
AGUILAR GARDENS, INC.

Financial Statements and
Supplementary Information for the
Years Ended June 30, 2024 and 2023

AGUILAR GARDENS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
AGUILAR GARDENS, INC.
156-11 Aguilar Avenue
Flushing, NY 11367

Opinion

We have audited the accompanying financial statements of AGUILAR GARDENS, INC., which comprise the balance sheets (with supporting schedules) as of June 30, 2024 and 2023, and the related statements of revenues and expenses (with supporting schedules), changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AGUILAR GARDENS, 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 AGUILAR GARDENS, 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AGUILAR GARDENS, 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 AGUILAR GARDENS, 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

As discussed in Note 2, AGUILAR GARDENS, INC. has omitted the supplementary information on future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Risard, Mellin, Unterlack & Co., LLP

Plainview, New York
September 11, 2024

AGUILAR GARDENS, INC.
BALANCE SHEETS
AS OF JUNE 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 120,829	\$ 142,607
Accounts receivable	306,281	290,276
Prepaid expenses	326,853	296,571
Equity security deposits	489,127	488,232
	<hr/>	<hr/>
Total Current Assets	1,243,090	1,217,686
Reserve Fund: (Note 3)	1,406,081	1,520,076
	<hr/>	<hr/>
Total Current Assets and Reserve Fund	2,649,171	2,737,762
	<hr/>	<hr/>
Property and Improvements: (Notes 2 and 4)		
Land	198,909	198,909
Buildings	4,151,199	4,151,199
Building improvements and equipment	6,680,438	6,402,141
	<hr/>	<hr/>
Total	11,030,546	10,752,249
Accumulated depreciation	(8,058,054)	(7,850,961)
	<hr/>	<hr/>
Net Property and Improvements	2,972,492	2,901,288
	<hr/>	<hr/>
Other Assets:		
Cash - restricted reserve (Notes 2 and 3)	1,326,013	1,233,440
Cash - application deposits	114,593	114,643
Cash - security deposits	14,630	14,650
	<hr/>	<hr/>
Total Other Assets	1,455,236	1,362,733
	<hr/>	<hr/>
Total Assets	\$ 7,076,899	\$ 7,001,783
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.
BALANCE SHEETS
AS OF JUNE 30,

	<u>2024</u>	<u>2023</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Insurance financing payable	\$ 218,825	\$ 233,261
Due to former stockholders - equity and amortization	118,438	99,666
Accounts payable and accrued expenses	149,976	101,768
Advance maintenance and commercial rent	18,208	14,764
Due to stockholders - real estate tax abatements	13,538	-
Wages and payroll taxes payable	10,108	8,644
Building improvements payable	2,375	1,653
Total Current Liabilities	<u>531,468</u>	<u>459,756</u>
Other Liabilities:		
Application deposits payable	64,500	64,500
Security deposits payable	22,536	22,556
Total Other Liabilities	<u>87,036</u>	<u>87,056</u>
Total Liabilities	<u>618,504</u>	<u>546,812</u>
Stockholders' Equity:		
Common stock - \$10.00 par value, 85,237.6 shares authorized, issued and outstanding	852,376	852,376
Contributed capital - double equity (Note 2)	1,708,304	1,639,445
Retained earnings	3,897,715	3,963,150
Total Stockholders' Equity	<u>6,458,395</u>	<u>6,454,971</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 7,076,899</u></u>	<u><u>\$ 7,001,783</u></u>

