10 PARK AVE. TENANTS' CORP.

Financial Statements and
Supplementary Information for the
Years Ended December 31, 2021 and 2020

Prisand, Mellina, Unterlack & Co., LLP
Certified Public Accountants

10 PARK AVE. TENANTS' CORP.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
10 PARK AVE. TENANTS' CORP.
10 Park Avenue
New York, NY 10016

Opinion

We have audited the accompanying financial statements of 10 PARK AVE. TENANTS' CORP., which comprise the balance sheets (with supporting schedules) as of December 31, 2021 and 2020, and the related statements of revenues and expenses (with supporting schedules), changes in stockholders' equity, 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 10 PARK AVE. TENANTS' CORP. as of December 31, 2021 and 2020, 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 10 PARK AVE. TENANTS' 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 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 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 10 PARK AVE. TENANTS' CORP.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 10 PARK AVE. TENANTS' 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 evaluate 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 10 PARK AVE. TENANTS' 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

As discussed in Note 2, 10 PARK AVE. TENANTS' CORP. has omitted the supplementary information on future 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, which considers it to be an essential part of financial reporting and 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.

Prisand, Mellina, Unterbach + Co., LLP

Plainview, New York
June 17, 2022

10 PARK AVE. TENANTS' CORP.
BALANCE SHEETS
AS OF DECEMBER 31,

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,109,337	$ 1,669,883
Accounts receivable	374,170	220,916
Prepaid expenses	77,358	89,263
Total Current Assets	2,560,865	1,980,062
Reserve Fund: (Note 3)	1,341,762	2,086,164
Total Current Assets and Reserve Fund	3,902,627	4,066,226
Property and Improvements: (Notes 2 and 4)		
Land	2,484,089	2,484,089
Building	3,945,233	3,945,233
Building improvements and equipment	11,387,453	10,893,391
Total	17,816,775	17,322,713
Accumulated depreciation	(8,150,765)	(7,709,921)
Net Property and Improvements	9,666,010	9,612,792
Other Assets and Deferred Charges:		
Good faith deposit (Note 5)	250,000	-
Cash - security deposits	115,017	108,017
Deferred leasing costs (Note 6)	290,463	84,546
Total Other Assets and Deferred Charges	655,480	192,563
Total Assets	$ 14,224,117	$ 13,871,581

The accompanying notes are an integral part of this statement.

10 PARK AVE. TENANTS' CORP.
BALANCE SHEETS
AS OF DECEMBER 31,

	2021	2020
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accrued mortgage interest	$ 36,511	$ 36,511
Accounts payable and accrued expenses	311,099	195,624
Due to stockholders - real estate tax abatements	197,501	214,151
Building improvements payable	58,000	17,084
Advance maintenance	42,008	28,665
Total Current Liabilities	645,119	492,035
Long-Term and Other Liabilities:		
Mortgage payable (Note 5)	10,000,000	10,000,000
Unamortized debt issuance costs (Note 2)	(193,469)	(209,721)
Net Long-Term Debt	9,806,531	9,790,279
Security deposits payable	238,017	108,017
Total Long-Term and Other Liabilities	10,044,548	9,898,296
Total Liabilities	10,689,667	10,390,331
Stockholders' Equity:		
Common stock - $1.00 par value, 100,000 shares authorized, 83,573 shares issued and outstanding	83,573	83,573
Additional paid-in capital	3,760,159	3,760,159
Accumulated deficit	(309,282)	(362,482)
Total Stockholders' Equity	3,534,450	3,481,250
Total Liabilities and Stockholders' Equity	$ 14,224,117	$ 13,871,581

The accompanying notes are an integral part of this statement.

