

**Sunnyside Manor Ltd.**

**Financial Statements and  
Supplementary Information**

**March 31, 2023 and 2022**

**Sunnyside Manor Ltd.**  
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**March 31, 2023 and 2022**

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## **Independent Auditor's Report**

Board of Directors  
Sunnyside Manor Ltd.

### **Opinion**

We have audited the accompanying financial statements of Sunnyside Manor Ltd. (a New York Corporation) which comprise the Balance Sheets as of March 31, 2023 and 2022, and the related Statements of Revenues and Expenses, Cash Flows and Stockholders' Equity for 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 Sunnyside Manor Ltd. as of March 31, 2023 and 2022, and the results of its operations and cash flows for the years then ended for them to be 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 (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 Sunnyside Manor Ltd. 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 U.S. generally accepted accounting principles, 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 Sunnyside Manor Ltd.'s ability to continue as a going concern for one year from the date the financial statements are 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.

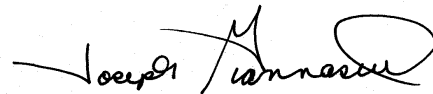
Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. In performing an audit in accordance with GAAS, we:

- 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 Sunnyside Manor Ltd.'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 Sunnyside Manor Ltd.'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**

Management has omitted information about the 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, 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 unaffected by this missing information.

Respectfully submitted,



JOSEPH GIANNASCO CPA, LLC  
Certified Public Accountant

Jericho, New York  
September 14, 2023

**Sunnyside Manor Ltd.**  
Balance Sheets  
March 31, 2023 and 2022

<b>ASSETS</b>		<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		\$ 499,950	\$ 644,496
Tenants' Accounts Receivable		15,290	15,918
Other Accounts Receivable		1,092	1,092
Prepaid Expenses	Schedule 1	126,488	112,279
<b>TOTAL CURRENT ASSETS</b>		642,820	773,785
Operating Escrow Funds (Note 6)	Schedule 4	3,829,667	3,724,268
Property and Equipment, Net (Note 7)		2,823,650	3,051,665
<b>TOTAL ASSETS</b>		<u>\$ 7,296,137</u>	<u>\$ 7,549,718</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable		\$ 54,075	\$ 68,118
Accrued Expenses	Schedule 2	24,024	34,391
Mortgage Payable		181,791	180,761
Other Current Liabilities	Schedule 3	175,698	134,665
<b>TOTAL CURRENT LIABILITIES</b>		435,588	417,935
MORTGAGE PAYABLE - Long Term - (Less Unamortized Finance Costs - See Note 9)		6,187,761	6,364,236
<b>TOTAL LIABILITIES</b>		<u>6,623,349</u>	<u>6,782,171</u>
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock - Authorized, Issued and Outstanding			
2,710.88 Shs., \$100 Par Value		271,088	271,088
Additional Paid-In Capital		1,593	1,593
Retained Earnings		400,107	494,866
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<u>672,788</u>	<u>767,547</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<u>\$ 7,296,137</u>	<u>\$ 7,549,718</u>

The accompanying notes to the financial statements are an integral part of this statement.

**Sunnyside Manor Ltd.**  
**Statements of Revenues and Expenses**  
For the Years Ended March 31, 2023 and 2022

		<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>			
Apartments		\$ 1,624,394	\$ 1,624,394
Vacancy Loss		(152)	(910)
Garages and Parking		61,000	61,282
Surcharges		44,010	41,254
Washing Machine, Dishwasher and Freezer		6,083	5,948
Laundry Commissions		13,100	13,100
Air Conditioner Charges		41,364	40,436
Late Fees		4,450	-
Miscellaneous		<u>1,557</u>	<u>1,556</u>
<b>TOTAL OPERATING REVENUES</b>		<u>1,795,806</u>	<u>1,787,060</u>
<b>OPERATING EXPENSES</b>			
Administrative Expenses	Schedule 5	85,684	88,008
Other Operating Expenses	Schedule 6	678,086	576,637
Maintenance Expenses	Schedule 7	133,170	104,791
Taxes and Insurance	Schedule 8	<u>483,898</u>	<u>463,446</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>1,380,838</u>	<u>1,232,882</u>
<b>EXCESS OF OPERATING</b>			
<b>REVENUES OVER OPERATING EXPENSES</b>		414,968	554,178
<b>OTHER INCOME &amp; EXPENSES</b>			
Interest- Earned from Operations		622	6
Interest- Earned from Reserves		1,875	2,413
Mortgage Interest		(278,893)	(286,588)
Interest on Debt Issuance Costs		<u>(5,316)</u>	<u>(5,316)</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>			
<b>BEFORE DEPRECIATION</b>		133,256	264,693
<b>DEPRECIATION</b>	Schedule 9	<u>228,015</u>	<u>228,370</u>
<b>(DEFICIENCY) EXCESS OF REVENUES</b>			
<b>OVER EXPENSES FOR YEAR</b>		<u>\$ (94,759)</u>	<u>\$ 36,323</u>