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.
SUPPORTING SCHEDULES - BALANCE SHEETS
AS OF JUNE 30,

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents:		
Operating accounts	\$ 89,806	\$ 128,527
Shelter rent and water and sewer escrow - self-controlled	31,023	14,080
	<u>\$ 120,829</u>	<u>\$ 142,607</u>
 Accounts Receivable:		
Maintenance - Apartments (net of allowance for doubtful accounts of \$62,257 in 2024 and \$62,257 in 2023) (Note 2)	\$ 248,384	\$ 248,599
Due from New York City - Shelter Rent Tax	34,904	-
Electricity submetering	13,967	12,369
Professional and commercial income (Notes 2 and 5)	9,026	10,693
Due from management (subsequently collected)	-	18,615
	<u>\$ 306,281</u>	<u>\$ 290,276</u>
 Prepaid Expenses:		
Insurance	\$ 273,260	\$ 237,226
Fuel	41,480	31,381
Shelter rent tax	12,113	27,964
	<u>\$ 326,853</u>	<u>\$ 296,571</u>

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2024	2023
REVENUES		
Maintenance - Apartments	\$ 1,895,522	\$ 1,895,522
Less: Vacancies	(36,847)	(38,148)
Net Maintenance Income	1,858,675	1,857,374
Surcharge income	245,771	180,518
Electricity submetering income	195,426	209,041
Professional and commercial rent (Note 5)	128,757	125,921
Storage and other stockholder income	114,232	59,953
Cable television income	93,747	98,469
Parking income	45,680	44,160
Laundry income	33,360	33,360
Apartment rental income	22,046	21,900
Total Revenues	2,737,694	2,630,696
EXPENSES		
Administrative expenses	250,594	273,708
Operating expenses	2,128,827	2,045,114
Repairs and maintenance	161,942	278,501
New York City shelter rent tax (Note 7)	130,733	141,937
Total Expenses	2,672,096	2,739,260
Income (loss) from operations before other items and depreciation expense	65,598	(108,564)
Interest and dividends	41,156	26,833
Prior year's shelter rent tax	34,904	-
Prior year's accrual adjustments	-	37,365
Bad debt expense (Note 2)	-	(20,576)
INCOME (LOSS) FROM OPERATIONS BEFORE DEPRECIATION EXPENSE	141,658	(64,942)
Depreciation expense	(207,093)	(195,475)
Net Loss For The Year	\$ (65,435)	\$ (260,417)

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
Administrative Expenses:		
Management fee (Note 10)	\$ 165,000	\$ 198,000
Professional fees	42,028	30,893
Other administrative	32,986	34,136
Telephone and communications	10,580	10,679
	<u>250,594</u>	<u>273,708</u>
Total Administrative Expenses	<u>\$ 250,594</u>	<u>\$ 273,708</u>
 Operating Expenses:		
Utilities		
Gas - heat and fuel	\$ 446,631	\$ 395,219
Electricity and gas	350,295	335,043
Water and sewer	245,777	215,620
	<u>1,042,703</u>	<u>945,882</u>
Payroll		
Wages	441,682	495,053
Union benefits (Note 6)	188,379	181,426
Payroll taxes	36,119	39,340
Workers' compensation and disability insurance	15,438	18,642
	<u>681,618</u>	<u>734,461</u>
Other		
Insurance	241,558	207,002
Cable television	140,786	129,656
Electricity submetering	15,152	15,046
Permits and miscellaneous operating	7,010	13,067
	<u>404,506</u>	<u>364,771</u>
Total Operating Expenses	<u>\$ 2,128,827</u>	<u>\$ 2,045,114</u>

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
Repairs and Maintenance:		
Elevator maintenance and repairs	\$ 54,248	\$ 52,932
Materials and supplies	40,181	73,745
Boiler, plumbing and water treatment	37,290	54,787
Exterminating	16,716	12,823
Uniforms	4,436	5,608
Painting, plastering, marble cleaning and flooring	3,266	66,273
Equipment repairs and miscellaneous	2,036	-
Intercom, electrical and security	1,971	5,588
Grounds	1,798	5,487
Doors, locks and windows	-	1,258
	<u> </u>	<u> </u>
Total Repairs and Maintenance	<u>\$ 161,942</u>	<u>\$ 278,501</u>
 Depreciation Expense:		
Building improvements and equipment	<u>\$ 207,093</u>	<u>\$ 195,475</u>

