

TRI-FAITH HOUSING COMPANY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

TRI-FAITH HOUSING COMPANY, INC.

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

MARK COHEN, CPA
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INDEPENDENT AUDITORS' REPORT

To the Board
TRI-FAITH HOUSING COMPANY, INC.

Opinion

We have audited the accompanying financial statements of Tri-Faith Housing Company, Inc., which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of income (loss), statements of paid-in capital, 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 Tri-Faith Housing Company, Inc., as of June 30, 2022 and 2021, 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 Tri-Faith 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.

Emphasis of Matter

As discussed in Note 11, the entity 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 has determined is required to supplement, although not required to be a part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 Tri-Faith Housing Company, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Tri-Faith 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 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 Tri-Faith 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.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
December 13, 2023

TRI-FAITH HOUSING COMPANY, INC.

Balance Sheets

As of June 30,

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	136,398	125,248
Cash in Bank - Savings and Money Market Accounts	178,043	146,670
Short Term Investment - Certificate of Deposit	116,936	116,397
Tenants' Accounts Receivable - Net of Allowance for Bad Debts of \$72,100 in 2022 and \$127,000 in 2021	39,737	34,802
Equity Receivable - Apartment Sales	58,255	0
Mortgagee Escrow Deposits	169,795	113,591
Prepaid Expenses	165,418	164,101
Total	<u>864,582</u>	<u>700,809</u>
Less: Allocated to Deposits (see below)	<u>(56,250)</u>	<u>(56,250)</u>
Total Current Assets	<u>808,332</u>	<u>644,559</u>
FUNDS		
Reserve for Replacements:		
Investments - at cost	<u>353,491</u>	<u>304,534</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>1,878,681</u>	<u>1,927,135</u>
OTHER ASSETS		
Apartment Deposits - Allocated from Current Assets (see above)	56,250	56,250
Deferred Leasing Commissions	<u>28,938</u>	<u>43,407</u>
Total Other Assets	<u>85,188</u>	<u>99,657</u>
TOTAL ASSETS	<u><u>3,125,692</u></u>	<u><u>2,975,885</u></u>

	<u>2022</u>	<u>2021</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable	328,763	204,342
Accounts Payable - Capital Improvements	95,650	0
Accrued Interest on First Mortgage	5,353	5,620
Equity Payable - Apartment Sales	25,838	25,838
Real Estate Tax Abatements Due to Shareholders	1,412	1,436
Rents Received in Advance	16,958	13,848
Paycheck Protection Program (PPP) Loan Payable	0	61,077
Mortgage Payable - Amortization payments due within one year	52,496	49,201
Total Current Liabilities	<u>526,470</u>	<u>361,362</u>
LONG-TERM LIABILITIES		
First Mortgage Payable (due after one year)	935,771	988,267
Less: Unamortized Debt Issuance Costs	(10,351)	(11,179)
Subordinated Mortgage Payable (due after one year)	2,673,205	2,673,205
Apartment Deposits Payable	56,250	56,250
Total Long-Term Liabilities	<u>3,654,875</u>	<u>3,706,543</u>
STOCKHOLDERS' DEFICIT		
Common Stock \$1.00 par value; Authorized, Issued and Outstanding 554,625 Shares	554,625	554,625
Donated Capital	568,629	568,629
Paid-In Capital	716,701	716,701
Retained Earnings (Deficit)	(3,249,099)	(3,236,509)
Appropriated Retained Earnings:		
Reserve for Replacements	353,491	304,534
Total Stockholders' Deficit	<u>(1,055,653)</u>	<u>(1,092,020)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u><u>3,125,692</u></u>	<u><u>2,975,885</u></u>

See accompanying notes and auditors' report

TRI-FAITH HOUSING COMPANY, INC.

Statements of Income (Loss)

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
INCOME		
Carrying Charges - Net Vacancies and Uncollectable Charges	899,597	797,227
Commercial Rentals	791,619	805,945
Garage Income	84,150	87,000
Utility Income	85,798	83,766
Laundry Room Income	30,810	33,105
Appliance Charges	58,067	59,213
Surcharge Income	161,912	181,519
Interest Income	5,824	7,385
Miscellaneous Income	12,763	15,931
Total Income	<u>2,130,540</u>	<u>2,071,091</u>
EXPENSES		
Administrative Expenses	139,796	129,439
Utilities Expenses	687,472	666,318
Maintenance Expenses	644,149	636,554
Taxes and Insurance Expenses	454,422	447,057
Financial Expenses	65,720	68,826
Interest Expense - Debt Issuance Costs	828	828
Total Expenses Before Depreciation and Amortization	<u>1,992,387</u>	<u>1,949,022</u>
NET INCOME BEFORE DEPRECIATION, AMORTIZATION AND OTHER INCOME	138,153	122,069
Depreciation and Amortization of Leasing Expenses	(162,863)	(182,430)
Other Income - Gain on Extinguishment of Debt - PPP Loan	<u>61,077</u>	<u>0</u>
NET INCOME (LOSS) FOR THE YEAR	<u><u>36,367</u></u>	<u><u>(60,361)</u></u>

See accompanying notes and auditors' report

TRI-FAITH HOUSING COMPANY, INC.