The accompanying notes to the financial statements are an integral part of this statement.

**Sunnyside Manor Ltd.**  
**Statements of Cash Flows**  
For the Years Ended March 31, 2023 and 2022

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficiency) Excess Of Revenues		
Over Expenses For Year	\$ (94,759)	\$ 36,323
Adjustments to Reconcile (Deficiency) Excess of Revenue		
to Net Cash Provided by Operating Activities:		
Depreciation	228,015	228,370
Change in Debt Issuance Costs	5,316	5,316
Changes in Assets and Liabilities:		
(Increase) Decrease In -		
Receivables	628	(7,659)
Prepaid Expenses	(14,211)	(3,530)
Increase (Decrease) In -		
Accounts Payable	(14,041)	11,443
Accrued Expenses	(10,366)	(2,661)
Other Current Liabilities	41,033	683
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>141,615</u>	<u>268,285</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	-	(37,541)
Operating Escrow Deposits	(529,235)	(383,893)
Operating Escrow Disbursements	423,835	453,756
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<u>(105,400)</u>	<u>32,322</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments - Mortgage Payable	(180,761)	(173,253)
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<u>(180,761)</u>	<u>(173,253)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(144,546)	127,354
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>644,496</u>	<u>517,142</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 499,950</u></u>	<u><u>\$ 644,496</u></u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest Paid	\$ 279,695	\$ 287,202

The accompanying notes to the financial statements are an integral part of this statement.

**Sunnyside Manor Ltd.**  
**Statements of Stockholders' Equity**  
**For the Years Ended March 31, 2023 and 2022**

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
BALANCE AT APRIL 1, 2022	\$ 271,088	\$ 1,593	\$ 494,866	\$ 767,547
(DEFICIENCY) OF REVENUES OVER EXPENSES FOR PERIOD	-	-	(94,759)	(94,759)
<b>BALANCE AT MARCH 31, 2023</b>	<u><u>\$ 271,088</u></u>	<u><u>\$ 1,593</u></u>	<u><u>\$ 400,107</u></u>	<u><u>\$ 672,788</u></u>
BALANCE AT APRIL 1, 2021	\$ 271,088	\$ 1,593	\$ 458,543	\$ 731,224
EXCESS OF REVENUES OVER EXPENSES FOR PERIOD	-	-	36,323	36,323
<b>BALANCE AT MARCH 31, 2022</b>	<u><u>\$ 271,088</u></u>	<u><u>\$ 1,593</u></u>	<u><u>\$ 494,866</u></u>	<u><u>\$ 767,547</u></u>

The accompanying notes to the financial statements are an integral part of this statement.



**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**1- COMPANY BACKGROUND**

Sunnyside Manor Ltd. is a Mitchell-Lama Housing Cooperative organized in the State of New York pursuant to the regulations of the Private Housing Finance Law. The Cooperative Corporation consists of 120 dwelling units and is located in Yonkers, New York. The primary purpose of the Corporation is to provide apartment residences for its low to moderate income shareholders, manage the operations and maintain the common elements. A Board of Directors, which is elected by the shareholders, governs the affairs of the Corporation. Directors of the Board, as such, receive no compensation or any other form of payment for their services. The Cooperative retains a managing agent which provides management, administrative and bookkeeping services.