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
COMMON STOCK		
Balance - Beginning of Year	\$ 852,376	\$ 852,376
Transactions during the year	<u>-</u>	<u>-</u>
Balance - June 30,	<u>\$ 852,376</u>	<u>\$ 852,376</u>
 CONTRIBUTED CAPITAL - DOUBLE EQUITY (NOTE 2)		
Balance - Beginning of Year	\$ 1,639,445	\$ 1,548,580
Transactions during the year	<u>68,859</u>	<u>90,865</u>
Balance - June 30,	<u>\$ 1,708,304</u>	<u>\$ 1,639,445</u>
 RETAINED EARNINGS		
Balance - Beginning of Year	\$ 3,963,150	\$ 4,223,567
Net loss for the year	<u>(65,435)</u>	<u>(260,417)</u>
Balance - June 30,	<u>\$ 3,897,715</u>	<u>\$ 3,963,150</u>

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (65,435)	\$ (260,417)
Adjustments to reconcile net loss to cash provided (used) by operating activities:		
Depreciation expense	207,093	195,475
(Increase) in accounts receivable	(16,005)	(44,627)
(Increase) in prepaid expenses	(30,282)	(50,753)
(Increase) in equity security deposits	(895)	(59,725)
Increase in accounts payable and accrued expenses	48,208	3,810
Increase in other current liabilities	22,782	139,176
Net change in application and security deposits transactions	50	150
Total Adjustments	<u>230,951</u>	<u>183,506</u>
Cash Provided (Used) By Operating Activities	<u>165,516</u>	<u>(76,911)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in reserve fund	113,995	116,605
(Increase) in building improvements and equipment	(278,297)	(458,504)
Increase (decrease) in building improvements payable	722	(19,610)
Cash (Used) By Investing Activities	<u>(163,580)</u>	<u>(361,509)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in contributed capital - double equity	68,859	90,865
Net increase (decrease) in cash, cash equivalents and restricted cash	70,795	(347,555)
Cash, cash equivalents and restricted cash at beginning of year	<u>1,376,047</u>	<u>1,723,602</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	<u><u>\$ 1,446,842</u></u>	<u><u>\$ 1,376,047</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ -	\$ -
Income taxes paid - net of refunds	\$ -	\$ -

The accompanying notes are an integral part of this statement.

AGUILAR GARDENS, INC.

Notes to Financial Statements

Note 1 - ORGANIZATION

AGUILAR GARDENS, INC. (the "Corporation") is a qualified Cooperative Housing Corporation as defined in Section 216(b)(1) of the Internal Revenue Code. The Corporation is a Mitchell-Lama housing entity, which is governed by the New York City Department of Housing Preservation and Development ("HPD"). The Property is located in two buildings at 156-11 Aguilar Avenue and 71-50 Parsons Boulevard, Flushing, New York and contains 256 residential units, six professional units and one rental apartment unit. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Improvements

Property and improvements are stated at cost. The buildings are fully depreciated. Building improvements and equipment are depreciated on the straight-line method over estimated lives which range from five to forty years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Future Major Repairs and Replacements

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

Equity Assessment

Effective March 25, 2008, the Board of Directors, stockholders and HPD approved a "double equity program". In connection with this program, all incoming stockholders are required to pay double the equity and amortization of the outgoing stockholder. These additional funds are deposited into the reserve fund.

Notes to Financial Statements

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition and Accounts Receivable

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

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

Maintenance and assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the stockholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are unreasonably delinquent. Any excess assessments at year end are retained by the Corporation for use in future years. The Corporation's accounts receivable are stated at the estimated net realizable value. As of June 30, 2024 and 2023, accounts receivable from stockholders of \$248,384 and \$248,599, respectively, were stated net of an allowance for doubtful accounts of \$62,257 per annum.