10 PARK AVE. TENANTS' CORP.
SUPPORTING SCHEDULES - BALANCE SHEETS
AS OF DECEMBER 31,

	2021	2020
Cash and Cash Equivalents:		
Operating accounts	$ 259,303	$ 164,426
Tax escrow - self-controlled	1,075,265	785,653
Working capital account	774,769	719,804
Total Cash and Cash Equivalents	$ 2,109,337	$ 1,669,883
Accounts Receivable:		
Commercial income (Notes 2 and 6)	$ 298,336	$ 174,315
Maintenance - Apartments (Note 2)	75,834	46,601
Total Accounts Receivable	$ 374,170	$ 220,916
Prepaid Expenses:		
Insurance	$ 67,140	$ 58,025
Corporation taxes	3,854	2,262
Real estate tax	3,621	24,290
Service contract	2,743	4,686
Total Prepaid Expenses	$ 77,358	$ 89,263

The accompanying notes are an integral part of this statement.

10 PARK AVE. TENANTS' CORP.
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
REVENUES		
Maintenance - Apartments	$ 4,888,820	$ 4,888,820
Commercial income (Note 6)	574,442	880,004
Less: Bad debt expense - commercial income (Note 6)	-	(226,967)
Operating assessments (Note 7)	656,578	499,566
Sublet, storage, late charges and miscellaneous	208,553	147,262
Laundry income	34,200	34,200
Interest and dividends	3,855	13,621
Total Revenues	6,366,448	6,236,506
EXPENSES		
Administrative expenses	354,265	212,247
Operating expenses	2,188,239	2,055,890
Repairs and maintenance	286,135	241,837
Taxes	2,842,326	2,900,778
Financial expenses	446,141	447,319
Total Expenses	6,117,106	5,858,071
Operating income before other item and depreciation and amortization	249,342	378,435
Forgiveness of Paycheck Protection Program loan (Note 11)	257,041	-
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	506,383	378,435
Depreciation and amortization	(453,183)	(301,832)
Net Income For The Year	$ 53,200	$ 76,603

The accompanying notes are an integral part of this statement.

10 PARK AVE. TENANTS' CORP.
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
Administrative Expenses:		
Professional fees	$ 174,762	$ 38,015
Management fee	104,659	101,805
Other administrative and telephone	74,294	71,877
Legal fees - real estate tax reduction	550	550
Total Administrative Expenses	$ 354,265	$ 212,247
Operating Expenses:		
Utilities		
Steam - heat	$ 320,087	$ 294,682
Water and sewer	178,926	181,234
Electricity and gas	51,013	50,965
	550,026	526,881
Payroll		
Wages	1,027,895	957,957
Union benefits (Note 8)	381,269	356,566
Payroll taxes	81,783	75,631
Workers' compensation and disability insurance	21,251	24,210
	1,512,198	1,414,364
Other		
Insurance	121,155	107,848
Permits and miscellaneous operating	4,860	6,797
	126,015	114,645
Total Operating Expenses	$ 2,188,239	$ 2,055,890

The accompanying notes are an integral part of this statement.

10 PARK AVE. TENANTS' CORP.
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
Repairs and Maintenance:		
Plumbing and heating	$ 80,941	$ 61,629
Painting, plastering and flooring	57,465	36,190
Elevator contract and repairs	52,920	43,345
Doors, locks and windows	23,726	13,836
Materials and supplies	22,866	26,325
Exterminating	11,748	14,218
Uniforms	11,199	10,604
Water treatment	10,950	27,361
Grounds and plants	7,657	3,211
Equipment, compactor and other repairs	4,328	1,385
Exterior repairs	2,335	-
Electrical and intercom	-	3,733
Total Repairs and Maintenance	$ 286,135	$ 241,837
Taxes:		
New York City real estate tax (Note 9)	$ 2,830,722	$ 2,872,872
Corporation taxes (Note 10)	11,604	27,906
Total Taxes	$ 2,842,326	$ 2,900,778
Financial Expenses:		
Mortgage interest (Note 5)	$ 429,889	$ 431,067
Amortization of debt issuance costs (Note 2)	16,252	16,252
Total Financial Expenses	$ 446,141	$ 447,319
Depreciation and Amortization:		
Building	$ 78,905	$ 78,905
Building improvements and equipment	361,939	216,424
Amortization of deferred leasing commissions	12,339	6,503
Total Depreciation and Amortization	$ 453,183	$ 301,832

The accompanying notes are an integral part of this statement.