As a Limited Profit Housing Corporation, the Company is subject to the supervision of the New York State Division of Housing and Community Renewal. Accordingly, their accounts are maintained in accordance with the requirements as set forth in the accounting manual for Limited Profit Housing Companies as published by the New York State Division of Housing and Community Renewal.

**2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Use of Estimates***

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The more significant management estimates are the useful lives for property and equipment, unamortized finance costs, accrued expenses, and various contingencies. Actual results could differ from those estimates. Changes in facts and circumstances may result in revised estimates, which are recorded in the period in which they become known.

***Impairment of Long-Lived Assets***

The Company reviews long-lived assets for impairment at the facility level annually or if events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the assets compared to their carrying value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value, based on discounted estimated future cash flows.

***Cash Equivalents***

Cash equivalents include all highly liquid debt instruments with an original maturity of three months or less. Cash equivalents consist primarily of money market accounts.

**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Property and Equipment***

Property and Equipment are stated at cost. Major renewals and betterments are capitalized; normal maintenance and repairs are charged to operations. Building and maintenance equipment is being depreciated by the straight-line method over estimated useful lives of ten to twenty-seven and one-half years.

***Fair Value of Financial Instruments***

The Company has estimated the fair value of financial instruments using available market information and other valuation methodologies in accordance with FASB ASC 820-10 (formerly SFAS No. 157), "Disclosures about Fair Value of Financial Instruments." Management of the Company believes that the fair value of financial instruments, consisting of cash, accounts receivable, accounts payable, and accrued liabilities, approximates carrying value due to the immediate or short-term maturity associated with these instruments and that the notes payable are carried at fair value in that they carry interest rates that are comparable to similar instruments with similar maturities.

***Revenue Recognition***

Accounting Standards Update (ASU) No. 2014-09 In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company believes that its revenue transactions are not within the scope of Topic 606 because their revenue transactions are not with customers but with owners who elect a board to represent them and have voting rights. Accordingly, the Company has concluded that Topic 606 is not applicable to these financial statements.

***Basis of Accounting***

The Company prepares its books on the accrual basis of accounting whereby revenue and the related costs are recognized in the period in which the revenue is earned, or the cost incurred.

**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**3- CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash investments and accounts receivable. The Corporation has interest bearing deposits with various financial institutions which exceed federally insured limits. Certain institutions are insured by the Federal Deposit Insurance Corporation to a maximum balance of \$250,000. At March 31, 2023, the Corporation's uninsured cash balance totaled \$3,818,557. The Company believes it mitigates its risk by investing in or through major financial institutions. Of the accounts receivable balance outstanding as of March 31, 2023 and 2022, 100% is owed from the cooperative shareholders. No charges receivable as of March 31, 2023 were considered uncollectible.

**4- TENANTS' ACCOUNTS RECEIVABLE**

The Company has not established an allowance for collection loss. Upon approval from the Supervising Agency, actual losses will be reimbursed by the contingency reserve. For financial reporting purposes, Tenants' Accounts Receivable is reflected net of any allowance for collection loss.

**5- MAINTENANCE**

Tenant shareholders are subject to monthly assessments to provide funds for the Company's operating expenses, future capital acquisitions, and major repairs and replacements. Shareholder receivables at the balance sheet date are stated at the amounts expected to be collected from the outstanding maintenance due from shareholders. The Company's policy is to retain legal counsel and place liens on the shares of stock of owners whose assessments are significantly delinquent. Any excess assessments at year end are retained by the Company for use in the succeeding year.

**6- OPERATING ESCROW FUNDS**

The Division of Housing and Community Renewal (DHCR) requires the Company to make monthly payments into an "Operating Escrow Fund" of \$37,500 per month. As these funds are accumulated, they are invested in obligations of the Federal government.

