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**10 PARK AVE. TENANTS' CORP.**

Financial Statements and  
Supplementary Information for the  
Years Ended December 31, 2023 and 2022

## 10 PARK AVE. TENANTS' CORP.

### **Table Of Contents**

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Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	3
Supporting Schedules - Balance Sheets	5
Statements of Revenues and Expenses	6
Supporting Schedules - Statements of Revenues and Expenses	7
Statements of Changes in Stockholders' Equity	9
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplementary and Prospective Information:	19
Independent Accountant's Compilation Report on Supplementary and Prospective Information	20
Comparative Schedule of Revenues and Expenditures - Budget, Historical and Forecast	21
Summary of Significant Accounting Policies and Forecast Assumptions	22
Supplementary Schedule of Capital Contributions for the Years Ended December 31, 1986 to 2023	23



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

## **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, 2023 and 2022, 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, 2023 and 2022, 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.

## **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 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.

*Risland, Mullin, Unterbach + Co, LLP*

Plainview, New York  
April 12, 2024

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

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,608,517	\$ 1,624,736
Accounts receivable	437,905	317,270
Prepaid expenses	85,998	79,774
Total Current Assets	<u>2,132,420</u>	<u>2,021,780</u>
<b>Reserve Fund: (Note 3)</b>	<u>1,319,826</u>	<u>1,456,269</u>
Total Current Assets and Reserve Fund	<u>3,452,246</u>	<u>3,478,049</u>
 <b>Property and Improvements: (Notes 2 and 4)</b>		
Land	2,484,089	2,484,089
Building	3,945,233	3,945,233
Building improvements and equipment	12,966,632	12,620,157
Total	19,395,954	19,049,479
Accumulated depreciation	(9,030,932)	(8,569,803)
Net Property and Improvements	<u>10,365,022</u>	<u>10,479,676</u>
 <b>Other Assets and Deferred Charges:</b>		
Cash - security deposits	267,517	163,952
Cash - restricted (Notes 2 and 5)	100,000	100,000
Deferred leasing costs (Note 6)	249,445	269,953
Deferred commercial rents (Note 2)	230,583	149,055
Total Other Assets and Deferred Charges	<u>847,545</u>	<u>682,960</u>
Total Assets	<u><u>\$ 14,664,813</u></u>	<u><u>\$ 14,640,685</u></u>

The accompanying notes are an integral part of this statement.

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

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accrued mortgage interest	\$ 26,595	\$ 26,959
Mortgage payable - current portion (Note 5)	150,790	147,319
Accounts payable and accrued expenses	282,041	208,348
Due to stockholders - real estate tax abatements	126,437	190,076
Building improvements payable	14,911	74,851
Advance maintenance	73,984	48,156
Real estate tax payable	28,608	3,860
Total Current Liabilities	<u>703,366</u>	<u>699,569</u>
<b>Long-Term and Other Liabilities:</b>		
Mortgage payable - net of current portion (Note 5)	10,606,612	10,757,402
Unamortized debt issuance costs (Note 2)	(123,883)	(138,899)
Net Long-Term Debt	10,482,729	10,618,503
Security deposits payable	316,452	310,952
Total Long-Term and Other Liabilities	<u>10,799,181</u>	<u>10,929,455</u>
Total Liabilities	<u>11,502,547</u>	<u>11,629,024</u>
<b>Stockholders' Equity:</b>		
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	(681,466)	(832,071)
Total Stockholders' Equity	<u>3,162,266</u>	<u>3,011,661</u>
Total Liabilities and Stockholders' Equity	<u>\$ 14,664,813</u>	<u>\$ 14,640,685</u>

The accompanying notes are an integral part of this statement.