Statements of Paid-In Capital

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
PAID-IN CAPITAL - Beginning of Year	716,701	709,735
Additional Equity Received from Sale of Stock	<u>0</u>	<u>6,966</u>
PAID-IN CAPITAL - End of Year	<u><u>716,701</u></u>	<u><u>716,701</u></u>

See accompanying notes and auditors' report

TRI-FAITH HOUSING COMPANY, INC.

Statements of Retained Earnings (Deficit)

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(3,236,509)	(3,133,091)
Net Income (Loss) for the Year	36,367	(60,361)
Allocation to Reserve for Replacements	<u>(48,957)</u>	<u>(43,057)</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(3,249,099)</u>	<u>(3,236,509)</u>

See accompanying notes and auditors' report

TRI-FAITH HOUSING COMPANY, INC.

Statements of Cash Flows

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Net Income (Loss)	36,367	(60,361)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and Amortization	162,863	182,430
Gain on Extinguishment of Debt - PPP Loan	(61,077)	0
Interest Expense - Debt Issuance Costs	828	828
Revenue allocated to financing activities	(49,201)	(46,113)
Tenants' Accounts Receivable	(4,935)	(8,407)
Apartment Equity (Receivable) Payable	(58,255)	6,967
Accrued Interest Receivable		325
Mortgagee Escrow Deposits	(56,204)	(5,021)
Prepaid Expenses	(1,317)	(19,937)
Increase (Decrease) in operating liabilities:		
Accounts Payable	220,071	(22,858)
Accrued Interest Payable	(267)	(249)
Due to Shareholders	(24)	(79)
Rents Received in Advance	3,110	8,804
Net cash provided by operating activities	<u>191,959</u>	<u>36,329</u>
Cash Flows From Investing Activities		
Additions to Paid-In Capital	0	6,966
Purchase of Property and Equipment	(99,940)	(17,420)
Net cash used by investing activities	<u>(99,940)</u>	<u>(10,454)</u>
Cash Flows From Financing Activities		
Decrease (Increase) in Reserve Funds	(48,957)	(43,057)
Proceeds from Paycheck Protection Program (PPP) Loan	0	61,077
Portion of Carrying Charges applied to Amortization of Mortgage	49,201	46,113
Amortization Payments on Mortgage	(49,201)	(46,113)
Net cash (used) provided by financing activities	<u>(48,957)</u>	<u>18,020</u>
Increase in Cash and Cash Equivalents (carried forward)	43,062	43,895

See accompanying notes and auditors' report

TRI-FAITH HOUSING COMPANY, INC.

Statements of Cash Flows

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
Increase in Cash and Cash Equivalents (brought forward)	43,062	43,895
Cash and Cash Equivalents at Beginning of Year	<u>332,065</u>	<u>288,170</u>
Cash and Cash Equivalents at End of Year	<u><u>375,127</u></u>	<u><u>332,065</u></u>
Supplemental Disclosure:		
Interest Paid	<u><u>65,987</u></u>	<u><u>69,075</u></u>
Gain on Extinguishment of Debt - PPP Loan	<u><u>61,077</u></u>	<u><u>0</u></u>

See accompanying notes and auditors' report

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

Note 1

Organization

Tri-Faith Housing Company, Inc. is a cooperative housing corporation incorporated in the State of New York on August 1, 1966. 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 the land and building located at 1646 First Avenue, New York, New York, which includes 148 residential and 2 commercial units. The primary purpose of the cooperative is to manage the operations of the building 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 income (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.

The cooperative classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost.

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.

Depreciation of the building is being computed by the straight-line method over its estimated useful life at the rate of 2% per annum. Building equipment is being depreciated over estimated useful lives of from ten to forty years.

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

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 income (loss).

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.

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.

Effective January 1, 2020 the cooperative adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. The topic requires the recognition of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects consideration to which an entity expects to be entitled to in exchange for those goods or services. For purposes of this cooperative, the definition of customers includes the tenant-stockholders.

The new standard became effective beginning January 1, 2019. The guidance permitted two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). Adoption of this standard had no impact on the cooperative's financial position, results of operations or cash flows.

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

Note 3

Property and Equipment

Property and Equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Land	459,835	459,835
Building	3,659,329	3,659,329
Building Improvements	<u>3,801,486</u>	<u>3,701,546</u>
	7,920,650	7,820,710
Less: accumulated depreciation	<u>6,041,969</u>	<u>5,893,575</u>
Total Property and Equipment	<u>1,878,681</u>	<u>1,927,135</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$148,394 and \$167,961, respectively.