These funds are intended to provide for the following:

	<u><b>2023</b></u>	<u><b>2022</b></u>
Replacement Reserve	\$ 3,093,482	\$ 3,092,230
Contingency Reserve	93,500	93,500
Painting Reserve	35,640	35,640
Operating Escrow	<u>607,045</u>	<u>502,898</u>
	<u><b>\$ 3,829,667</b></u>	<u><b>\$ 3,724,268</b></u>

**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**6- OPERATING ESCROW FUNDS – (Continued)**

As of March 31, 2023 and 2022 these funds consisted of the following:

	<u><b>2023</b></u>	<u><b>2022</b></u>
TD Bank Checking	\$ 2,067	\$ -
TD Bank Money Market	<u>3,827,600</u>	<u>3,724,268</u>
	<u><u>\$ 3,829,667</u></u>	<u><u>\$ 3,724,268</u></u>

As per the order of the New York State Division of Housing and Community Renewal (DHCR), the monthly Operating Escrow Fund required amount of \$37,500 will be allocated as follows:

	<u>Requirement</u>
Water and Sewer	\$ 6,000
Real Estate Taxes	22,720
Insurance	<u>8,780</u>
Total Monthly Deposit	<u><u>\$ 37,500</u></u>

**7- PROPERTY AND EQUIPMENT**

As of March 31, 2023 and 2022, the Company had the following property and equipment:

	<u><b>2023</b></u>	<u><b>2022</b></u>
Land	\$ 67,500	\$ 67,500
Building	1,849,948	1,849,948
Building Equipment - Fixed	5,848,920	5,848,920
Building Equipment - Portable	17,943	17,943
Furniture & Fixtures	3,316	3,316
Work in Process	24,282	24,282
	<u>                    </u>	<u>                    </u>
Total Property and Equipment	\$ 7,811,909	\$ 7,811,909
Less: Accumulated Depreciation	<u>4,988,259</u>	<u>4,760,244</u>
Net Property and Equipment	<u><u>\$ 2,823,650</u></u>	<u><u>\$ 3,051,665</u></u>

**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**8- EMPLOYEE BENEFITS PLANS**

The Company 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: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (c) if the Company 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 March 31, 2023 and 2022, the Company's participation in the multiemployer plan which is outlined below:

Legal Name: Building Service 32BJ Pension Fund ("Plan")

Employer Identification Number: 13-1879376

Plan Number: 001

Collective Bargaining Agreement Expiration Date: April 20, 2026

Pension Protection Act Zone Status:

Year Ended June 30, 2021 - Red

Year Ended June 30, 2022 - Red

Year Ended June 30, 2022 - Yellow

Funding Improvement Plan/Rehabilitation Plan Status: Implemented

Surcharges Paid to Plan: None

Minimum Required Pension Contributions (per week/per employee):

Year Ended April 20, 2022           \$ 122.75

Year Ended April 20, 2023           \$ 136.75

Year Ended April 20, 2024           \$ 130.75

Year Ended April 20, 2025           \$ 134.75

Year Ended April 20, 2026           \$ 138.75

The information provided above is from the Plan's most current annual report for the years ending June 30, 2022. The Pension Protection Act Zone Status is the most recent zone status available, was provided to the corporation by the Plan, and is certified by the Plan's actuary. Pension plans in the "red zone" are generally less than 65% funded, plans in the "yellow zone" are 65%-85% funded and plans in the "green zone" are at least 85% funded. The Company's contributions to the Plan are less than 5% of all employers' contributions to the Plan, and there have been no significant changes that would affect the comparability of the contributions for the years ended March 31, 2023 and 2022. In addition, under the Collective Bargaining Agreement ("Agreement"), certain retired employees are eligible for health benefits as defined in the Agreement.

**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**9- MORTGAGE PAYABLE**

In August 2014, the Company closed on a mortgage with New York Community Bank (NYCB). The nominal interest rate listed below approximates the effective rate for the year. The following are the pertinent items of the loan:

Original Principal Amount:	\$7,800,000
Interest Rate:	4.25%
Monthly Installment:	\$38,371
Amortization Period:	30 Year
Maturity Date:	September 1, 2024

Presentation of the Mortgage Payable on the financial statement as of March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Mortgage Payable	\$ 6,482,506	\$ 6,663,267
Less: Unamortized Debt Costs	<u>112,954</u>	<u>118,270</u>
	6,369,552	6,544,997
Less: Current Portion	<u>181,791</u>	<u>180,761</u>
Net Mortgage Payable	<u>\$ 6,187,761</u>	<u>\$ 6,364,236</u>

Costs incurred in completing the mortgage agreement with NYCB have been capitalized. The costs of the debt are being amortized to interest expense over the term of the debt using the straight-line method. In accordance with ASU 2015-03, the unamortized amount is presented as a reduction of long-term debt on the balance sheet.