Professional and Commercial Rents and Accounts Receivable

Accounts receivable at the balance sheet date represent past due amounts from professional and commercial tenants. On a regular basis, the Board of Directors evaluates the collectibility of professional and commercial accounts receivable. As of June 30, 2024 and 2023, the Corporation's accounts receivable from professional and commercial tenants were \$9,026 and \$10,693, respectively. Based upon past experience and other factors, the Corporation considers all accounts receivable from professional and commercial tenants as of June 30, 2024 to be collectible. Accordingly, no allowance for doubtful accounts is required. See Note 5 for additional information.

Income Taxes

The Corporation accounts for certain income items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges used for loan amortization and required reserve funding which are accounted for as revenue for financial reporting purposes and as contributions to additional paid-in capital for income tax purposes.

Statements of Cash Flows

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

AGUILAR GARDENS, INC.

Notes to Financial Statements

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statements of Cash Flows (continued)

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 120,829	\$ 142,607
Cash - restricted reserve fund (Note 3)	<u>1,326,013</u>	<u>1,233,440</u>
Balance - June 30,	<u>\$ 1,446,842</u>	<u>\$ 1,376,047</u>

Note 3 - RESERVE FUND AND RESTRICTED RESERVE FUND

Reserve Fund

During the years ended June 30, 2024 and 2023, the following transactions have taken place in the Corporation's reserve fund.

	<u>2024</u>	<u>2023</u>
Balance - Beginning of Year	\$ 1,520,076	\$ 1,636,681
Transfers from equity account	105,300	29,500
Interest and dividends - net of bank charges	4,804	3,895
Transfers (to) operations	(<u>224,099</u>)	(<u>150,000</u>)
Balance - June 30,	1,406,081	1,520,076
Due (to) restricted reserve fund - reserve funding*	(<u>56,532</u>)	(<u>56,532</u>)
Reserve fund available at June 30,	<u>\$ 1,349,549</u>	<u>\$ 1,463,544</u>

The reserve fund is held as follows:

JPMorgan Chase Bank - Checking Account	\$ 1,217,976	\$ 1,336,825
JPMorgan Chase Bank - Money Market Account	<u>188,105</u>	<u>183,251</u>
Balance - June 30,	<u>\$ 1,406,081</u>	<u>\$ 1,520,076</u>

* As of June 30, 2024, \$56,532 (\$4,711 per month) of funds were due to the restricted reserve fund representing the monthly reserve funding for the year ended June 30, 2020.

AGUILAR GARDENS, INC.

Notes to Financial Statements

Note 3 - RESERVE FUND AND RESTRICTED RESERVE FUND (continued)

Restricted Reserve Fund

HPD requires the Corporation to make monthly transfers of \$4,711 (\$56,532 per annum) into the restricted reserve fund. Such funds may be used for capital improvements and other projects as approved by HPD.

During the years ended June 30, 2024 and 2023, the following transactions have taken place in the Corporation's restricted reserve fund.

	<u>2024</u>	<u>2023</u>
Balance - Beginning of Year	\$ 1,233,440	\$ 1,405,780
Monthly reserve funding	56,532	56,532
Interest and dividends - net of bank charges	36,041	22,338
Transfer (to) operating	<u>-</u>	(251,210)
Balance - June 30,	1,326,013	1,233,440
Due from reserve fund - reserve funding*	<u>56,532</u>	<u>56,532</u>
Restricted reserve fund available at June 30,	<u>\$ 1,382,545</u>	<u>\$ 1,289,972</u>

The restricted reserve fund is held in a JPMorgan Chase Bank savings account.

* As of June 30, 2024, \$56,532 (\$4,711 per month) of funds were due to the restricted reserve fund representing the monthly reserve funding for the year ended June 30, 2020.

Note 4 - PROPERTY AND IMPROVEMENTS

During the years ended June 30, 2024 and 2023, the Corporation capitalized the following building improvements and equipment.

