID-19 Coronavirus continues to rapidly evolve. The extent to which the COVID-19 Coronavirus may impact the Corporation will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Due to any unknown factors that may come to light if this Coronavirus outbreak and any associated protective or preventative measures expand, as of the date of the auditor's report, the Corporation cannot reasonably estimate the impact to its activities, revenues, financial conditions or results of operations, however, such impact could be significantly negative.

Note 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 13, 2021, 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.

# Marin & Montanye LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD B. MONTANYE, CPA

PATRICIA A. PRUSINSKI, CPA

Independent Auditor's Report  
On Supplementary Information

To: The Board of Directors and Shareholders of Carolin Gardens Inc.

We have audited the financial statements of Carolin Gardens Inc. as of and for the years ended December 31, 2020 and 2019, and our report thereon dated April 13, 2021, which expressed an unmodified opinion on those financial statements, appears on Pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supporting Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of 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 audits 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

April 13, 2021

*Marin & Montanye LLP*

CAROLIN GARDENS INC.  
SUPPORTING SCHEDULE - BALANCE SHEETS  
As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>RESERVE FUND</u>		
	<u>Schedule 1</u>	
Balance – January 1,	\$ 72,138	\$ 89,158
Add: Interest	69	99
Laundry deposits	2,864	2,881
Less: Transfer to operations	<u>-0-</u>	<u>(20,000)</u>
Balance – December 31,	<u>\$ 75,071</u>	<u>\$ 72,138</u>
<u>Consisting of:</u>		
National Cooperative Bank – Certificates of Deposit	\$ 22,483	\$ 22,428
Chase Bank – Business Select High Yield Savings	<u>52,588</u>	<u>49,710</u>
<u>TOTAL RESERVE FUND</u>	<u>\$ 75,071</u>	<u>\$ 72,138</u>

See Auditor's Report on Supplementary Information.

CAROLIN GARDENS INC.

SUPPORTING SCHEDULES - OPERATING EXPENSES

For The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ADMINISTRATIVE EXPENSES</u>		
	<u>Schedule 2</u>	
Management fee	\$ 14,400	\$ 14,400
Legal	190	220
Auditing	4,500	4,500
Miscellaneous administrative	222	190
Insurance	<u>22,065</u>	<u>21,841</u>
<u>TOTAL ADMINISTRATIVE EXPENSES</u>	<u>\$ 41,377</u>	<u>\$ 41,151</u>
 <u>OPERATING EXPENSES</u>		
	<u>Schedule 3</u>	
Electricity and gas	\$ 41,031	\$ 48,836
Water and sewer	14,472	17,131
Payroll	12,045	12,045
Payroll taxes	824	831
Payroll insurance	3,260	2,029
Permits	<u>-0-</u>	<u>640</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$ 71,632</u>	<u>\$ 81,512</u>
 <u>MAINTENANCE EXPENSES</u>		
	<u>Schedule 4</u>	
Exterminating	\$ 2,363	\$ 2,988
Plumbing repairs	9,877	5,308
Boiler repairs	381	1,560
Masonry repairs	-0-	3,647
Intercom repairs	1,402	1,198
Maintenance supplies	2,065	1,901
Grounds	5,548	17
Painting and plastering	19,555	2,007
Doors, locks and windows	349	6,663
Laundry repairs	-0-	1,663
Miscellaneous maintenance and repairs	<u>1,596</u>	<u>1,175</u>
<u>TOTAL MAINTENANCE EXPENSES</u>	<u>\$ 43,136</u>	<u>\$ 28,127</u>
 <u>TAXES</u>		
	<u>Schedule 5</u>	
New York City real estate taxes	\$ 112,045	\$ 105,859
New York State franchise taxes	1,121	824
New York City corporate tax	<u>250</u>	<u>75</u>
<u>TOTAL TAXES</u>	<u>\$ 113,416</u>	<u>\$ 106,758</u>

See Auditor's Report on Supplementary Information.