
KINGS BAY HOUSING COMPANY, INC.
FINANCIAL STATEMENTS FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

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FINANCIAL STATEMENTS REPORT

Independent Auditors' Report

To the Board of Directors and Shareholders of
Kings Bay Housing Company, Inc.

Opinion

We have audited the financial statements of Kings Bay Housing Company, Inc., which comprise the balance sheet as of June 30, 2023 and 2022, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kings Bay Housing Company, Inc. as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in conformity 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 Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of Kings Bay Housing Company, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Kings Bay Housing Company, Inc.'s ability to continue as a going concern for 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Kings Bay Housing Company, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kings Bay Housing Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Rosa & Associates, CPA's, PLLC
certified public accountants

Required Supplemental Information

The Corporation has not presented the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, though not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by the omission of this supplementary information.

Rosa & Associates

ROSA & ASSOCIATES, CPA's, PLLC
Jericho, New York
October 1, 2023

KINGS BAY HOUSING COMPANY, INC.
BALANCE SHEET AND CHANGES IN SHAREHOLDERS' EQUITY
JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 3)	\$ 1,158,533	\$ 1,408,306
Tenants' accounts receivable	583,309	485,769
Less: reserve for uncollectable funds	(340,320)	(231,726)
Prepaid expenses (Note 4)	<u>644,579</u>	<u>507,458</u>
Total Current Assets	2,046,101	2,169,807
Reserve fund Note (Note 13)	953,994	1,942,069
Fixed assets - net of depreciation (Note 5)	<u>9,544,866</u>	<u>9,360,732</u>
Total Assets	<u>\$ 12,544,961</u>	<u>\$ 13,472,608</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses (Note 6)	\$ 1,760,279	\$ 1,379,032
Contracts payable (Note 19)	\$ 14,480	\$ 856,811
Amortization due within one year (Note 7)	<u>99,400</u>	<u>96,500</u>
Total Current Liabilities	<u>1,874,159</u>	<u>2,332,343</u>
Long-Term Liabilities		
Loan Payable - HPD (Note 8)	2,642,000	2,642,000
Mortgage payable (Note 7)	<u>1,107,947</u>	<u>1,203,836</u>
Total Liabilities	<u>5,624,106</u>	<u>6,178,179</u>
SHAREHOLDERS' EQUITY		
Capital stock - common (Note 11)	841,400	841,400
Paid-in capital (Note 12)	8,645,968	8,327,297
Capital contribution re: mortgage and capital assessment	6,510,014	6,510,014
Treasury Stock	(2,700)	(2,700)
Accumulated deficit	<u>(9,073,827)</u>	<u>(8,381,582)</u>
Total Shareholders' Equity	<u>6,920,855</u>	<u>7,294,429</u>
Total Liabilities and Shareholder's Equity	<u>\$ 12,544,961</u>	<u>\$ 13,472,608</u>

KINGS BAY HOUSING COMPANY, INC.

COMPARATIVE STATEMENT OF DEFICIT FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
Accumulated deficit - beginning	\$ (8,381,582)	\$ (8,110,151)
Net (loss)	<u>(692,245)</u>	<u>(271,431)</u>
Accumulated deficit - end	<u>\$ (9,073,827)</u>	<u>\$ (8,381,582)</u>

KINGS BAY HOUSING COMPANY, INC.

COMPARATIVE STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
Income		
Rental Income		
Maintenance charges	\$ 2,854,468	\$ 2,775,743
Less: vacancy loss	(15,008)	(27,906)
Provision for uncollectable	(108,594)	-
Utility income	881,785	851,828
Parking income	63,850	63,562
Total Rental Income	<u>3,676,501</u>	<u>3,663,227</u>
Other Income		
Interest income	\$ 18,341	\$ 1,732
Surcharge income	270,366	299,920
Laundry	46,200	46,200
Miscellaneous income	31,599	28,573
Air conditioning	214,750	211,280
Total Other Income	<u>581,256</u>	<u>587,705</u>
Total Income	<u>4,257,757</u>	<u>4,250,932</u>
Cost of Operations (See supporting schedules)		
Administrative Expenses	\$ 404,855	\$ 328,821
Operating Expenses	2,855,388	2,551,183
Maintenance Expenses	382,853	336,704
Taxes and Insurance	744,732	779,562
Financial Expenses	57,340	60,208
Total Cost of Operations	<u>4,445,168</u>	<u>4,056,478</u>
INCOME OR (LOSS) BEFORE DEPRECIATION	(187,411)	194,454
Depreciation (See supporting schedule)	<u>(504,834)</u>	<u>(465,885)</u>
Net (loss)	<u>\$ (692,245)</u>	<u>\$ (271,431)</u>

KINGS BAY HOUSING COMPANY, INC.