Note 4

Mortgages Payable

On December 17, 2004 the cooperative restructured its then existing first and second mortgages together with accrued interest on the second mortgage.

The new first mortgage is with the New York City Housing Development Corporation ("HDC") and is for \$1,518,666 and matures January 1, 2035. This mortgage is self-amortizing. The interest rate is 6.5% per annum. The monthly payment of principal and interest is \$9,599.

The new second mortgage is also with the New York City Housing Development Corporation ("HDC") and is for \$2,673,205. It is due ninety days after the maturity of the first mortgage. There is no accrual of interest on this mortgage and there are no payments required during the term of the mortgage.

These mortgages are collateralized by the land and building.

Prepayment of the first and second mortgages is not permitted until December 1, 2019.

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

Note 4

Mortgages Payable - continued

In accordance with the terms of the restructuring the cooperative must remain in the Mitchell-Lama program until December 1, 2019.

Principal maturities of the first mortgage are as follows:

2023	52,496
2024	56,012
2025	59,763
2026	63,766
2027	68,036
Thereafter	<u>688,194</u>
	<u>988,267</u>

Note 5

Paycheck Protection Program (PPP) Loan

On March 26, 2021, the cooperative was granted a loan from Ridgewood Savings Bank in the amount of \$61,077, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a note dated March 26, 2021 issued by the borrower, was set to mature March 2026 with interest at a rate of 1.0% per annum, which approximated the effective rate. Funds from the loan could only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020. The cooperative used the entire loan amount for qualifying expenses.

Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The cooperative applied for forgiveness of the loan from SBA and has received notification that the loan was forgiven on September 10, 2021. Accordingly, for the year ended June 30, 2022, the full amount of the loan was recognized in the Statements of Income (Loss) as Gain on Extinguishment of Debt - PPP Loan.

Note 6

Paid-In Capital

The Board of Directors and stockholders of the cooperative approved a plan to change the amount of equity to be paid by purchasers of apartments (Common Stock). This plan was approved by the City of New York Department of Housing Preservation and Development ("HPD") and became effective thirty days after their approval.

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

Note 6

Paid-In Capital - continued

The new equity to be paid by purchasers applies to sales of apartments made from and after the effective date of the plan. The amount paid by purchasers is twice the amount that would have been paid prior to the change. The "Equity" to be paid includes payment for the common stock, mortgage amortization, and any prior paid-in capital assessments and equity increases. The portion of the "Equity" that will be retained by the cooperative will be added to the Reserve for Replacement and shall be withdrawn and used by the cooperative only for approved capital improvement projects. The portion of "Equity" retained by the cooperative applies only to first sales of apartments after the effective date of the plan.

The amount of additional equity retained by the cooperative for the fiscal year ended June 30, 2022 and 2021 is \$0 and \$6,966, respectively. This amount is included as Paid-In Capital on the Balance Sheets.

Note 7

Income Tax Basis of Capital Stock

The increase in the income tax basis of the capital stock due to the portion of the maintenance charges used to pay the principal of the cooperative's mortgage is \$0.09 and \$0.08 per share for the years ended June 30, 2022 and 2021, respectively.

Note 8

Future Commercial Income

A portion of the cooperative's property is leased to two commercial tenants. One tenant has a lease with a term expiring on December 14, 2024 with two five-year renewal options. The other tenant has a lease with a term expiring on January 31, 2034.

The minimum future rentals on these leases, excluding escalation charges, as of June 30th, are as follows:

2023	739,320
2024	744,890
2025	477,413
2026	286,638
2027	294,828
Thereafter	2,123,783

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

Note 9

Benefits

The cooperative participated in the Building Service 32BJ Pension Fund, Employer Identification Number 13-1879376, Plan 001, for the years ended June 30, 2022 and 2021. The cooperative participated in this multi-employer plan, for the years ended June 30, 2022 and 2021 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement was set to expire April 20, 2022. A new tentative agreement was reached and is set to expire April 20, 2026. The cooperative has no intention of withdrawing from the plan.

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 beginning July 1, 2020 and 2019. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. This rehabilitation plan currently involves a surcharge to the cooperative.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended June 30, 2022 and 2021. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the Building Service 32BJ Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

Note 9

Benefits - continued

The cooperative made the following contributions to the plans:

	<u>2022</u>	<u>2021</u>
Pension Contributions	12,170	16,112
Health Contributions	47,300	62,645

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

Note 10

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. 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 required to file a federal income tax return. However, because the cooperative was organized as a Mitchell-Lama cooperative, it is exempt from filing New York State and New York City corporate income and franchise tax returns.

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.