10 PARK AVE. TENANTS' CORP.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
COMMON STOCK		
Balance - January 1,	$ 83,573	$ 83,573
Transactions during the year	-	-
Balance - December 31,	$ 83,573	$ 83,573
ADDITIONAL PAID-IN CAPITAL		
Balance - January 1,	$ 3,760,159	$ 3,760,159
Transactions during the year	-	-
Balance - December 31,	$ 3,760,159	$ 3,760,159
ACCUMULATED DEFICIT		
Balance - January 1,	$ (362,482)	$ (439,085)
Net income for the year	53,200	76,603
Balance - December 31,	$ (309,282)	$ (362,482)

The accompanying notes are an integral part of this statement.

10 PARK AVE. TENANTS' CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	$ 53,200	$ 76,603
Adjustments to reconcile net income to cash (used) provided by operating activities:		
Depreciation and amortization	453,183	301,832
Amortization of debt issuance costs	16,252	16,252
Forgiveness of Paycheck Protection Program loan	(257,041)	-
(Increase) in accounts receivable	(153,254)	(119,451)
Decrease (increase) in prepaid expenses	11,905	(2,876)
(Increase) in good faith deposit	(250,000)	-
(Increase) in deferred leasing costs	(218,256)	-
Increase (decrease) in accounts payable and other current liabilities	112,168	(47,187)
Net change in security deposits transactions	123,000	(8,421)
Total Adjustments	(162,043)	140,149
Cash (Used) Provided By Operating Activities	(108,843)	216,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in reserve fund	744,402	(40,954)
(Increase) in building improvements and equipment	(494,062)	(135,121)
Increase (decrease) in building improvements payable	40,916	(40,215)
Cash Provided (Used) By Investing Activities	291,256	(216,290)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	257,041	-
Net increase in cash and cash equivalents	439,454	462
Cash and cash equivalents at beginning of year	1,669,883	1,669,421
Cash and Cash Equivalents at End of Year	$ 2,109,337	$ 1,669,883
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 429,889	$ 431,067
Income taxes paid - net of refunds	$ 13,196	$ 25,454

The accompanying notes are an integral part of this statement.

Notes to Financial Statements

Note 1 - **ORGANIZATION**

10 PARK AVE. TENANTS' CORP. (the "Corporation") was incorporated in New York State on July 7, 1972. The Corporation is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code. The Property is located at 10 Park Avenue, New York, New York and contains 268 residential apartments, one residential manager's apartment, and several commercial and professional spaces. The primary purpose of the Corporation is to manage the operations of the Property and maintain the common elements.

Note 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation and Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance 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.

Property and Improvements

Property and improvements are stated at cost. The building is depreciated on the straight-line method over an estimated life of fifty years. Building improvements and equipment are depreciated on the straight-line method over estimated lives which range from seven to twenty-seven and one-half years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Future Major Repairs and Replacements

The Corporation's governing documents do not require the accumulation of funds in advance of actual need to finance estimated future major repairs and replacements. Consistent with general practice in New York City, the Corporation has not promulgated a study to determine the remaining useful lives of the components of the building and estimates of the costs of major repairs and replacements that may be required. When funds are required for major repairs and replacements, the Corporation has the right to utilize available cash reserves and/or borrow, increase maintenance, implement special assessments, or delay repairs and replacements until funds are available.

Debt Issuance Costs

In accordance with FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs related to a recognized debt liability are required to be presented in the accompanying balance sheets as a direct deduction from the carrying amount of the debt liability. Debt issuance costs are being amortized over the life of the related debt obligation on the straight-line basis. The amortization of debt issuance costs is reported as a financial expense in the Statements of Revenues and Expenses.

Note 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Revenue Recognition and Accounts Receivable

In accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, the Corporation recognizes revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services.

Stockholders are subject to monthly maintenance and operating assessments based on their respective share ownership in order to provide funds for the Corporation's operating expenses. Such amounts are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Corporation's performance obligations related to its maintenance and operating assessments are satisfied over time on a daily pro-rata basis. Capital assessments, if any, provide funds for the Corporation's capital improvements and to replenish the reserve fund. The performance obligations related to capital assessments are satisfied when the funds are expended for their designated purpose.