SUPPORTING SCHEDULES - STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
Schedule of Administrative Expenses		
Management fee	\$ 191,127	\$ 183,776
Legal	82,438	47,317
Accounting	17,604	17,601
Miscellaneous administration	113,686	80,127
Total Schedule of Administrative Expenses	<u>\$ 404,855</u>	<u>\$ 328,821</u>
Schedule of Operating Expenses		
Gas heating and fuel	\$ 411,117	\$ 360,808
Gas	37,726	31,542
Electricity	731,964	608,300
Payroll	832,991	870,422
Pension and welfare	188,169	175,387
Water meter charges-prior year adjustment	24,878	-
Water meter charges (Note 20)	418,050	290,256
Protection	210,493	214,468
Total Schedule of Operating Expenses	<u>\$ 2,855,388</u>	<u>\$ 2,551,183</u>
Schedule of Maintenance Expenses		
Maintenance supplies	\$ 56,172	\$ 60,124
Repairs and maintenance	130,516	122,602
Elevator maintenance	110,483	35,086
Plumbing repairs	25,721	36,633
Boiler repairs	5,775	15,303
Consultant fees	5,525	14,848
Landscaping	18,881	13,268
Painting and plastering	-	5,500
Exterminating	41,822	37,982
Snow removal	1,312	23,565
Uniforms	5,969	6,109
Tenant charges	(19,323)	(8,539)
Insurance recovery-water damage	-	(25,777)
Total Schedule of Maintenance Expenses	<u>\$ 382,853</u>	<u>\$ 336,704</u>

KINGS BAY HOUSING COMPANY, INC.

SUPPORTING SCHEDULES - STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
Schedule of Taxes and Insurance		
New York City real estate tax	\$ 264,720	\$ 292,450
Payroll taxes	67,894	70,873
Insurance	412,118	416,239
Total Schedule of Taxes and Insurance	<u>\$ 744,732</u>	<u>\$ 779,562</u>
Schedule of Financial Expenses		
Ground rent	\$ 14,900	\$ 14,900
Interest on loan - section 8A	38,996	41,864
Interest-debt issuance costs amortized	3,444	3,444
Total Schedule of Financial Expenses	<u>\$ 57,340</u>	<u>\$ 60,208</u>
Schedule of Depreciation and Amortization		
Depreciation expense-bldg. improvements	\$ 483,675	\$ 438,786
Depreciation expense-bldg equipment	21,159	27,099
Total Schedule of Depreciation and Amortization	<u>\$ 504,834</u>	<u>\$ 465,885</u>

KINGS BAY HOUSING COMPANY, INC.

COMPARATIVE STATEMENT OF CASH FLOWS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$ (692,245)	\$ (271,431)
Noncash items included in Net (loss):		
Depreciation and Amortization	508,278	469,329
Changes in:		
Tenants' accounts receivable	11,054	(33,453)
Prepaid expenses	(137,121)	(51,982)
Accounts payable and accrued expenses	381,246	(314,642)
Contracts payable	(842,331)	856,811
Total adjustments	<u>(78,874)</u>	<u>926,063</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(771,119)</u>	<u>654,632</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Improvements	<u>(688,968)</u>	<u>(1,852,040)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(688,968)</u>	<u>(1,852,040)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional paid-in capital	318,672	363,477
Mortgage amortization	<u>(96,433)</u>	<u>(93,587)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>222,239</u>	<u>269,890</u>
	*	
NET INCREASE (DECREASE) IN CASH	(1,237,848)	(927,518)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,350,375</u>	<u>4,277,893</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,112,527</u>	<u>\$ 3,350,375</u>
Supplemental disclosure of cash flow information		
Cash paid - mortgage interest	\$ 39,238	\$ 42,084

