

VILLAGE VIEW HOUSING CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

VILLAGE VIEW HOUSING CORPORATION

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

MARK COHEN, CPA
WILLIAM J. RANK, CPA, CFP
LORI B. LERMAN, CPA

INDEPENDENT AUDITORS' REPORT

**To the Board
VILLAGE VIEW HOUSING CORPORATION**

Opinion

We have audited the accompanying financial statements of Village View Housing Corporation, which comprise the balance sheets as of June 30, 2024 and 2023, and the related statements of loss, retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Village View Housing Corporation, as of June 30, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We have conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village View Housing Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Village View Housing Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Village View Housing Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village View Housing Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts, schedule of payroll expense, schedule of repairs and supplies, schedule of other operating amounts, and schedules to balance sheet are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked "unaudited" is the responsibility of the entity's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
October 11, 2024

VILLAGE VIEW HOUSING CORPORATION

Balance Sheets

As of June 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash in Banks and on Hand	3,205,920	2,414,103
Cash in Operating Account	12,431	160,028
Tenants' Accounts Receivable	2,647,007	2,473,642
Allowance for Uncollectible Accounts	(1,233,052)	(1,003,762)
Miscellaneous Accounts Receivable	282,402	169,245
Escrow Deposits	468,617	555,616
Prepaid Expenses	<u>1,511,483</u>	<u>1,228,668</u>
Total Current Assets	<u>6,894,808</u>	<u>5,997,540</u>
 RESERVE FUNDS	 <u>5,448,067</u>	 <u>6,246,443</u>
 PROPERTY AND EQUIPMENT - Net Book Value	 <u>28,915,086</u>	 <u>29,841,967</u>
 OTHER ASSETS		
Security Deposits - Conduit Fees	<u>23,100</u>	<u>23,100</u>
Total Other Assets	<u>23,100</u>	<u>23,100</u>
 TOTAL ASSETS	 <u>41,281,061</u>	 <u>42,109,050</u>

	<u>2024</u>	<u>2023</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	2,473,811	1,960,807
Accrued Shelter Rent Real Estate Taxes	36,000	36,000
Accrued Interest on Mortgage	90,998	93,177
Rents Received in Advance	136,202	143,950
Equity and Amortization Payable	465,034	30,002
Due to Stockholders	139,476	109,409
Mortgage and Loan Payable - Amortization payments due within one year	828,625	802,082
Total Current Liabilities	<u>4,170,146</u>	<u>3,175,427</u>
DEPOSITS		
Alteration Deposits	721,224	725,424
Total Deposits	<u>721,224</u>	<u>725,424</u>
LONG-TERM LIABILITIES		
Mortgage Payable - Net of Payments due within one year	32,667,653	33,496,278
Less: Unamortized Debt Issuance Costs	(336,389)	(347,989)
Total Long-Term Liabilities	<u>32,331,264</u>	<u>33,148,289</u>
STOCKHOLDERS' EQUITY		
Common Stock - \$10.00 par value; 350,000 Shares authorized: 333,600 Shares Issued and Outstanding	3,336,000	3,336,000
Paid-in and Donated Capital	6,657,017	6,375,734
Retained Earnings (Deficit)	(11,382,657)	(10,898,267)
Reserve for Replacements	5,448,067	6,246,443
Total Stockholders' Equity	<u>4,058,427</u>	<u>5,059,910</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>41,281,061</u></u>	<u><u>42,109,050</u></u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Statements of Loss

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
INCOME		
Carrying Charges - Net of Vacancies and Write-off of Uncollectible Charges	11,062,204	10,544,522
Utility Pass Through	262,044	790,408
Parking Income	795,843	803,699
Laundry Room Income	114,004	135,155
Air Conditioners	438,059	447,754
Interest Income	292,116	109,799
Surcharge Income	1,403,594	1,374,288
Administrative Occupancy Fees	30,612	27,952
Repair and Legal Charges - Rebilled	164,881	184,497
Storage Bin Income	37,089	36,424
Energy Grant	0	80,854
Fines and Violations	61,788	65,590
Miscellaneous Income	76,611	57,480
Total Income	<u>14,738,845</u>	<u>14,658,422</u>
EXPENSES		
Administrative Expenses	905,832	789,218
Maintenance Expenses	4,564,463	4,703,413
Utilities Expenses	4,616,615	3,906,574
Taxes and Insurance	3,358,500	3,150,040
Financial Expenses	1,104,034	1,129,795
Interest Expense - Debt Issuance Costs	11,600	12,000
Total Expenses Before Depreciation	<u>14,561,044</u>	<u>13,691,040</u>
NET INCOME BEFORE DEPRECIATION	177,801	967,382
Depreciation	<u>(1,460,567)</u>	<u>(1,293,904)</u>
NET LOSS FOR THE YEAR	<u>(1,282,766)</u>	<u>(326,522)</u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Statements of Retained Earnings (Deficit)