Maintenance and assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the stockholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are unreasonably delinquent. Any excess assessments at year end are retained by the Corporation for use in future years. As of December 31, 2021 and 2020, the Corporation's accounts receivable from stockholders were $75,834 and $46,601, respectively. Based upon past experience and other factors, the Corporation considers all residential accounts receivable at December 31, 2021 to be collectible. Accordingly, no allowance for doubtful accounts is required.

Commercial Income and Accounts Receivable

Accounts receivable at the balance sheet date represent past due amounts for rent and escalations from commercial tenants. As of December 31, 2021 and 2020, the Corporation's accounts receivable from commercial tenants were $298,336 and $174,315, respectively. Based upon past experience and other factors, the Corporation considers all commercial accounts receivable at December 31, 2021 to be collectible. Accordingly, no allowance for doubtful accounts is required. See Note 6 for additional information.

Income Taxes

The Corporation accounts for certain income items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges used for mortgage amortization, which are accounted for as revenue for financial reporting purposes and as contributions to additional paid-in capital for income tax purposes. The forgiveness of the Paycheck Protection Program loan during 2021 is not subject to income taxes.

Statements of Cash Flows

The Corporation considers all highly liquid investments (not allocated to the reserve fund) with a maturity of three months or less at the date of purchase to be cash equivalents.

Note 3 - RESERVE FUND

During 2021 and 2020, the following transactions have taken place in the Corporation's reserve fund.

	2021	2020
Balance - January 1,	$ 2,086,164	$ 2,045,210
Reserve account funding	254,107	201,729
Interest and dividends - net of service fees	1,977	9,661
Net transfers (to) operations primarily to pay for building improvements and equipment	(1,000,486)	(170,436)
Balance - December 31,	$ 1,341,762	$ 2,086,164

The reserve fund is held as follows:

	2021	2020
People's United Bank - Money Market Account (Note 5)	$ 1,194,772	$ 1,693,530
Capital One Bank - Money Market Account	108,469	258,134
Israel Discount Bank of New York - Money Market Account	38,521	134,500
Balance - December 31,	$ 1,341,762	$ 2,086,164

Note 4 - PROPERTY AND IMPROVEMENTS

During 2021 and 2020, the Corporation capitalized the following building improvements and equipment.

	2021	2020
Elevator modernization	$ 421,686	$ 138,086
Facade/exterior project	40,500	-
Lobby improvements (contract adjustment)	31,876	(2,965)
Total	$ 494,062	$ 135,121

Note 5 - MORTGAGE PAYABLE, LINE OF CREDIT AND SUBSEQUENT EVENT

Mortgage Payable

The mortgage payable, in the maximum principal amount of $10,000,000, is held by People's United Bank (formerly Farmington Bank) (the "Lender"). At closing, an initial advance of $5,600,000 was made. Initially, subsequent advances of the remaining $4,400,000 could be made through September 30, 2014 (the "Draw Period"). On September 18, 2014, the Lender agreed to modify the terms of the mortgage payable by extending the Draw Period to December 31, 2016. In connection with the loan modification, the Corporation paid a loan modification fee of $25,000.

On January 31, 2017, the Corporation and Lender entered into a second modification agreement. The mortgage payable's Draw Period was extended to December 31, 2018. On December 29, 2017, the Corporation drew loan proceeds of $2,000,001. On November 28, 2018, the Corporation drew loan proceeds of $2,399,999. Loan modification fees were not required in conjunction with these transactions. As of December 31, 2021, the mortgage payable had an outstanding balance of $10,000,000.

Note 5 - **MORTGAGE PAYABLE, LINE OF CREDIT AND SUBSEQUENT EVENT** (continued)

Mortgage Payable (continued)

Commencing on December 1, 2013 and through November 30, 2028 (the "Initial Period"), the loan requires monthly payments of interest only at a rate of 4.24% per annum on the outstanding principal balance for the actual number of days in each period based on a 360 day year. Based on the mortgage payable's $10,000,000 outstanding balance as of December 31, 2021, a payment of $36,511 is due for a 31 day month.