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

	<u>2023</u>	<u>2022</u>
<b>Cash and Cash Equivalents:</b>		
Operating accounts	\$ 191,245	\$ 87,396
Tax escrow - self-controlled	1,031,345	1,160,162
Working capital account	<u>385,927</u>	<u>377,178</u>
Total Cash and Cash Equivalents	<u>\$ 1,608,517</u>	<u>\$ 1,624,736</u>
 <b>Accounts Receivable:</b>		
Commercial income (Notes 2 and 6)	\$ 226,020	\$ 190,146
Maintenance - Apartments (Note 2)	<u>211,885</u>	<u>127,124</u>
Total Accounts Receivable	<u>\$ 437,905</u>	<u>\$ 317,270</u>
 <b>Prepaid Expenses:</b>		
Insurance	\$ 81,364	\$ 75,110
Service contract	2,767	2,635
Corporation taxes	<u>1,867</u>	<u>2,029</u>
Total Prepaid Expenses	<u>\$ 85,998</u>	<u>\$ 79,774</u>

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,**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Maintenance - Apartments	\$ 5,133,263	\$ 4,888,820
Commercial income (Note 6)	863,411	675,897
Less: Bad debt expense - commercial income (Note 6)	-	(158,249)
Operating assessments (Note 7)	513,852	634,807
Sublet, storage, late charges and miscellaneous	205,044	213,045
Interest and dividends	64,243	20,567
Laundry income	34,925	35,950
Total Revenues	<u>6,814,738</u>	<u>6,310,837</u>
<b>EXPENSES</b>		
Administrative expenses	342,227	509,375
Operating expenses	2,400,163	2,298,622
Repairs and maintenance	314,571	309,247
Taxes	3,027,181	2,880,369
Financial expenses	330,112	545,521
Total Expenses	<u>6,414,254</u>	<u>6,543,134</u>
<b>Operating income (loss) before other items and depreciation and amortization</b>	400,484	(232,297)
Capital assessment (Note 4)	150,232	-
Commercial rents - straight-line adjustments (Note 2)	81,528	149,055
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION</b>	632,244	(83,242)
Depreciation and amortization	(481,639)	(439,547)
Net Income (Loss) For The Year	<u>\$ 150,605</u>	<u>\$ (522,789)</u>

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,**

	<u>2023</u>	<u>2022</u>
<b>Administrative Expenses:</b>		
Professional fees	\$ 188,746	\$ 296,425
Management fee	96,017	100,505
Other administrative and telephone	57,464	112,445
Total Administrative Expenses	<u>\$ 342,227</u>	<u>\$ 509,375</u>
<b>Operating Expenses:</b>		
Utilities		
Steam - heat	\$ 371,198	\$ 344,022
Water and sewer	205,920	185,066
Electricity and gas	65,510	53,757
	<u>642,628</u>	<u>582,845</u>
Payroll		
Wages	1,077,535	1,056,386
Union benefits (Note 8)	402,244	395,462
Payroll taxes	88,671	83,947
Workers' compensation and disability insurance	24,384	34,180
	<u>1,592,834</u>	<u>1,569,975</u>
Other		
Insurance	154,805	140,153
Permits and miscellaneous operating	9,896	5,649
	<u>164,701</u>	<u>145,802</u>
Total Operating Expenses	<u>\$ 2,400,163</u>	<u>\$ 2,298,622</u>

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,**

	<u>2023</u>	<u>2022</u>
<b>Repairs and Maintenance:</b>		
Painting, plastering and flooring	\$ 80,496	\$ 47,633
Plumbing and heating	76,792	59,564
Elevator contract and repairs	52,773	76,203
Materials and supplies	40,168	30,555
Doors, locks and windows	24,850	18,537
Uniforms	11,780	10,905
Exterminating	10,721	14,458
Grounds and plants	5,820	13,104
Water treatment	2,991	36,723
Electrical and intercom	2,918	367
Equipment, compactor and other repairs	2,792	1,198
Exterior repairs	2,470	-
Total Repairs and Maintenance	<u>\$ 314,571</u>	<u>\$ 309,247</u>
<b>Taxes:</b>		
New York City real estate tax (Note 9)	\$ 3,009,514	\$ 2,864,250
Corporation taxes (Note 10)	17,667	16,119
Total Taxes	<u>\$ 3,027,181</u>	<u>\$ 2,880,369</u>
<b>Financial Expenses:</b>		
Mortgage interest (Note 5)	\$ 315,096	\$ 340,790
Amortization of debt issuance costs (Note 2)	15,016	204,731
Total Financial Expenses	<u>\$ 330,112</u>	<u>\$ 545,521</u>
<b>Depreciation and Amortization:</b>		
Building	\$ 78,905	\$ 78,905
Building improvements and equipment	382,225	340,133
Amortization of deferred leasing commissions	20,509	20,509
Total Depreciation and Amortization	<u>\$ 481,639</u>	<u>\$ 439,547</u>