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(10,898,267)	(16,106,977)
Net Loss for the Year	(1,282,766)	(326,522)
Allocation from Reserves	<u>798,376</u>	<u>5,535,232</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(11,382,657)</u>	<u>(10,898,267)</u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Statements of Cash Flows

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Net Loss	(1,282,766)	(326,522)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	1,460,567	1,293,904
Interest Expense - Debt Issuance Costs	11,600	12,000
Revenue allocated to financing activities	(802,082)	(776,390)
(Increase) Decrease in operating assets:		
Tenants' Accounts Receivable	(173,365)	(243,832)
Allowance for Uncollectible Accounts	229,290	95,148
Miscellaneous Receivables	(113,157)	(142,290)
Reserve Funds and Escrow Deposits	(2,820,114)	978,426
Prepaid Expenses	(282,815)	(46,543)
Security Deposits - Conduit Fees	0	1,075
Increase (Decrease) in operating liabilities:		
Accounts Payable	513,004	(977,241)
Accrued Interest on Mortgage	(2,179)	(2,109)
Rents Received in Advance	(7,748)	21,219
Equity and Amortization Payable	435,032	(213,350)
Due to Stockholders	30,067	31,918
Alteration Deposits	(4,200)	(1,050)
Net cash used by operating activities	<u>(2,808,866)</u>	<u>(295,637)</u>
Cash Flows From Investing Activities		
Additions to Paid-in Capital	281,283	279,394
Purchase of Property and Equipment	(533,686)	(4,843,888)
Purchase of Certificates of Deposit	0	(1,561,000)
Proceeds from Redemptions of Certificates of Deposit	3,705,489	5,820,388
Net cash provided (used) by investing activities	<u>3,453,086</u>	<u>(305,106)</u>
Cash Flows From Financing Activities		
Carrying Charges applied to Mortgage and Loan Amortization	802,082	776,390
Amortization of Mortgage and Loan	(802,082)	(776,390)
Net cash provided (used) by financing activities	<u>0</u>	<u>0</u>
Increase (Decrease) in Cash and Cash Equivalents (carryforward)	644,220	(600,743)

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Statements of Cash Flows

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
Increase (Decrease) in Cash and Cash Equivalents (brought forward)	644,220	(600,743)
Cash and Cash Equivalents at Beginning of Year	<u>2,574,131</u>	<u>3,174,874</u>
Cash and Cash Equivalents at End of Year (see below)	<u>3,218,351</u>	<u>2,574,131</u>
Represented by:		
Cash in Banks and on Hand	3,205,920	2,414,103
Cash in Operating Account	<u>12,431</u>	<u>160,028</u>
Cash and Cash Equivalents (as above)	<u>3,218,351</u>	<u>2,574,131</u>
Supplemental Disclosure:		
Interest Paid	<u>1,106,213</u>	<u>1,131,904</u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 1

Organization

Village View Housing Corporation is a cooperative housing corporation incorporated in the State of New York in 1962. The cooperative is a Mitchell-Lama housing company and is supervised by the City of New York Department of Housing Preservation and Development. The cooperative owns and operates seven buildings known as Village View Housing Corporation in New York City consisting of 1,236 residential apartments. All of the cooperative's outstanding stock is owned by the residential tenants of the buildings. The primary purpose of the cooperative is to manage the operations of the buildings and maintain the common elements.

Note 2

Summary of Significant Accounting Policies

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of loss.