On December 1, 2028 (the "Adjustment Date"), the interest rate will be adjusted to the greater of the five-year classic advance rate of the Federal Home Loan Bank of Boston plus 1.00%, or 3.00%. This rate will be fixed for the period from December 1, 2028 through and including December 1, 2033 (the "Adjustment Period"). The loan is scheduled to mature on December 1, 2033 at which time the outstanding principal balance and any accrued interest will be due and payable.

In connection with the second modification agreement, the loan's prepayment terms were adjusted as follows. The loan may be prepaid in whole or in part, upon 30-days written notice and subject to a prepayment penalty unless the funds used to prepay the loan are internally generated by the Corporation or obtained through a subsequent refinancing with the Lender. Through January 31, 2019, the prepayment penalty was equal to 3% of the outstanding principal balance being prepaid. Thereafter and before January 31, 2021, the prepayment penalty was equal to 2% of the outstanding principal balance being prepaid. Thereafter and before January 31, 2023, the prepayment penalty is equal to 1% of the outstanding principal balance being prepaid. After January 31, 2023, the loan may be prepaid without penalty.

As a condition of the loan, the Corporation must maintain a bank account at the Lender with a minimum balance of $175,000. As of December 31, 2021 this account, which is part of the Corporation's reserve fund had a balance of $1,194,772 (Note 3).

Line of Credit

The Corporation has a secured line of credit, in the maximum amount of $2,000,000, with the Lender. Advances must be drawn in a minimum amount of $25,000. When funds are drawn, interest will be charged at a rate of 2.25% above the 30-day LIBOR rate for the actual number of days in each period based on a 360 day year. The line of credit is scheduled to mature on December 1, 2028. As of December 31, 2021, no draws had been made from the line of credit.

Subsequent Event - Mortgage Refinancing Transaction

During 2021, the Corporation agreed to a term sheet and paid a good faith deposit of $250,000 to Apple Bank for Savings ("Apple Bank") as part of an effort to refinance its existing mortgage payable.

Subsequent to year-end, on March 14, 2022, the Corporation completed its refinancing transaction with Apple Bank. The new loan, in the original principal amount of $11,000,000, requires equal monthly payments of $38,565, applied first to interest at a rate of 2.871% per annum based with the balance as a reduction of principal based on a forty-year amortization schedule. The loan is secured by the land and building owned by the Corporation. It has a ten-year term, which is scheduled to mature on April 1, 2032.

Note 5 - **MORTGAGE PAYABLE, LINE OF CREDIT AND SUBSEQUENT EVENT** (continued)

Subsequent Event - Mortgage Refinancing Transaction (continued)

The mortgage may be prepaid in whole, subject to a declining scale prepayment penalty as defined in the loan documents. However, the Corporation may also prepay up to 10% of the outstanding principal balance one time per annum, without penalty. During the last year of the term, the loan may be prepaid without penalty.

Pursuant to the loan documents, the Corporation was required to maintain a reserve account with Apple Bank, in a minimum amount of $100,000, for the duration of the loan term.

At the refinancing, the Corporation also established a $2,000,000 unsecured revolving line of credit with Apple Bank. Draws under the line of credit must be made in minimum amounts of $10,000. When funds are drawn, interest will be charged at the greater of the Prime Rate plus 1.00% per annum, or 4.50%. The line of credit is scheduled to mature upon the earlier to occur of April 1, 2032, or the refinancing or repayment of the mortgage payable.

Note 6 - **COMMERCIAL RENT**

As of December 31, 2021, the Corporation was the lessor of four professional and two commercial units with leases maturing between May 31, 2022 and February 28, 2037. The leases provide for annual increases of base rent and certain leases provide escalation clauses equal to a percentage of the increase in real estate tax over a defined base year as well as reimbursement for water and sewer usage.

During 2020, a commercial tenant signed a termination agreement and vacated the premises. The Corporation deemed $226,967 of base rent, escalations and other fees to be uncollectible. This amount was written-off in the accompanying financial statements as a bad debt expense.