	<u>2024</u>	<u>2023</u>
Facade restoration	\$ 272,635	\$ 19,933
Plumbing upgrades	5,662	179,876
Intercom system	-	251,210
Security DVR system	-	4,763
Hallway renovation - consulting	<u>-</u>	<u>2,722</u>
Total	<u>\$ 278,297</u>	<u>\$ 458,504</u>

Note 5 - PROFESSIONAL AND COMMERCIAL RENT

As of June 30, 2024, the Corporation was the lessor under four professional and commercial leases, with expiration dates ranging from March 31, 2024 to September 30, 2029. As of the date of issuance of the accompanying financial statements, two commercial tenants were in the process of negotiating new lease terms. The tenants are currently paying rent on a month-to-month basis. During the years ended June 30, 2024 and 2023, the Corporation recorded professional and commercial rent of \$128,757 and \$125,921, respectively.

Notes to Financial Statements

Note 6 - UNION BENEFITS

Substantially all of the Corporation's employees are members of the Service Employees International Union ("SEIU") Local 32BJ and covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan (the "Plan"). The union agreement expires on April 20, 2026. The Corporation makes contributions to the Plan based on the number of weeks worked by each employee covered under the union contract. During the years ended June 30, 2024 and 2023, the Corporation contributed \$188,379 and \$181,426, respectively, to the Plan of which \$42,203 and \$40,170, respectively, was for pension expense. The Corporation's contributions to the Plan were less than 5% of the Plan's total contributions.

Contributions to the Building Service 32BJ Pension Fund (Employer Identification Number 13-1879376, Plan 001) (the "Fund") are not segregated or otherwise restricted to provide benefits only to the Corporation's employees. The risks of participating in a multiemployer pension plan are different from a single-employer pension plan in the following aspects: 1) assets contributed to a multiemployer pension plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) if the Corporation chooses to stop participating in its multiemployer pension plan, the Corporation may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

In accordance with the Pension Protection Act of 2006, the Fund receives an annual certified zone status from its actuary, which summarizes its funding status. Plans in the "red zone" are generally less than 65% funded, plans in the "yellow zone" are 65% to 80% funded, and plans in the "green zone" are at least 80% funded. As of July 1, 2023, the Fund's most recently available certified zone status was "yellow". The Fund is considered to be in "endangered status" for the plan year beginning July 1, 2023. However, its actuary has determined that the Fund is expected to meet its funding goals in the future.

As part of the Fund's efforts to improve its funding situation, the Trustees of the Fund previously adopted a rehabilitation plan which terms have been incorporated into the collective bargaining agreement between the Realty Advisory Board On Labor Relations, Inc. and the SEIU Local 32BJ. The current union agreement (the "2022 Apartment Building Agreement") provides for increased employer contributions of \$4.00 per week per annum for each eligible employee. As of January 1, 2024, the contribution rate was \$134.75 per week per employee. Information as to the Corporation's portion of the unfunded vested benefits and Plan assets has not been determined and normally will not be calculated without a withdrawal from the Plan. The Corporation has no intention of withdrawing from the Plan.

Note 7 - REAL ESTATE TAX

The Board of Estimate of the City of New York has granted the Corporation a partial abatement of real estate tax. As such, the Corporation is required to pay real estate tax based on the "shelter rent formula" as defined.

The Corporation is currently the recipient of a real estate tax abatement under the New York City Tax and Incentive and Abatement Program (referred to as the J-51 Program). The tax abatement, which was received during October 2013, will reduce shelter rent tax by \$73,671 per annum for 10.8 years. Final benefits from the abatement of \$3,684 will be realized during the year ending June 30, 2025.