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,**

	<u>2023</u>	<u>2022</u>
<b>COMMON STOCK</b>		
Balance - January 1,	\$ 83,573	\$ 83,573
Transactions during the year	<u>-</u>	<u>-</u>
Balance - December 31,	<u>\$ 83,573</u>	<u>\$ 83,573</u>
 <b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance - January 1,	\$ 3,760,159	\$ 3,760,159
Transactions during the year	<u>-</u>	<u>-</u>
Balance - December 31,	<u>\$ 3,760,159</u>	<u>\$ 3,760,159</u>
 <b>ACCUMULATED DEFICIT</b>		
Balance - January 1,	\$ (832,071)	\$ (309,282)
Net income (loss) for the year	<u>150,605</u>	<u>(522,789)</u>
Balance - December 31,	<u>\$ (681,466)</u>	<u>\$ (832,071)</u>

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,**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the year	\$ 150,605	\$ (522,789)
<b>Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:</b>		
Revenue allocated to financing activities	(150,232)	-
Depreciation and amortization expense	481,639	439,547
Amortization of debt issuance costs	15,016	204,731
(Increase) decrease accounts receivable	(120,635)	56,900
(Increase) in prepaid expenses	(6,224)	(2,416)
(Increase) in deferred commercial rents	(81,528)	(149,055)
Increase (decrease) in accounts payable and other current liabilities	60,264	(109,719)
Net change in security deposits transactions	(98,065)	24,000
Total Adjustments	100,235	463,988
Cash Provided (Used) By Operating Activities	250,840	(58,801)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in reserve fund	136,443	(114,507)
(Increase) in building improvements and equipment	(346,475)	(1,232,704)
(Decrease) increase in building improvements payable	(59,940)	16,851
Cash (Used) By Investing Activities	(269,972)	(1,330,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in good faith deposit	-	250,000
Amortization of mortgage payable	(147,319)	(95,279)
Proceeds from new mortgage payable	-	11,000,000
Repayment of former mortgage payable	-	(10,000,000)
(Increase) in unamortized debt issuance costs	-	(150,161)
Capital assessment	150,232	-
Cash Provided By Financing Activities	2,913	1,004,560
Net (decrease) in cash, cash equivalents and restricted cash	(16,219)	(384,601)
Cash, cash equivalents and restricted cash at beginning of year	1,724,736	2,109,337
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 1,708,517	\$ 1,724,736
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 315,460	\$ 350,342
Income taxes paid - net of refunds	\$ 17,505	\$ 14,294

The accompanying notes are an integral part of this statement.

## 10 PARK AVE. TENANTS' CORP.

### Notes to Financial Statements

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#### 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.

##### 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.

Notes to Financial Statements

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

**Revenue Recognition and Accounts Receivable (continued)**

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, 2023 and 2022, the Corporation's accounts receivable from stockholders were \$211,885 and \$127,124, respectively. Based upon past experience and other factors, the Corporation considers all residential accounts receivable at December 31, 2023 to be collectible. Accordingly, no allowance for doubtful accounts is required.

**Commercial Income and Accounts Receivable**

In accordance with ASU No. 2016-02, *Leases* (Topic 842), the Corporation has classified its commercial leases as operating leases and recognizes commercial revenues on the straight-line basis over the term of each lease. Any difference between the straight-line rents and the rents received is recorded as deferred revenue.

Accounts receivable at the balance sheet date represent past due amounts for rent and escalations from commercial tenants. As of December 31, 2023 and 2022, the Corporation's accounts receivable from commercial tenants were \$226,020 and \$190,146, respectively. Based upon past experience and other factors, the Corporation considers all commercial accounts receivable at December 31, 2023 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. Additionally, the Corporation does not recognize straight line adjustments to commercial revenues for income tax purposes.