Total Debt Issuance Costs	\$ 159,467
Less: Accumulated Amortization	<u>46,513</u>
Net Debt Issuance Costs	112,954

Principal Payments over the next two years are as follows:

	<u>Gross Principal</u>	Less: <u>Interest on Debt Issuance Costs</u>	<u>Net Principal</u>
March 31, 2024	\$ 188,595	\$ 6,804	\$ 181,791
March 31, 2025	<u>6,293,911</u>	<u>106,150</u>	<u>6,187,761</u>
Total	<u>\$ 6,482,506</u>	<u>\$ 112,954</u>	<u>\$ 6,369,552</u>

**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**9- MORTGAGE PAYABLE – (Continued)**

The mortgage is subject to a prepayment fee as follows:

1% of outstanding balance if prepayment made prior to July 1, 2024;

No prepayment fee if prepayment made on or after July 1, 2024.

In addition to the mortgage, the Company also opened a line of credit with the Mortgagee in the amount of \$500,000 with an interest rate of prime plus 1%. As of December 31, 2021, the Company has not drawn from the line of credit.

**10- DUE TO SHAREHOLDERS**

As the Company paid its quarterly real estate taxes for the 2022/2023 year, it availed itself of certain credits on a quarterly basis. As of March 31, 2023, the Company has claimed \$69,427 in tax credits. These credits are expected to be passed through to the shareholders as has been done in the past.

**11- COMPENSATED ABSENCES**

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The company's policy is to recognize the costs of compensated absences when actually paid to employees.

**12- INCOME TAXES**

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources, such as interest and commercial rents, in excess of expenses properly attributable thereto may be subject to tax.

The Company 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 corporation's income has been reflected in the accompanying financial statements. In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions takes or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities.

The cooperative's federal income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances. Since the Company does not anticipate significant taxable income in future periods, the deferred tax asset accounts have been fully reserved in the accompanying financial statements. In evaluating the Company's ability to recover its deferred income tax assets the Company considers all available positive and negative evidence, including operating results, ongoing tax planning and forecasts of future taxable income.

**Sunnyside Manor Ltd.**  
Notes to Financial Statements  
March 31, 2023 and 2022

**12- INCOME TAXES – (Continued)**

The valuation allowance will reduce the provision for income taxes if and when recognized. The Company files its income tax returns in the U.S. Federal Jurisdiction. The Company has available net operating loss carryforwards in the aggregate amount of \$2,787,198 that may be offset against future taxable income, of which losses through 2017 will expire at various periods through 2037. Due to legislation passed by the Tax Cuts and Jobs Act of 2017, losses generated in years beginning after December 31, 2017 may now be carried forward indefinitely but are limited to offsetting 80% of taxable income. Since the Company is in the New York State Division of Housing and Community Renewal Program, the Company is exempt from New York State and New York City Tax.

**13- FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Company has not completed its study to determine the remaining useful lives for the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The Board of Directors has also not developed a plan to fund those needs.

When Replacement funds are needed to meet future needs for major repairs and replacements, the Company has the right, after obtaining permission from the regulatory agency, the New York State Division of Housing and Community Renewal, to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available. The funding of the Replacement Reserve is a requirement of the Supervising Agency. Any Board decision affecting the funding of this reserve is, as was previously mentioned, subject to the approval of the Supervising Agency. All withdrawals from the Replacement Reserve funds must be approved formally by the Supervising Agency. Replacement Reserve funds are maintained in an account administered by the Supervising Agency (See Note 6 and Schedule of Operating Escrow for details).

**14- DATE OF MANAGEMENT'S REVIEW**

Subsequent events were evaluated through September 14, 2023, which is the date on which the financial statements were available to be issued. There were no material subsequent events requiring disclosure.





### **Independent Auditor's Report on Supplementary Information**

To the Board of Directors  
Sunnyside Manor Ltd.