Notes to Financial Statements

Note 8 - INCOME TAXES

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

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

For the year ended June 30, 2024, the Corporation sustained an operating loss and will not be liable for Federal income tax. As of June 30, 2024, the Corporation had approximately \$277,700 of operating loss carryforwards for Federal income tax purposes, which will expire in various years through the year ending June 30, 2035, and approximately \$655,600 of operating loss carryforwards, which may be carried forward indefinitely until the loss is fully recovered. Such loss carryforwards are limited to 80% of the Corporation's taxable income in any one tax period. Since the future utilization of these tax carryforward losses is uncertain, no related deferred tax assets have been recognized in the accompanying financial statements.

The Corporation is organized as a Mitchell-Lama housing cooperative which is exempt from New York State Franchise Tax and New York City General Corporation tax.

The Corporation's tax returns for all years since the year ended June 30, 2021 remain open to examination. There are currently no tax examinations in progress.

Note 9 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Corporation's primary asset is a 256-unit apartment development. The Corporation's operations are concentrated in the multifamily real estate market, which is a heavily regulated environment subject to the administrative directives, rules and regulations of HPD. Such administrative directives, rules and regulations are subject to change by HPD. Changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 10 - MANAGEMENT SERVICES

Commencing March 1, 2021, Metro Management Development, Inc. ("Metro") was engaged to provide managerial services to the Corporation.

During the years ended June 30, 2024 and 2023, the Corporation paid management fees of \$165,000 and \$198,000, respectively, per annum. During the year ended June 30, 2024, Metro granted a two-month management fee reduction to the Corporation. The management fee for the years ended June 30, 2024 and 2023 includes the cost of the property's on-site management office.

AGUILAR GARDENS, INC.

Notes to Financial Statements

Note 11 - CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash in bank deposits at financial institutions which, at times, may exceed federally insured limits. As of June 30, 2024, the Corporation held approximately \$3,244,300 of cash in excess of federally insured limits. The Corporation has not experienced any losses due to concentration of credit risk in such accounts.

Note 12 - OTHER MATTER - HPD RENT INCREASE APPLICATION

During June 2024, the Corporation filed a three-year rent increase application with HPD. As of the date of issuance of the accompanying financial statements, the application and the determination of any future maintenance increases was pending HPD's approval.

Note 13 - CLAIMS OR LITIGATION

From time to time, claims or matters of litigation may arise in the ordinary conduct of the Corporation's business. In the opinion of management, claims or litigation outstanding against the Corporation at June 30, 2024 are either without merit or the ultimate losses, if any, would not have a material adverse effect on the financial position or results of operations of the Corporation.

Note 14 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through September 11, 2024, the date that the financial statements were available to be issued.

**SUPPLEMENTARY AND PROSPECTIVE
INFORMATION**



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

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
ON SUPPLEMENTARY AND PROSPECTIVE INFORMATION**

To the Board of Directors and Stockholders of
AGUILAR GARDENS, INC.
156-11 Aguilar Avenue
Flushing, NY 11367

Our report on our audits of the basic financial statements of AGUILAR GARDENS, INC. for the years ended June 30, 2024 and 2023 appears on Pages 1 and 2, and was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Comparative Schedule of Revenues and Expenditures - Budget, Historical and Forecast is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also have compiled the accompanying operating budget forecast of AGUILAR GARDENS, INC. for the year ending June 30, 2025, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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

Prisand, Mellina, Unterlack & Co., LLP

Plainview, New York
September 11, 2024 for Historical Statements
September 11, 2024 for Forecast

AGUILAR GARDENS, INC.