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is stated at purchased cost. Property and equipment are depreciated on the straight-line method over the estimated useful lives of the assets (from 5 to 50 years), which are the same for both financial and tax purposes. Maintenance and repairs are charged to operations as incurred. Improvements and betterments are capitalized.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 2

Summary of Significant Accounting Policies - continued

Costs incurred in obtaining long-term financing, included under mortgage payable on the balance sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreement. The amortization of these costs is being recognized as interest expense-debt issuance costs on the statements of loss.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

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.

Tenant-stockholders are subject to monthly charges that provide funds for the cooperative's operating expenses and major repairs and replacements, and the revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The cooperative's performance obligations related to its ongoing annual charges are satisfied over time on a daily pro-rata basis using the input method.

The cooperative also recognizes revenues from non-member customers that generate additional funds for the cooperative's operating expenses and major repairs and replacements. The revenue from these ancillary operations is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The cooperative's performance obligations related to these other revenue sources are satisfied over time on a daily pro-rata basis using the input method.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 **Summary of Significant Accounting Policies - continued**

The performance obligations related to special assessments and replacement fund (reserve fund) assessments are satisfied when these funds are expended for their designated purpose at transaction amounts expected to be collected using the input method. The cooperative recognizes revenue from special assessments and replacement fund (reserve fund) assessments as the related performance obligations are satisfied. A contract liability (assessments received in advance) is recognized when the cooperative has the right to receive payment in advance of the satisfaction of performance obligations related to replacement (reserve) assessments.

Note 3 **Concentration of Credit Risk**

The cooperative maintains various bank and money market accounts that at times may exceed insured credit limits. The cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances.

Note 4 **Tenants' Accounts Receivable**

As of June 30, 2024 and 2023, the total accounts receivable from stockholders was \$2,647,007 and \$2,473,642, respectively. A large portion of the arrears represent amounts due from vacated stockholders, and as such, a reserve has been established which is a combination of both current and vacated stockholders. The current portion is based on a comparison of individual stockholder receivable balances in relation to the existing equity in their apartments. The portion related to the vacated stockholders represents amounts due from stockholders in excess of their apartment equity. The reserve totaled \$1,233,052 and \$1,003,762 as of June 30, 2024 and 2023, respectively.

The cooperative's current policy is to retain legal counsel and place a series of notices (including in-house, three-day and notice to dispossess) followed by the issuance of a warrant on the apartments of such stockholders whose accounts are in arrears. Legal fees are chargeable to the delinquent parties.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 6

Property and Equipment

Property and Equipment consists of the following:

	<u>2024</u>	<u>2023</u>
Land	3,628,155	3,628,155
Building	19,632,895	19,632,895
Building Improvements	41,190,589	40,656,903
Building Equipment - Fixed	1,554,859	1,554,859
Building Equipment - Portable	253,234	253,234
Furniture and Fixtures	63,451	63,451
Maintenance Equipment	<u>221,212</u>	<u>221,212</u>
	66,544,395	66,010,709
Less: accumulated depreciation	<u>37,629,309</u>	<u>36,168,742</u>
Total Property and Equipment	<u>28,915,086</u>	<u>29,841,967</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$1,460,567 and \$1,293,904, respectively.

Note 7

Long Term Debt

Mortgage Payable

On June 30, 2020, the cooperative refinanced their previous mortgage with Wells Fargo Multifamily Capital Inc. The new obligation, in the amount of \$36,494,000 is secured by a thirty year mortgage which matures on August 1, 2050. Constant monthly payments of \$159,025 include interest at 3.26% per annum and reduction of principal based on a thirty year amortization schedule. The net proceeds from the refinancing of approximately \$16,884,000 were deposited into the cooperative's checking account. These funds were subsequently transferred into a new reserve fund to be used for future capital improvements.

The current mortgagor has required the cooperative to provide monthly escrow deposits for real estate taxes and insurance. In addition, the lender required the cooperative at closing to establish a repair escrow of \$961,822. These funds are deposited with Wells Fargo and require HPD approval prior to withdrawal.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 7

Long Term Debt

Mortgage Payable - continued

Principal maturities of the mortgage are as follows:

2025	828,625
2026	856,048
2027	884,373
2028	913,638
2029	943,872

Note 8

Reserve Accounts

The New York City Department of Housing Preservation and Development (HPD) requires that all funds be maintained in restricted accounts with disbursements subject to their approval for which funds are appropriated from retained earnings (deficit).