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

1. Nature of Organization

Kings Bay Housing Company, Inc. is a cooperative housing corporation organized under and pursuant to the Limited-Profit Housing Law of the State of New York and with the approval of the Comptroller of the City of New York and the Commissioner of Housing of the State of New York. The Company is located at 2520 Batchelder St, Brooklyn NY. In May 1957, the Corporation acquired the building and improvements. The primary purpose of the Corporation is to manage the operations, maintain the common elements and provide residences for its shareholders by leasing to them, under proprietary leases, the apartments in the building owned by the Corporation. The Corporation consists of 538 residential apartments and a garage.

2. Summary of Significant Accounting Policies

- a) Fixed assets are reflected at historical cost less accumulated depreciation. Depreciation on the building and building improvements are being charged to operations, using the straight-line method, based on the estimated life of 50 years and 10-40 years, respectively.
- b) Repairs, maintenance, and recurring replacements are charged to operations as incurred. Replacements which improve or extend the useful lives of properties are capitalized.
- c) Maintenance charges and special assessments to shareholders for the proprietary rentals are intended to cover operating expenses for the building, as well as to provide funds for building improvements and amortization of the mortgage debt. The Corporation retains excess operating funds, if any, at the end of the operating year, for use in future operating periods.
- d) Tenant-stockholder maintenance is based on an annual budget adopted by the Board of Directors. Maintenance increases require the approval of the New York City Department of Housing and Preservation (HPD). Tenant - stockholders are subject to monthly maintenance charges based on their respective share ownership. It provides for the Corporation's operating expenses, replacement reserve requirements, future capital acquisitions, major repairs and replacements, and amortization of the mortgage debt. This income is recognized when due and payable. The Corporation's policy is to retain legal counsel for shareholders whose maintenance charges are substantially delinquent. Any excess maintenance charges at year-end are retained by the Corporation for use in future periods.
- e) Accompanying financial statement reflects tenants' accounts receivable in the amount of \$583,309 which comprises past and current tenants accounts receivable. Based on management's evaluation of the collectability of shareholders' current account receivable in the amount of \$242,989 are considered collectible after application of shareholders' available equity.
- f) The reserve for uncollectible accounts in the amount of \$340,320 reflected in the financial statement is based on the Corporation's policy currently in effect for the treatment of possible collection losses from those past tenant balances and whose maintenance, and other charged receivable exceed their equity. The Board is in the process of applying to NYC-HPD to authorize the write-off of these balances.

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

- g) For the purpose of the statement of cash flows, the Corporation considers all highly liquid investments readily convertible into cash with a maturity of three months or less to be cash equivalents.
- h) The financial statements have been prepared in accordance with the U.S. generally accepted accounting principles on the accrual basis. The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Corporation has evaluated significant events and transactions that occurred through October 1, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

3. Cash And Cash Equivalents

	<u>2023</u>	<u>2022</u>
Chase Bank-operating	\$ 113,511	\$ 63,723
Chase-application	227,417	224,677
Chase-tax/water escrow	12,687	43,044
Chase-equity	804,818	1,076,762
Petty cash fund	100	100
	<u>\$ 1,158,533</u>	<u>\$ 1,408,306</u>

4. Prepaid Expenses

	<u>2023</u>	<u>2022</u>
Prepaid insurance	\$ 226,500	\$ 227,800
Prepaid real estate tax	418,079	279,658
	<u>\$ 644,579</u>	<u>\$ 507,458</u>

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023
AND JUNE 30, 2022

5. Property and Equipment

	Cost	Accumulated Depreciation	Book Value 2023	Book Value 2022
Land	\$ 55,022	\$ -	\$ 55,022	\$ 55,022
Building	6,721,816	(6,721,816)	-	-
Building improvements	17,723,627	(8,288,266)	9,435,361	9,230,068
Building equipment	421,735	(367,252)	54,483	75,642
Lobby improvements	595,572	(595,572)	-	-
	<u>\$25,517,772</u>	<u>\$ (15,972,906)</u>	<u>\$ 9,544,866</u>	<u>\$ 9,360,732</u>