We have audited the accompanying financial statements of Sunnyside Manor Ltd. as of and for the years ended March 31, 2023 and 2022, and our report thereon dated September 14, 2023, which expressed an unmodified opinion on those financial statements, appears on Page 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supporting Schedules and Modified Schedules of Income and Expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

JOSEPH GIANNASCO CPA, LLC  
Certified Public Accountant

Jericho, New York  
September 14, 2023

**Sunnyside Manor Ltd.**  
Schedules of Assets and Liabilities  
March 31, 2023 and 2022

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>PREPAID EXPENSES</b>	<u>Schedule 1</u>	
Insurance	\$ 29,390	\$ 23,449
Real Estate Tax	94,420	87,813
Miscellaneous	<u>2,678</u>	<u>1,017</u>
<b>TOTAL PREPAID EXPENSES</b>	<u><b>\$ 126,488</b></u>	<u><b>\$ 112,279</b></u>
<b>ACCRUED EXPENSES</b>	<u>Schedule 2</u>	
Mortgage Interest	\$ 22,959	\$ 23,599
Salaries	1,065	1,065
Utility Expenses	<u>-</u>	<u>9,727</u>
<b>TOTAL ACCRUED EXPENSES</b>	<u><b>\$ 24,024</b></u>	<u><b>\$ 34,391</b></u>
<b>OTHER CURRENT LIABILITIES</b>	<u>Schedule 3</u>	
Prepaid Carrying Charges	\$ 20,307	\$ 30,184
Equity Exchange	81,575	68,603
Miscellaneous	289	915
Due To Shareholders	69,427	30,863
Deposits	<u>4,100</u>	<u>4,100</u>
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<u><b>\$ 175,698</b></u>	<u><b>\$ 134,665</b></u>

See independent auditor's report on supplementary information.

**Sunnyside Manor Ltd.**  
Schedule of Operating Escrow  
For the Years Ended March 31, 2023 and 2022

Schedule 4

	<u>REPLACEMENT RESERVE</u>	<u>CONTINGENCY RESERVE</u>	<u>PAINTING RESERVE</u>	<u>OPERATING ESCROW</u>	<u>TOTAL</u>
BALANCE AT APRIL 1, 2022	\$ 3,092,230	\$ 93,500	\$ 35,640	\$ 502,898	\$ 3,724,268
ESCROW DEPOSITS	1,875	-	-	527,360	529,235
CHARGES					
Operating Expenses	(623)	-	-	-	(623)
Real Estate Tax	-	-	-	(230,023)	(230,023)
Insurance	-	-	-	(127,179)	(127,179)
Water and Sewer	-	-	-	(66,011)	(66,011)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>BALANCE AT MARCH 31, 2023</b>	<u>\$ 3,093,482</u>	<u>\$ 93,500</u>	<u>\$ 35,640</u>	<u>\$ 607,045</u>	<u>\$ 3,829,667</u>

See independent auditor's report on supplementary information.

**Sunnyside Manor Ltd.**  
Schedules of Expenses  
For the Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ADMINISTRATIVE EXPENSES		<u>Schedule 5</u>
Managing Agent's Fees	\$ 40,352	\$ 40,944
Office Payroll	-	483
Legal Fees	11,309	9,770
Professional Fees	475	4,574
Accounting Fees	17,330	15,302
Telephone	6,064	3,734
Miscellaneous Administrative Expenses	<u>10,154</u>	<u>13,201</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u><b>\$ 85,684</b></u>	<u><b>\$ 88,008</b></u>
OTHER OPERATING EXPENSES		<u>Schedule 6</u>
Superintendent's Salary	\$ 84,627	\$ 82,205
Janitorial Payroll	116,910	104,062
Exterminating	8,182	9,157
Fuel	172,518	158,572
Electricity	212,558	145,749
Water and Sewer	56,284	62,416
Gas	10,379	7,969
Miscellaneous Operating Expenses	14,478	6,507
Security	<u>2,150</u>	<u>-</u>
<b>TOTAL OTHER OPERATING EXPENSES</b>	<u><b>\$ 678,086</b></u>	<u><b>\$ 576,637</b></u>
MAINTENANCE EXPENSES		<u>Schedule 7</u>
Supplies	\$ 25,460	\$ 28,162
Elevator Maintenance	28,724	13,333
Grounds Maintenance and Supplies	-	789
Repairs - General	51,872	19,090
Repairs - Electrical	2,669	3,091
Repairs - Plumbing	14,884	20,697
Repairs - HVAC	<u>9,561</u>	<u>19,629</u>
<b>TOTAL MAINTENANCE EXPENSES</b>	<u><b>\$ 133,170</b></u>	<u><b>\$ 104,791</b></u>

See independent auditor's report on supplementary information.