For the years ended June 30, 2024 and 2023, no current reserve contributions were required by HPD.

Note 9

Capital Improvements/Reserve Funds

The Reserve Funds shown in the attached financial statement reflect amounts either withheld by the lending organizations, or proceeds received at closing, net of amounts already expended on completed capital improvements. As of June 30, 2024 and 2023, the balance in the reserve fund was \$5,448,067 and \$6,246,443, respectively.

Note 10

Due to Stockholders

The cooperative is entitled to, and has received, tax abatements on behalf of its stockholders from the State of New York during June 30, 2024 and 2023. The abatements have been passed on to the stockholders as a credit against carrying charges. Undistributed abatements in the amount of \$139,476 and \$109,409 have been included on the Balance Sheets in Current Liabilities as Due to Stockholders as of June 30, 2024 and 2023, respectively. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of the aforementioned tax abatements.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 11

First Sale Capital Assessment

Pursuant to a resolution of the stockholders for the housing corporation, a First Sale Capital Assessment was approved by HUD on November 28, 2007 for all apartments transferred after that time. The assessment proceeds have been deposited into a separate reserve account and will be used to fund future capital improvements and major repairs. The cumulative amounts collected from the first sale capital assessment have been reflected as paid-in capital in the attached financial statements.

Note 12

Charges and Fees

Tenant-stockholders are billed monthly based on their respective stock holdings.

Pursuant to a series of resolutions that were completed by the cooperative's Board of Directors, The Department of Housing Preservation and Development has approved the following increases in charges:

Carrying Charges - A three-step carrying charge increase of 21% which will be comprised of 7% effective July 1, 2023, 7% effective July 1, 2024 and 7% effective July 2025. These increases are required to offset higher operating expenses and eliminate future projected budget deficits.

Utility Pass Through - Effective October 2022, the cooperative approved a utility pass through of approximately \$.26 per share which was billed on a monthly basis from October 2022 through September 2023.

Note 13

Benefits

The cooperative participated in the Local 94 International Union of Operating Engineers Central Pension Fund, Employer Identification Number 36-6052390, Plan 001, for the years ended June 30, 2024 and 2023. The cooperative participated in this multi-employer plan, for the years ended June 30, 2024 and 2023 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires June 30, 2026 and the cooperative has no intention of withdrawing from the plan.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 13

Benefits - continued

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at January 31, 2022 and 2021. The certified zone status for the plan for each of these years was green.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended June 30, 2024 and 2023. The fund provides health benefits (hospitalization, medical, surgical, prescription drugs) and life insurance coverage for eligible participants and their covered dependents. The cooperative made the following contributions to the plans:

	<u>2024</u>	<u>2023</u>
Pension Contributions	234,067	238,262
Health Contributions	809,881	777,217
All Other Contributions	<u>196,292</u>	<u>162,421</u>
Total	1,240,240	1,177,900

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

Note 14

Income Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 14

Income Taxes - continued

Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. The cooperative is not subject to New York State Franchise or New York City General Corporation taxes.

Losses incurred in years prior to 2018, may be carried forward for twenty years from the year incurred and may be used to offset 100% of taxable income. Due to a change in the tax law, federal net operating losses incurred in 2018 and thereafter may be carried forward indefinitely, but may only be used to offset 80% of taxable income each year. This law was subsequently modified under the CARES Act, which was enacted March 27, 2020. Under the CARES Act, the 80% taxable income limitation is delayed until years beginning after December 31, 2020. The 80% limitation will apply to any net operating loss arising in a year beginning after December 31, 2017 and deducted for a year beginning after December 31, 2020. Additionally, the Act provides that for losses arising in 2018, 2019 and 2020, such loss shall be a net operating loss carryback to each of the prior five taxable years. Additionally, as is the case under pre-2018 law, the taxpayer may make an election to waive the carryback and instead treat losses arising in these years as net operating loss carryovers.

As of June 30, 2024, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$18,834,000. These net operating loss carryforwards consist of carryforwards of approximately \$10,417,000 which expire beginning in 2025 and continuing through 2038 and carryforwards of approximately \$8,417,000 which were incurred in 2019 and thereafter.