6. Accounts Payable And Accrued Expenses

	<u>2023</u>	<u>2022</u>
Accounts payable and accrued expenses	\$ 661,072	\$ 492,588
Accrued interest payable	3,139	3,380
Star/Senior credit payable	231,582	204,639
Application deposits payable	251,475	249,825
Apartment resale exchange	575,912	397,567
Prepaid unit owners' charges	37,099	31,033
	<u>\$ 1,760,279</u>	<u>\$ 1,379,032</u>

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

7. Loan/Grant - Section 8A

The Corporation obtained a commitment letter from the City of New York for an Article 8A loan to finance major repairs to the terraces. The loan, in the amount of \$2,252,096, closed on June 30, 2009. The loan has a term of 25 years and bears interest at 3% per annum. Payments for the first two years were interest only. Commencing July 2011, payments of interest and principal are \$11,306 per month. The loan cannot be prepaid for twenty (20) years and requires that the Corporation remain in the Mitchell Lama Programs until such time that the loan is paid in full. In addition to the loan, there is a grant of \$500,000 that the Corporation received upon the closing of the 8A loan. Effective May 1, 2018 servicing of the loan has been transferred to New York City Housing Development Corporation (HDC).

Principal payments on the mortgage note required to be made for each of the next five (5) years and thereafter are as follows (*see below).

	<u>2023</u>	<u>2022</u>
	\$ 1,255,445	\$ 1,351,878
Less: Net debt issuance costs	<u>(48,098)</u>	<u>(51,542)</u>
	1,207,347	1,300,336
Less: Amortization due within one year	<u>(99,400)</u>	<u>(96,500)</u>
	<u>\$ 1,107,947</u>	<u>\$ 1,203,836</u>

Principal payments on the mortgage note are required to be made for each of the next five years and thereafter are as follows:

Year ending June 30,	2023	\$ 99,400
	2024	102,400
	2025	105,500
	2026	108,700
	2027	112,000
	Thereafter	<u>727,445</u>
		<u>\$ 1,255,445</u>

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

8. Loan/Cap Grant - Section 8A

On June 15, 2016, the Corporation obtained an article 8A loan from the city of New York (HPD) in the amount of \$2,642,000. The purpose of the loan is to pay for various building improvement projects. The loan has a term of thirty (30) years which will mature on June 1, 2046 and bears no interest. Pursuant to the terms of the loan provisions, if the cooperative does not default under any of the loan documents and the corporation shall remain in the Mitchell Lama program through the maturity date, then the entire unpaid principal amount shall, for all purposes for under this note, be reduced to zero and deemed paid.

9. Escrow Receivable - HPD

The financial statements reflect a balance of \$275,865 in escrow receivable – HPD as of June 30, 2022. This balance represents the unadvanced portion of the loan/capital grant – section 8A (see note 8). As of June 30, 2023, total advances from the loan/capital grant totaled \$2,366,135 and were used to pay for façade restoration and site restoration building improvement projects.

10. Ground Rent

The Corporation is a tenant under a ground lease, held by Samuel J. Lefrak and Harry Lefrak, which is for a term of 99 years expiring in 2056. The annual rent is \$14,900.

11. Capital Stock

	<u>2023</u>	<u>2022</u>
2,404 shares at \$350 par value	\$ <u>841,400</u>	\$ <u>841,400</u>

12. Paid in capital

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 8,327,297	\$ 7,963,820
Contributions re: first sale resale's (see note 18)	<u>318,671</u>	<u>363,477</u>
Ending balance	\$ <u>8,645,968</u>	\$ <u>8,327,297</u>

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

13. Future Major Repairs and Replacements

In accordance with the requirements of the Department of Housing, Preservation, and Development, the Corporation is required to accumulate funds in order to finance estimated future major repairs and replacements.

The Corporation has not conducted a formal study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the board of directors developed a plan to fund those needs. When funds are required for major repairs and replacements, the Corporation is authorized, with City approval, to borrow, use existing reserve funds in the amount of \$953,994, implement an equity assessment, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

14. Capital Projects

Building improvements for the year ended June 30, 2023, amounted to \$688,968 and consisted of the following:

Elevator Modernization	\$	378,480
Façade		272,809
Boiler Upgrade		<u>37,678</u>
	\$	<u>688,968</u>

15. Corporation Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from nonpatronage sources, such as interest and commercial rents, in excess of expenses properly attributable thereto may be subject to tax. The Corporation believes that all of its income is effectively patronage-sourced and/or expenses allocable to potential non-patronage sourced income would equal or exceed such income. Accordingly, no provision for taxes, if any, that could result from the application of Subchapter T to the Corporation's income has been reflected in the accompanying financial statements. New York State Franchise and New York City Corporation taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the Corporation's capital base.