During 2020, the Corporation signed lease modification agreements with two commercial tenants. The modification agreements reduced the original monthly rents to minimum amounts as defined. The minimum rent amounts are subject to change based on a calculation of the percentage of monthly gross sales ("POGS"). If the POGS are higher than the minimum scheduled rent, the tenants will pay the difference.

The Corporation anticipates receiving minimum contractual base rents from the existing leases over the next five years as follows:

Year	Amount
2022	$ 529,080
2023	420,017
2024	410,916
2025	395,220
2026	406,187

Leasing commissions paid in connection with the commercial leases have been deferred and are being amortized over the term of each lease. During 2021, the Corporation incurred $218,256 of deferred leasing commissions and space renovation costs in connection with the signing of a new lease.

Notes to Financial Statements

Note 7 - OPERATING ASSESSMENTS

During 2021 and 2020, the Corporation implemented assessments of $6.06 and $5.98 per share of stock, respectively, which generated $506,578 and $499,566, respectively, for operating purposes. The Corporation's policy is to refund abatements granted under the New York City Cooperative Shareholder Real Estate Tax Abatement Program at approximately the same time as the assessments are charged to the stockholders. During 2022, a similar assessment is anticipated.

During 2021, the Corporation implemented a second operating assessment of $150,000, or $1.79 per share of stock, in order to recoup a portion of its reduced commercial rents as a result of COVID-19 (Note 14).

Note 8 - UNION BENEFITS

Substantially all of the Corporation's employees are members of the New York Hotel Trades Council and Hotel Association of New York City, Inc. and covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan (the "Plan"). The union agreement expires on June 30, 2026. The Corporation makes contributions to the Plan based on a percentage of wages for each employee covered under the union contract. During 2021 and 2020, the Corporation contributed $381,269 and $356,566, respectively, to the Plan of which $102,178 and $96,959, respectively, was for pension expense. The Corporation's contributions to the Plan were less than 5% of the Plan's total contributions.

Contributions to the New York Hotel Trades Council and Hotel Association of New York City, Inc. Pension Fund (Employer Identification Number 13-1764242, Plan 001) (the "Fund") are not segregated or otherwise restricted to provide benefits only to the Corporation's employees. The risks of participating in a multiemployer pension plan are different from a single-employer pension plan in the following aspects: 1) assets contributed to a multiemployer pension 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 Corporation chooses to stop participating in its multiemployer pension plan, the Corporation 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.

In accordance with the Pension Protection Act of 2006, the Fund receives an annual certified zone status from its actuary, which summarizes its funding status. Plans in the "red zone" are generally less than 65% funded, plans in the "yellow zone" are 65% to 80% funded, and plans in the "green zone" are at least 80% funded. As of January 1, 2021, the Fund's most recently available certified zone status was "green". As of January 1, 2021, the Plan was in neither critical status nor endangered status. The Corporation has no intention of withdrawing from the Plan.

Note 9 - REAL ESTATE TAX

New York City real estate tax has been originally assessed as follows:

Fiscal Year	Taxable Valuation	Tax Rate	Tax
2018/19	$ 21,974,850	12.612%	$ 2,771,468
2019/20	22,872,330	12.473%	2,852,866
2020/21	23,582,610	12.267%	2,892,879
2021/22	22,628,250	12.235%	2,768,566

The Corporation routinely protests the taxable assessed valuation of its Property used for real estate taxation purposes. Currently, protests are "open" for tax years 2014/15 through and including 2021/22.

Note 10 - CORPORATION TAXES

In accordance with ASC 740, *Income Taxes*, the Corporation is required to disclose and recognize any material tax provisions resulting from uncertain tax positions.

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, a Cooperative is required to classify its income and expenses as patronage or non-patronage sourced. 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 thus facilitates the accomplishment of the Cooperative's business purpose. Income from non-patronage sources in excess of allocable expenses may be subject to tax. The Corporation believes that all of its income is effectively patronage sourced and if this position is subjected to examination and settlement by a taxing authority, there will not be a significant change in the Corporation's financial position or results of operations.

The Corporation is subject to Federal income tax based on net taxable income. For the year ending December 31, 2021, the Corporation had net income for financial reporting purposes. However, due to permanent reporting differences between financial and tax reporting (Note 2), the Corporation is not currently liable for federal income tax.