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

	For The Year		Prior Year	Next Year
	July 1, 2023 - June 30, 2024		July 1, 2022 -	July 1, 2024 -
			June 30, 2023	June 30, 2025
	Budget (Unaudited)	Actual	Actual	Forecast (Unaudited)
REVENUES				
Maintenance - Apartments	\$ 1,895,500	\$ 1,895,522	\$ 1,895,522	\$ 1,895,500 (1)
Less: Vacancies	(40,000)	(36,847)	(38,148)	(40,000)
Surcharge income	180,000	245,771	180,518	180,000
Electricity submetering income	220,000	195,426	209,041	242,000
Professional and commercial rent	120,000	128,757	125,921	120,000
Storage and other stockholder income	60,000	114,232	59,953	82,000
Cable television income	98,500	93,747	98,469	100,000
Parking income	45,000	45,680	44,160	67,500
Laundry income	33,500	33,360	33,360	33,500
Apartment rental income	22,000	22,046	21,900	22,500
TOTAL REVENUES	2,634,500	2,737,694	2,630,696	2,703,000
EXPENDITURES				
Management fee	200,000	165,000	198,000	206,000
Other administrative and telephone	50,000	43,566	44,815	50,000
Professional fees	34,000	42,028	30,893	36,000
Gas - heat and fuel	430,000	446,631	395,219	463,800
Electricity and gas	350,000	350,295	335,043	377,800
Water and sewer	233,000	245,777	215,620	245,000
Wages and related costs	770,000	681,618	734,461	805,000
Insurance	260,000	241,558	207,002	260,000
Cable television	130,000	140,786	129,656	130,000
Electricity submetering	16,000	15,152	15,046	17,000
Permits, miscellaneous operating and other interes	17,000	7,010	13,067	17,000
Repairs and maintenance	250,000	161,942	278,501	257,968
New York City shelter rent tax	150,000	130,733	141,937	160,000
Reserve funding	57,000	56,532	56,532	56,532
TOTAL EXPENDITURES	2,947,000	2,728,628	2,795,792	3,082,100
Budgeted Deficit	<u>\$ (312,500)</u>			<u>\$ (379,100)</u>
OPERATING SURPLUS (DEFICIT)		9,066	(165,096)	
Reserve funding		56,532	56,532	
Interest and dividends		41,156	26,833	
Prior year's shelter rent tax		34,904	-	
Prior year's accrual adjustments		-	37,365	
Bad debt expense		-	(20,576)	
INCOME (LOSS) FROM OPERATIONS BEFORE DEPRECIATION EXPENSE		<u>\$ 141,658</u>	<u>\$ (64,942)</u>	

(1) The Corporation has submitted an application to HPD to increase maintenance for the next three fiscal years. As of the date of issuance of the accompanying financial statements, no decision on future maintenance increases has been granted by HPD.

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

AGUILAR GARDENS, INC.

Summary of Significant Accounting Policies and Forecast Assumptions For The Year Ending June 30, 2025

The operating budget forecast presents, to the best of management's knowledge and belief, the Corporation's expected results of operations for the forecast period. Accordingly, the forecast reflects management's judgment as of September 11, 2024, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

FORECAST ASSUMPTIONS

Revenues

Maintenance is based on \$157,958 per month, which reflects the same level as in the previous year. Vacancies have been forecast based on historical experience. Electricity submetering and cable television income are based on current experience. Commencing July 1, 2024, storage bin income has been increased from \$35 per month to \$45 per month and parking income has been increased per space from \$40 per month to \$60 per month. Professional and commercial rent is based on current lease terms. Laundry income is based on a contract. Other fees and income are based on historical experience or contracts.

Expenditures

Management fees reflect the current management agreement with Metro Management Development, Inc. The annual management fee reflects the inclusion of costs related to the property's on-site management office. Payroll expenses and benefits are based on a union contract and anticipated staffing requirements. Utilities are based on rates set by the appropriate regulatory agencies. Gas - heat and fuel reflects recent experience regarding consumption and price. New York City shelter rent real estate tax is computed based on 10% of defined revenues less utility expenses. Repairs and maintenance is based on historical experience and expected maintenance requirements. Insurance reflects anticipated renewal premiums. Reserve funding is based on an agreement with the New York City Department of Housing Preservation and Development. Other expenses are based on historical experience or contracts.

Income Tax

The Corporation is subject to Federal income tax based on net taxable income. The Corporation is not subject to New York State Franchise tax or New York City General Corporation tax.