# 10 PARK AVE. TENANTS' CORP.

## Notes to Financial Statements

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

#### 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.

In accordance with Accounting Standards Update 2016-18, *Statement of Cash Flows: Restricted Cash* ("ASU 2016-18"), the Corporation includes restricted cash and restricted cash equivalents with cash and cash equivalents in the beginning and end of period total amounts shown in the Statements of Cash Flows. The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Balance Sheets that sum to the total of the same such amounts in the Statements of Cash Flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,608,517	\$ 1,624,736
Restricted cash (Note 5)	<u>100,000</u>	<u>100,000</u>
Balance - December 31,	<u>\$ 1,708,517</u>	<u>\$ 1,724,736</u>

### Note 3 - RESERVE FUND

During 2023 and 2022, the following transactions have taken place in the Corporation's reserve fund.

	<u>2023</u>	<u>2022</u>
Balance - January 1,	\$ 1,456,269	\$ 1,341,762
Interest and dividends - net of service fees	39,000	13,777
Excess loan proceeds from mortgage refinancing (Note 5)	-	1,028,594
Portion of refunded good faith deposit (Note 5)	-	46,925
Net transfers (to) operations primarily to pay for building improvements and equipment	( <u>175,443</u> )	( <u>974,789</u> )
Balance - December 31,	<u>\$ 1,319,826</u>	<u>\$ 1,456,269</u>

The reserve fund is held as follows:

Israel Discount Bank of New York - Money Market Accounts	\$ 1,313,204	\$ 364,787
Apple Bank for Savings - Business Savings Account (Note 5)	6,376	731,889
Capital One Bank - Money Market Account	<u>246</u>	<u>359,593</u>
Balance - December 31,	<u>\$ 1,319,826</u>	<u>\$ 1,456,269</u>



## Notes to Financial Statements

## Note 4 - PROPERTY AND IMPROVEMENTS AND CAPITAL ASSESSMENT

## Property and Improvements

During 2023 and 2022, the Corporation capitalized the following building improvements and equipment.

	<u>2023</u>	<u>2022</u>
Terraces and roof replacement	\$ 133,645	\$ -
Elevator modernization	80,590	47,450
Facade/exterior project	56,079	844,348
Window project	52,022	37,500
Lobby/Hallway improvements	15,302	24,920
HVAC/heat rejection equipment	<u>8,837</u>	<u>278,486</u>
Total	<u>\$ 346,475</u>	<u>\$ 1,232,704</u>

## Capital Assessment

During 2023, the Corporation implemented a capital assessment of \$150,232, or \$1.80 per share of stock, in order to pay for the terraces and roof replacement project.

## Note 5 - MORTGAGE PAYABLE AND LINE OF CREDIT

## Mortgage Payable

On March 14, 2022, the Corporation refinanced its mortgage payable. The new loan, in the original principal amount of \$11,000,000, is held by Apple Bank for Savings ("Apple Bank"). It requires equal monthly payments of \$38,565, applied first to interest at a rate of 2.871% per annum 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.

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.

During the next five years, the following principal payments are required.

<u>Year</u>	<u>Amount</u>
2024	\$ 150,790
2025	156,114
2026	160,719
2027	165,460
2028	169,518



Notes to Financial Statements

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

**Mortgage Payable** (continued)

Pursuant to the loan documents, the Corporation is required to maintain a reserve account with Apple Bank, in a minimum amount of \$100,000, for the duration of the loan term. As of December 31, 2023, this account's balance of \$106,376 was allocated as \$100,000 of restricted cash (Note 2) and \$6,376 of unrestricted reserve cash (Note 3).

Prior to the refinancing, the mortgage payable, in the original principal amount of \$10,000,000, was held by People's United Bank. At closing, an initial advance of \$5,600,000 was made. Subsequent advances of the remaining \$4,400,000 were made through November 18, 2018. The loan required monthly payments of interest only at a rate of 4.24% per annum for the actual number of days elapsed in each period based on a 360 day year. The loan was scheduled to mature on December 1, 2033. At the refinancing, the outstanding loan balance of \$10,000,000 was repaid in full.

**Line of Credit**

At the refinancing, the Corporation 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.