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal income tax return for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

VILLAGE VIEW HOUSING CORPORATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 15

Future Major Repairs and Replacements

The cooperative has not conducted an official study in accordance with CIRA or AICPA guidelines 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 (see Note 8). If and when replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow additional funds, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

However, during the year ended June 30, 2020, the Board of Directors did engage various professionals to monitor the infrastructure needs of the cooperative. This was done to determine both an appropriate capital improvement and reserve funding plan which was incorporated into the mortgage refinancing referred to in Note 7.

Note 16

Commitments and Contingencies

The cooperative has various pending litigation items being defended as of June 30, 2024. Some of these items are being handled by the cooperative's counsel and some are being handled by the cooperative's insurance carrier. The cooperative is unable to make a determination at this time as to the final outcome of these pending matters.

In addition, the cooperative is a party to minor claims and lawsuits arising in the normal course of operations. Management is of the opinion that these claims and lawsuits will not have a material effect upon the financial position of the cooperative, and, accordingly, have made no provision in the attached financial statements.

Note 17

Subsequent Events

Management has evaluated subsequent events through October 11, 2024, 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.

VILLAGE VIEW HOUSING CORPORATION

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>June 30, 2024</u> (Unaudited)	Actual Year Ended <u>June 30, 2024</u>	Actual Year Ended <u>June 30, 2023</u>
RECEIPTS			
Carrying and Utility Charges	11,382,904	11,382,904	10,631,068
Vacancies and Write-off of Uncollectible Charges	(120,000)	(320,700)	(86,546)
Utility Pass Through	262,000	262,044	790,408
Parking Income	800,000	795,843	803,699
Laundry Room Income	120,000	114,004	135,155
Air Conditioners	440,000	438,059	447,754
Interest Income	300,000	292,116	109,799
Surcharge Income	1,400,000	1,403,594	1,374,288
Administrative Occupancy Fees	30,000	30,612	27,952
Repair and Legal Charges - Rebilled	160,000	164,881	184,497
Storage Bin Income	37,000	37,089	36,424
Fines and Violations	60,000	61,788	65,590
Miscellaneous Income	58,000	76,611	57,480
Total Receipts	<u>14,929,904</u>	<u>14,738,845</u>	<u>14,577,568</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	405,000	405,940	394,117
Legal Expenses	200,000	214,427	103,251
Auditing	28,200	28,200	28,200
Telephone Services	12,000	11,743	11,620
Adult Services	60,000	62,187	57,763
Office and Administrative Expenses	189,588	183,335	194,267
Total Administrative Expenses	<u>894,788</u>	<u>905,832</u>	<u>789,218</u>
MAINTENANCE EXPENSES			
Payroll	2,760,000	2,781,099	2,619,218
Repairs and Supplies	500,000	493,187	668,321
Plumbing Repairs and Restoration	400,000	359,648	550,690
Apartment Restoration	320,000	450,219	358,030
Consultants, Engineers & Architects	90,000	87,407	77,801
Elevator Repairs and Service	95,000	94,479	87,406
Landscaping, Grounds and Snow Removal	25,000	21,562	20,935
Uniforms	14,000	6,034	25,427
Exterminating & Pest Control	240,000	270,828	295,585
Total Maintenance Expenses	<u>4,444,000</u>	<u>4,564,463</u>	<u>4,703,413</u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>June 30, 2024</u> (Unaudited)	Actual Year Ended <u>June 30, 2024</u>	Actual Year Ended <u>June 30, 2023</u>
UTILITIES EXPENSES			
Heating	1,250,000	1,299,389	1,065,632
Electricity	1,700,000	1,934,386	1,667,344
Electricity - Prior Year	0	133,492	0
Water and Conduit Fees	1,180,000	1,177,531	1,098,447
Gas	75,000	71,817	75,151
Total Utilities Expenses	<u>4,205,000</u>	<u>4,616,615</u>	<u>3,906,574</u>
TAXES AND INSURANCE			
Real Estate Taxes	850,000	843,737	898,485
Real Estate Taxes - Shelter Rent Adjustments	0	(107,818)	(124,020)
Payroll Taxes	230,000	232,669	215,232
Licenses and Permits	10,000	9,713	14,334
Insurance	1,150,000	1,139,959	968,109
Union Welfare and Pension	1,240,000	1,240,240	1,177,900
Total Taxes and Insurance	<u>3,480,000</u>	<u>3,358,500</u>	<u>3,150,040</u>
FINANCIAL EXPENSES			
Interest on Mortgage	1,104,034	1,104,034	1,129,795
Total Financial Expenses	<u>1,104,034</u>	<u>1,104,034</u>	<u>1,129,795</u>
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgage	802,082	802,082	776,390
Total Contributions to Equity and Reserves	<u>802,082</u>	<u>802,082</u>	<u>776,390</u>
Total Expenditures	<u>14,929,904</u>	<u>15,351,526</u>	<u>14,455,430</u>
NET (DEFICIT) SURPLUS FOR THE YEAR	<u>0</u>	<u>(612,681)</u>	<u>122,138</u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Schedule of Payroll Expense