At June 30, 2022, the Corporation has approximately \$3,557,400 of net operating loss carryforward for Federal income tax purposes, which will expire in various years through 2042, and approximately \$1,329,400 of operating loss carryforwards, which may be carried forward indefinitely until the loss is fully recovered. Such loss carryforwards are fully deductible against 2022 taxable income and are thereafter limited to 80% of the taxable income in any one tax period.

It is assumed by Management that the Corporation's benefit from any deferred tax benefits from prior net losses will be immaterial to the financial statements. Consequently, no deferred tax assets have been recognized in the accompanying financial statements.

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

16. Concentration of Credit Risk

Financial instruments that potentially subject the Condominium to the concentration of credit risk consist principally of cash and cash equivalent accounts in financial institutions which, at times, may exceed the Federal depositing insurance coverage limit of \$250,000. At June 30, 2023, cash and cash equivalents exceeded federally insured limits by approximately \$1,266,200.

17. Multiemployer Union Pension Plan

The Corporation contributes to a multiemployer defined benefit pension plan under the terms of a collective bargaining agreement that covers its union-represented employees. The risks of participating in a multiemployer plan differ from those of a single-employer plan in the following respects: (1) assets contributed to the multiemployer 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, unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if the Corporation chooses to stop participating in the multiemployer plan, it may be required to pay the plan an amount based on the unfunded status of the plan, which is referred to as the withdrawal liability.

For the years ended June 30, 2023, and 2022, the Corporation's participation in the multiemployer plan is outlined below:

Legal Name: Local 670 Pension Fund

Plan Number: 001

Collective Bargaining Agreement Expiration Date: December 31, 2023

Pension Protection Act Zone Status: Year ended June 30, 2023, and 2022 - Green
(more than 65% funded)

Funding Improvement Plan/Rehabilitation Plan Status: Implemented

Surcharges paid to Plan: None

Corporation's contributions:

Year ended June 30, 2023,	\$	35,280
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Year ended June 30, 2022,	\$	34,790
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Maximum Required Pension Contributions (per week, per employee):

Year ended June 30, 2023,	\$	71
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Year ended June 30, 2022,	\$	69
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The information provided above is from the Plan's most current annual report for the year ended June 30, 2021. The Pension Protection Act Zone Status is the most recent zone status available, was provided to the Association by the Plan and is certified by the Plan's actuary. The Corporation's contributions to the Plan are less than 5% of all employer's contributions to the Plan, and there have been no significant changes that would affect the comparability of the contributions for the years ended June 30, 2023, and 2022. Also, under the Collective Bargaining Agreement ("Agreement"), certain retired employees are eligible for health benefits as defined in the Agreement.

KINGS BAY HOUSING COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

18. First Sale - Equity Increase

In October 2007, the Corporation doubled the equity, amortization, and assessments paid by a new incoming shareholder. Out-going shareholders will receive the amount that they paid originally. The difference between the original equity, amortization, and assessments will be retained by the Corporation to help fund capital improvements. These funds are maintained in a segregated bank account. For the year ended June 30, 2023, first sale resale's generated \$318,672. Aggregate contributions made through June 30, 2023, amounted to \$2,466,983

19. Contingency

During the year ending June 2022, the Corporation entered into a contract in the amount of \$2,230,520 for elevator modernization. As of June 30, 2023, \$2,216,040 was paid towards the contract. In addition, \$14,480 is reflected in the financial statements as, "Contracts payable," representing work completed on the contract, which is unpaid as of June 30, 2023.

KINGS BAY HOUSING COMPANY, INC.
SUPPLEMENTARY AND PROSPECTIVE INFORMATION REPORT

KINGS BAY HOUSING COMPANY, INC.