Prior to the refinancing, the Corporation had a \$2,000,000 secured revolving line of credit with People's United Bank. When funds were drawn, monthly payments of interest only were due at a rate equal to the 30-day LIBOR plus 2.25% per annum. The line of credit was scheduled to mature on December 1, 2028. At the refinancing, no amount was outstanding on the line of credit and it was closed.

Note 6 - **COMMERCIAL RENT**

As of December 31, 2023, the Corporation was the lessor of four professional and three commercial units with leases maturing between May 31, 2024 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, 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. On June 1, 2022 one of the two commercial tenants signed a new lease and the Corporation released any claims against the tenant through the commencement date of the new lease. In connection with this release, the Corporation recorded \$158,249 of bad debt expense on the tenant's former lease.

Notes to Financial Statements

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Note 6 - **COMMERCIAL RENT** (continued)

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

<u>Year</u>	<u>Amount</u>
2024	\$ 702,139
2025	695,183
2026	715,151
2027	703,470
2028	629,914

Leasing commissions paid in connection with the commercial leases have been deferred and are being amortized over the term of each lease.

Note 7 - **OPERATING ASSESSMENTS**

During 2023 and 2022, the Corporation implemented operating assessments of \$6.15 and \$5.80 per share of stock, respectively, which generated \$513,852 and \$484,807, 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 2024, a similar assessment is anticipated.

During 2022, the Corporation implemented a second operating assessment of \$150,000, or \$1.79 per share of stock, per annum, in order to recoup a portion of its reduced commercial rents as a result of COVID-19.

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 2023 and 2022, the Corporation contributed \$402,244 and \$395,462, respectively, to the Plan of which \$109,806 and \$117,340, 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.

## 10 PARK AVE. TENANTS' CORP.

### Notes to Financial Statements

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#### Note 8 - UNION BENEFITS (continued)

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, 2023, the Fund's most recently available certified zone status was "green". As of January 1, 2023, 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:

<u>Fiscal Year</u>	<u>Taxable Valuation</u>	<u>Tax Rate</u>	<u>Tax</u>
2020/21	\$ 23,582,610	12.267%	\$ 2,892,879
2021/22	22,628,250	12.235%	2,768,566
2022/23	24,907,320	12.267%	3,055,381
2023/24	25,699,720	12.502%	3,212,979

The Corporation routinely protests the assessed valuation of its Property for real estate taxation purposes. During 2022, a settlement was reached for the 2022/23 tax year, which resulted in \$477,248 of current and future years benefits due to the reduced assessed valuation. Professional fees incurred of \$50,111 were recorded in 2022 (\$20,208) and 2023 (\$29,903). During 2023, a settlement was reached for the 2023/24 tax year, which resulted in \$845,410 of current and future years benefits due to the reduced assessed valuation. Professional fees of \$89,318 were recorded in 2023. Currently, there are no "open" tax protests.

#### 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 ended December 31, 2023, the Corporation had net income for financial statement purposes. However due to permanent reporting differences between financial and tax reporting (Note 2), the Corporation is not currently liable for Federal income tax.

**Notes to Financial Statements**

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**Note 10 - CORPORATION TAXES (continued)**

As of December 31, 2023, the Corporation had approximately \$4,138,200 of operating loss carryforwards for Federal income tax purposes, which will expire in various years through 2036, and approximately \$971,000 of operating loss carryforwards, which may be carried forward indefinitely until the loss is fully recovered. Such loss carryforwards are limited to 80% of the Corporation's taxable income in any one tax period. 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 2020 remain open to examination by the respective taxing authorities. There are currently no tax examinations in progress.

**Note 11 - 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, 2023, the Corporation held approximately \$2,435,000 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 12 - 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, 2023, 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 13 - DATE OF MANAGEMENT REVIEW**

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 12, 2024, the date the financial statements were available to be issued.