TRI-FAITH HOUSING COMPANY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

Note 10

Income Taxes - continued

As of June 30, 2022, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$2,745,000. These net operating loss carryforwards consist of carryforwards of approximately \$2,179,000 which expire beginning in 2023 and continuing through 2038 and carryforwards of approximately \$566,000 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 believes that its estimates are appropriate based on current facts and circumstances. The cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal income tax returns for the last three years remain open to examination.

Note 11

Future Major Repairs and Replacements

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, 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.

Note 12

Subsequent Events

Management has evaluated subsequent events through December 13, 2023, 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.



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

**To the Board
TRI-FAITH HOUSING COMPANY, INC.**

We have audited the financial statements of Tri-Faith Housing Company, Inc. as of and for the years ended June 30, 2022 and 2021, and our report thereon dated December 13, 2023, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts and schedule of repairs and maintenance expenses, which are the responsibility of the entity's management, 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" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
December 13, 2023

TRI-FAITH HOUSING COMPANY, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>June 30, 2022</u> (Unaudited)	Actual Year Ended <u>June 30, 2022</u>	Actual Year Ended <u>June 30, 2021</u>
RECEIPTS			
Carrying Charges	888,325	888,325	863,873
Vacancy Loss	(40,000)	(43,628)	(39,568)
Recovery of (Uncollectable Charges)	0	54,900	(27,078)
Commercial Rentals	790,000	791,619	805,945
Garage Income	86,000	84,150	87,000
Utility Charges	85,000	85,798	83,766
Laundry Room Income	30,000	30,810	33,105
Appliance Charges	60,000	58,067	59,213
Surcharge Income	160,000	161,912	181,519
Interest and Miscellaneous Income	20,000	18,587	23,316
Total Receipts	<u>2,079,325</u>	<u>2,130,540</u>	<u>2,071,091</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	69,000	68,436	68,435
Legal Expense	26,000	33,221	24,501
Auditing	19,200	19,200	19,200
Telephone	5,000	5,206	5,351
Office and Administrative Expenses	14,204	13,733	11,952
Total Administrative Expenses	<u>133,404</u>	<u>139,796</u>	<u>129,439</u>
UTILITIES EXPENSES			
Steam	280,000	300,023	262,129
Electricity and Gas	240,000	237,123	229,281
Water	150,000	150,326	174,908
Total Utilities Expenses	<u>670,000</u>	<u>687,472</u>	<u>666,318</u>
MAINTENANCE EXPENSES			
Payroll	258,000	259,565	239,482
Repairs and Maintenance	80,000	77,314	97,174
Supplies	26,000	25,622	28,767
Exterminating Services	13,000	15,982	12,557
Security Services	232,000	233,756	228,476
Elevator Maintenance	30,000	31,910	30,098
Total Maintenance Expenses	<u>639,000</u>	<u>644,149</u>	<u>636,554</u>

See auditors' report on supplementary information

TRI-FAITH HOUSING COMPANY, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>June 30, 2022</u> (Unaudited)	Actual Year Ended <u>June 30, 2022</u>	Actual Year Ended <u>June 30, 2021</u>
TAXES AND INSURANCE			
Real Estate Taxes	144,000	144,970	141,609
Payroll Taxes	24,000	25,082	22,511
Insurance	218,000	218,721	196,040
Union Welfare and Pension Fund	88,000	65,649	86,897
Total Taxes and Insurance	<u>474,000</u>	<u>454,422</u>	<u>447,057</u>
FINANCIAL EXPENSES			
Interest on Mortgage	<u>65,720</u>	<u>65,720</u>	<u>68,826</u>
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgage	49,201	49,201	46,113
Reserve for Replacements	<u>48,000</u>	<u>48,000</u>	<u>40,000</u>
Total Contributions to Equity and Reserves	<u>97,201</u>	<u>97,201</u>	<u>86,113</u>
Total Expenditures	<u>2,079,325</u>	<u>2,088,760</u>	<u>2,034,307</u>
NET SURPLUS FOR THE YEAR	<u><u>0</u></u>	<u><u>41,780</u></u>	<u><u>36,784</u></u>

See auditors' report on supplementary information

TRI-FAITH HOUSING COMPANY, INC.

Schedule of Repairs and Maintenance Expenses

For the Years Ended June 30,

	2022	2021
Boiler and Burners	11,940	2,543
Plumbing, Pumps and Motors	27,561	55,842
Electrical, Intercom and Antenna	9,296	3,302
Painting and Plastering - Net of Rebilled Charges to Owner's	14,016	13,413
Windows, Locks, Doors and Keys	723	3,255
Laundry Room	7,858	8,264
Architects, Engineers and Consultants	2,061	9,455
General	3,859	1,100
Total Repairs and Maintenance Expenses	77,314	97,174

See auditors' report on supplementary information