WORKING CAPITAL FLOW STATEMENT OF INCOME AND EXPENDITURES FOR THE TWELVE MONTHS ENDED JUNE 30, 2023

	Budget (unaudited) 6/30/2023	Actual 6/30/2023	Actual 6/30/2022	Budget (unaudited) 6/30/2024
Income				
Maintenance charges	\$ 2,868,400	\$ 2,854,468	\$ 2,775,743	\$ 2,897,084
Less: vacancy loss	(5,000)	(15,008)	(27,906)	(5,000)
Utility income	879,400	881,785	851,828	888,194
Parking income	68,000	63,850	63,562	64,000
Interest income	7,500	18,341	1,732	-
Air conditioning	211,000	214,750	211,280	211,000
Laundry	46,200	46,200	46,200	46,200
Surcharge income	199,000	270,366	299,920	271,000
Miscellaneous income	<u>22,000</u>	<u>31,599</u>	<u>28,573</u>	<u>22,000</u>
Total Income	<u>4,296,500</u>	<u>4,366,351</u>	<u>4,250,932</u>	<u>4,404,478</u>
Total Expenditures	<u>4,592,000</u>	<u>4,660,865</u>	<u>4,294,207</u>	<u>4,877,400</u>
SURPLUS OR (DEFICIT)	<u>\$ (295,500)</u>	<u>\$ (294,514)</u>	<u>\$ (43,275)</u>	<u>\$ (472,922)</u>

KINGS BAY HOUSING COMPANY, INC.

WORKING CAPITAL FLOW STATEMENT OF INCOME AND EXPENDITURES FOR THE TWELVE MONTHS ENDED JUNE 30, 2023

	Budget (unaudited) 6/30/2023	Actual 6/30/2023	Actual 6/30/2022	Budget (unaudited) 6/30/2024
Expenditures				
Administrative				
Management fee	\$ 183,800	\$ 191,127	\$ 183,776	\$ 191,100
Legal	75,000	82,438	47,317	77,000
Accounting	17,200	17,604	17,601	17,600
Miscellaneous administration	94,000	113,686	80,127	115,000
Operating				
Electricity	644,800	731,964	608,300	768,600
Gas	33,500	37,726	31,542	39,600
Gas heating and fuel	407,700	411,117	360,808	431,700
Payroll	870,500	832,991	870,422	900,000
Pension and welfare	187,000	188,169	175,387	234,000
Water meter charges	375,800	418,050	290,256	387,100
Protection	215,000	210,493	214,468	215,000
Maintenance				
Repairs and maintenance	411,800	382,853	336,704	373,500
Taxes and Insurance				
New York City real estate tax	280,000	264,720	292,450	280,000
Payroll taxes	71,000	67,894	70,873	77,200
Insurance	428,800	412,118	416,239	473,900
Financial Expenses				
Interest and amortization - 8A	136,000	135,429	135,451	136,000
Ground rent	14,900	14,900	14,900	14,900
Allocation for reserve funds	<u>145,200</u>	<u>147,586</u>	<u>147,586</u>	<u>145,200</u>
 Total Expenditures	 <u>\$ 4,592,000</u>	 <u>\$ 4,660,865</u>	 <u>\$ 4,294,207</u>	 <u>\$ 4,877,400</u>

KINGS BAY HOUSING COMPANY, INC.
REPORT ON SUPPLEMENTARY & PROSPECTIVE INFORMATION
JUNE 30, 2023

This budget forecast presents, to the best of management's knowledge and belief, the Corporation's expected results of operations for the forecast period. Accordingly, this forecast reflects management's judgment, as of the date of this budget forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the budget 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. The comparative historical information for 2023 and 2022 is extracted from the Corporation's financial statements for those years. Those financial statements should be read for additional information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

FORECAST ASSUMPTIONS (UNAUDITED)

The budget for the year ending June 30, 2024, includes the following assumptions:

- a) Carrying charges and utility charges are based upon prior executed New York City HPD's rent increase order.
- b) Utilities reflect consumption based on historical usage and increase in market rates.
- c) The Corporation's labor union contract covers all employees. Labor costs and union benefits are projected based upon the applicable contract rates.
- d) Repairs and maintenance are based upon historical experience and projected maintenance requirements.
- e) Real estate taxes are based upon shelter rent.