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
PAYROLL EXPENSE		
Super and Assistant Super	194,836	200,716
Porters	1,265,270	1,233,373
Handymen and Painters	552,766	411,369
Guards and Doormen	<u>768,227</u>	<u>773,760</u>
Total Payroll Expense	<u><u>2,781,099</u></u>	<u><u>2,619,218</u></u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Schedule of Repairs and Supplies

For the Years Ended June 30,

	Repairs	Supplies	2023 Total	2022 Total
REPAIRS AND SUPPLIES				
Heating and Boiler	63,460		63,460	35,308
Pumps and Motors	16,604		16,604	6,832
Compactor / Chute Cleaning	24,808		24,808	11,903
Rubbish Removal	13,799		13,799	51,418
Electrical	7,657		7,657	75,628
TV Antenna and Intercom Maintenance	14,554		14,554	8,150
Roofing and Waterproofing	0		0	25,000
Asbestos Removal and Reinsulation	0		0	23,325
Carpentry	0		0	5,917
Doors and Locks	14,793		14,793	42,961
Holiday Bonus - Net of Contributions	14,825		14,825	9,894
Building and Janitorial Supplies	0	315,389	315,389	365,603
Miscellaneous Repairs	7,298		7,298	6,382
Total Repairs and Supplies	177,798	315,389	493,187	668,321

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Schedule of Other Operating Amounts

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
Miscellaneous Income		
Credit Check Fees	7,450	7,453
Dog Registration Fees	11,466	15,402
Processing Fees	3,300	4,350
Other Miscellaneous Income	<u>54,395</u>	<u>30,275</u>
Total Miscellaneous Income	<u>76,611</u>	<u>57,480</u>
 Office and Administrative Expenses		
Credit Reports	5,670	17,765
Stationary, Printing and Postage	17,722	27,028
Election Expense and Annual Meeting	25,054	26,324
Form 1098, Star and Surcharge Income Preparation	32,595	15,396
Computer and Copier Expenses	23,601	17,971
Direct Mailings	29,664	29,664
Payroll Service	31,793	22,479
Advertising	0	12,225
Other Miscellaneous Administrative Expenses	<u>17,236</u>	<u>25,415</u>
Total Office and Administrative Expenses	<u>183,335</u>	<u>194,267</u>

See accompanying notes and auditors' report

VILLAGE VIEW HOUSING CORPORATION

Schedules to Balance Sheet

June 30, 2024

Cash in Banks and on Hand

JP Morgan Chase - Commercial MM	2,530,741	
JP Morgan Chase - Tenant Equity Account	473,615	
JP Morgan Chase - Water and Sewer Escrow	192,628	
Debit Card Account	7,686	
Cash on Hand	<u>1,250</u>	
Total Cash in Banks		<u><u>3,205,920</u></u>

Prepaid Expenses

Prepaid Fuel and Supplies	89,676	
Real Estate Taxes	218,191	
Conduit Fees	7,332	
Heating Expense	53,000	
Insurance	<u>1,143,284</u>	
Total Prepaid Expenses		<u><u>1,511,483</u></u>

Reserve Funds

Merrill Lynch - Operating Reserve	2,794,340	
JP Morgan Chase - First Sale Capital Account	1,788,805	
Wells Fargo Securities - Cash Reserve	<u>864,922</u>	
Total Reserve Funds		<u><u>5,448,067</u></u>

See accompanying notes and auditors' report