**SUPPLEMENTARY AND PROSPECTIVE  
INFORMATION**



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, 2023 and 2022 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, 2024, and the Supplementary Schedule of Capital Contributions for the Years Ended December 31, 1986 to 2023, 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  
April 12, 2024 for Historical Statements  
December 5, 2023 for Forecast



**10 PARK AVE. TENANTS' CORP.**

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

	For The Year		Prior Year	Next Year
	January 1, 2023 - December 31, 2023		January 1, 2022- December 31, 2022	January 1, 2024 - December 31, 2024
	Budget (Unaudited)	Actual	Actual	Budget (Unaudited)
<b>REVENUES</b>				
Maintenance - Apartments (1)	\$ 5,133,300	\$ 5,133,263	\$ 4,888,820	\$ 5,389,900
Commercial income - net of bad debt	755,100	863,411	517,648	826,500
Operating assessments	504,100	513,852	634,807	537,100
Sublet, storage, late charges and miscellaneous	156,500	205,044	213,045	171,500
Laundry income	20,400	34,925	35,950	30,000
<b>TOTAL REVENUES</b>	<b>6,569,400</b>	<b>6,750,495</b>	<b>6,290,270</b>	<b>6,955,000</b>
<b>EXPENDITURES</b>				
Professional fees	105,600	188,746	296,425	98,100
Management fee	94,600	96,017	100,505	95,000
Other administrative and telephone	41,000	57,464	112,445	55,500
Steam - heat	357,100	371,198	344,022	405,700
Water and sewer	204,900	205,920	185,066	210,700
Electricity and gas	64,500	65,510	53,757	62,400
Wages and related costs	1,574,000	1,592,834	1,569,975	1,584,800
Insurance	162,700	154,805	140,153	192,400
Permits and miscellaneous operating	5,000	9,896	5,649	5,000
Repairs and maintenance	309,400	314,571	309,247	359,500
New York City real estate tax	3,018,000	3,009,514	2,864,250	3,128,000
Corporation taxes	17,000	17,667	16,119	17,000
Mortgage interest and amortization	462,800	462,415	436,069	462,700
Transfers to reserve fund	118,200	-	-	278,200
<b>TOTAL EXPENDITURES</b>	<b>6,534,800</b>	<b>6,546,557</b>	<b>6,433,682</b>	<b>6,955,000</b>
Budgeted Surplus	<u>\$ 34,600</u>			<u>\$ -</u>
<b>ACTUAL OPERATING INCOME (LOSS)</b>		203,938	(143,412)	
Mortgage amortization		147,319	95,279	
Interest and dividends		64,243	20,567	
Amortization of debt issuance costs		<u>(15,016)</u>	<u>(204,731)</u>	
<b>OPERATING INCOME (LOSS) BEFORE OTHER ITEMS AND DEPRECIATION AND AMORTIZATION</b>		<u>\$ 400,484</u>	<u>\$ (232,297)</u>	

(1) Maintenance has been increased by 5% effective January 1, 2023 and by 5% effective January 1, 2024.

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, 2024**

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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 5, 2023 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 \$449,160 per month, which reflects a 5% increase effective January 1, 2024. Commercial income is based on current lease terms and anticipated escalations. During 2024, an operating assessment of \$537,100 or \$6.43 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. 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 3.94% real estate tax expense increase has been anticipated for 2024. Debt service is based upon the payments required by the Corporation's 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.

**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.



**10 PARK AVE. TENANTS' CORP.**  
**SUPPLEMENTARY SCHEDULE OF CAPITAL CONTRIBUTIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 1986 TO 2023**

<u>Year</u>	<u>Contributed Capital</u> <u>Per Share</u>
1986	\$ 0.69
1987	0.75
1988	0.69
1989	0.25
1990	0.01
1991	0.01
1992	0.01
1993	0.01
1994	0.01
1995	0.02
1996	0.02
1997	0.96
1998	0.87
1999	0.94
2000	4.02
2001	2.70
2002	1.89
2003	1.97
2004	0.98
2005	1.93
2006	1.20
2007	1.27
2008	5.66
2009	7.08
2010	7.56
2011	8.08
2012	8.22
2013	1.91
2014 - 2021	NONE
2022	1.14
2023	3.55

The above amounts are additions to the cost basis of each stockholder's shares. The above schedule is based upon available information received from the Corporation's management and prior accountants. A tax advisor should be consulted before utilization of these amounts in the preparation of an income tax return.