As of December 31, 2021, the Corporation had approximately $4,308,000 of operating loss carryforwards from prior years for Federal income tax purposes, which will expire in various years through 2036. Since the future utilization of these tax carryforward losses is uncertain, no related deferred tax assets have been recognized in the accompanying financial statements.

New York State Franchise and New York City Corporation taxes are calculated at the higher of tax based on the Corporation's net taxable income, capital base or prescribed minimum amounts.

The Corporation's tax returns for all years since 2018 remain open to examination by the respective taxing authorities. There are currently no tax examinations in progress.

Note 11 - OTHER MATTER - PAYCHECK PROTECTION PROGRAM LOAN

On March 26, 2021, the Corporation received $257,041 of loan proceeds under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provided loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses (as defined) of the qualifying business. The loan principal and accrued interest are forgivable after twenty-four weeks from the date of the loan disbursement (the "Covered Period") as long as the Corporation used the loan proceeds for eligible expenses including payroll, benefits, worker protection expenditures, rent and utilities that occurred within the Covered Period, and maintained its payroll levels. Loan forgiveness must be requested within ten months of the end of the Covered Period and the amount of loan forgiveness will be reduced if the Corporation terminated employees or reduced salaries during the Covered Period. Any unforgiven portion of the PPP loan is repayable over five years at an interest rate of 1%.

During 2021, the Corporation used the loan proceeds for purposes consistent with the PPP. On September 30, 2021, the Corporation's PPP loan of $257,041 was forgiven in full by the Small Business Administration.

Note 12 - CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash and investment accounts at financial institutions with balances that normally exceed federally insured limits. As of December 31, 2021, the Corporation held approximately $2,945,500 of cash in excess of federally insured limits. The Corporation has not experienced any losses due to concentration of credit risk in such accounts.

Note 13 - CLAIMS OR LITIGATION

From time to time, claims or matters of litigation may arise in the ordinary conduct of the Corporation's business. In the opinion of management, claims or litigation outstanding against the Corporation as of December 31, 2021, are either without merit or the ultimate losses, if any, would not have a material adverse effect on the financial position or results of operations of the Corporation.

Note 14 - CONTINGENCIES

During March 2020, a worldwide pandemic emerged which is known as the Coronavirus ("COVID-19"). COVID-19 has caused the New York metropolitan area to significantly curtail its economic and social activities. As of the date of issuance of the accompanying financial statements, the financial and operational impacts of COVID-19 on the Corporation, its stockholders and commercial tenants were uncertain and cannot be reasonably estimated.

Note 15 - DATE OF MANAGEMENT REVIEW

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 17, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY AND PROSPECTIVE INFORMATION

PRISAND, MELLINA, UNTERLACK & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jayson Prisand, CPA
Robert A. Mellina, CPA
Evan J. Unterlack, CPA
David V. Agoglia, CPA

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT ON SUPPLEMENTARY AND PROSPECTIVE INFORMATION

To the Board of Directors and Stockholders of
10 PARK AVE. TENANTS' CORP.
10 Park Avenue
New York, NY 10016

Our report on our audits of the basic financial statements of 10 PARK AVE. TENANTS' CORP. for the years ended December 31, 2021 and 2020 appears on Pages 1 and 2, and was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Comparative Schedule of Revenues and Expenditures - Budget, Historical and Forecast is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also have compiled the accompanying operating budget forecast of 10 PARK AVE. TENANTS' CORP. for the year ending December 31, 2022, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecast or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Prisand, Mellina, Unterlack + Co., LLP

Plainview, New York
June 17, 2022 for Historical Statements
December 14, 2021 for Forecast

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10 PARK AVE. TENANTS' CORP.

Comparative Schedule of Revenues and Expenditures - Budget, Historical and Forecast

	For The Year January 1, 2021 - December 31, 2021		Prior Year January 1, 2020- December 31, 2020	Next Year January 1, 2022 - December 31, 2022
	Budget (Unaudited)	Actual	Actual	Budget (Unaudited)
REVENUES				
Maintenance - Apartments (1)	$ 4,888,800	$ 4,888,820	$ 4,888,820	$ 4,888,800
Commercial income	464,400	574,442	880,004	813,400
Less: Bad debt expense	-	-	(226,967)	-
Operating assessments	669,500	656,578	499,566	676,700
Sublet, storage, late charges and miscellaneous	155,300	208,553	147,262	152,400
Laundry income	17,100	34,200	34,200	20,400
Transfer from reserve fund	200,000	-	-	-
TOTAL REVENUES	6,395,100	6,362,593	6,222,885	6,551,700
EXPENDITURES				
Professional fees	140,000	174,762	38,015	250,700
Management fee	104,900	104,659	101,805	108,000
Other administrative and telephone	39,600	74,294	71,877	42,100
Legal fees - real estate tax reduction	16,000	550	550	16,000
Steam - heat	357,000	320,087	294,682	331,800
Water and sewer	215,600	178,926	181,234	214,400
Electricity and gas	70,000	51,013	50,965	53,800
Wages and related expenses	1,516,300	1,512,198	1,414,364	1,497,400
Insurance	121,000	121,155	107,848	140,400
Permits and miscellaneous operating	5,000	4,860	6,797	5,000
Repairs and maintenance	273,900	286,135	241,837	304,500
New York City real estate tax	2,980,900	2,830,722	2,872,872	2,908,700
Corporation taxes	25,000	11,604	27,906	16,000
Mortgage interest	429,900	429,889	431,067	444,700
Transfers to reserve fund	100,000	254,107	201,729	218,200
TOTAL EXPENDITURES	6,395,100	6,354,961	6,043,548	6,551,700
Budgeted Surplus	$ -			$ -
ACTUAL OPERATING INCOME		7,632	179,337	
Transfers to reserve fund		254,107	201,729	
Interest and dividends		3,855	13,621	
Amortization of debt issuance costs		(16,252)	(16,252)	
OPERATING INCOME BEFORE OTHER ITEM AND DEPRECIATION AND AMORTIZATION		$ 249,342	$ 378,435	

(1) Maintenance was last increased by 8.5% effective January 1, 2018.

See Independent Accountant's Compilation Report and Summary of Significant Accounting Policies and Forecast Assumptions.

Summary of Significant Accounting Policies and Forecast Assumptions
For The Year Ending December 31, 2022

The operating budget forecast presents, to the best of management's knowledge and belief, the Corporation's expected results of operations for the forecast period. Accordingly, the forecast reflects management's judgment as of December 14, 2021 the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The forecast has been prepared using generally accepted accounting principles that the Corporation expects to use when preparing its historical financial statements.

FORECAST ASSUMPTIONS

Revenues

Maintenance is based on $407,400 per month, which reflects the same level as in the previous year. Commercial income is based on current lease terms and anticipated escalations. During 2022, an operating assessment of $526,700 or $6.30 per share of stock, has been anticipated. The Corporation's policy is to refund abatements granted under the New York City Cooperative Shareholder Real Estate Tax Abatement Program at approximately the same time as the assessment is charged to the stockholders. A second operating assessment of $150,000, or $1.79 per share, has been implemented to raise additional funds for operations. Laundry income is based upon a contract. Other fees and income are based upon historical experience or contracts.

Expenditures

Payroll expenses and benefits are based upon a union contract and anticipated staffing requirements. Utilities are based upon rates set by the appropriate regulatory agencies and anticipated consumption. Real estate tax is computed based on the anticipated assessed valuation times an estimated tax rate. A 2.76% real estate tax expense increase has been anticipated for 2022. Debt service is based upon the payments required by the Corporation's new mortgage payable. Repairs and maintenance is based upon historical experience and expected maintenance requirements. Insurance reflects anticipated renewal premiums. Other expenses are based upon historical experience or contracts. During 2022, the Corporation anticipates transferring $218,200 to the reserve fund.

Income Tax

The Corporation is subject to Federal income tax based on net taxable income. The Corporation is also subject to New York State Franchise tax and New York City Corporation tax calculated at the higher of tax based on net taxable income, capital base or prescribed minimum amounts.