**Sunnyside Manor Ltd.**  
Schedules of Expenses – *(Continued)*  
For the Years Ended March 31, 2023 and 2022

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>TAXES AND INSURANCE</b>	<u>Schedule 8</u>	
Payroll Taxes	\$ 16,926	\$ 15,444
Real Estate Tax	261,811	265,044
Insurance	122,814	106,014
Union Welfare and Pension	<u>82,347</u>	<u>76,944</u>
<b>TOTAL TAXES AND INSURANCE</b>	<u><u>\$ 483,898</u></u>	<u><u>\$ 463,446</u></u>
 <b>DEPRECIATION</b>	 <u>Schedule 9</u>	
Building Fixed	\$ 227,175	\$ 227,691
Building Equipment - Portable	<u>840</u>	<u>679</u>
<b>TOTAL DEPRECIATION</b>	<u><u>\$ 228,015</u></u>	<u><u>\$ 228,370</u></u>

See independent auditor's report on supplementary information.

**Sunnyside Manor Ltd.**  
Modified Schedules of Income and Expenses  
For the Years Ended March 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>RENT INCOME</b>		
Apartments	\$ 1,624,394	\$ 1,624,394
Mortgage Amortization	(180,761)	(173,253)
Less: Vacancy Loss	(152)	(910)
Garages	61,000	61,282
Surcharges	44,010	41,254
<b>TOTAL RENT INCOME</b>	1,548,491	1,552,767
<b>SERVICE INCOME</b>	66,554	61,040
<b>FINANCIAL INCOME</b>	2,497	2,419
<b>TOTAL INCOME</b>	1,617,542	1,616,226
<b>ADMINISTRATIVE EXPENSES</b>		
Managing Agent's Fees	40,352	40,944
Accounting Fees	17,330	15,302
Professional Fees	11,784	14,344
Miscellaneous Administrative Expenses	16,218	16,935
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	85,684	87,525
<b>OPERATING EXPENSES</b>		
Payroll	201,537	186,750
Exterminating	8,182	9,157
Miscellaneous Operating Expenses	14,478	6,507
Security	2,150	-
<b>TOTAL OPERATING EXPENSES</b>	226,347	202,414
<b>UTILITIES</b>		
Fuel	172,518	158,572
Electricity	212,558	145,749
Water and Sewer	56,284	62,416
Gas	10,379	7,969
<b>TOTAL UTILITIES</b>	451,739	374,706
<b>MAINTENANCE</b>		
Elevator Maintenance	28,724	13,333
Repairs	78,986	62,507
Grounds Maintenance	-	789
Supplies	25,460	28,162
<b>TOTAL MAINTENANCE</b>	133,170	104,791

See independent auditor's report on supplementary information.

**Sunnyside Manor Ltd.**  
Modified Schedules of Income and Expenses – *(Continued)*  
For the Years Ended March 31, 2023 and 2022

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>TAXES AND INSURANCE</b>		
Payroll Taxes	16,926	15,444
Real Estate Tax	261,811	265,044
Insurance	122,814	106,014
Union Welfare and Pension	82,347	76,944
<b>TOTAL TAXES AND INSURANCE</b>	<u>483,898</u>	<u>463,446</u>
 <b>FINANCIAL EXPENSES</b>		
Mortgage Interest	278,893	286,588
<b>TOTAL FINANCIAL EXPENSES</b>	<u>278,893</u>	<u>286,588</u>
 <b>CONTRIBUTIONS TO RESERVES</b>		
Provisions for Replacements	1,875	2,413
Operating Expenses Funded By Reserves	(623)	(240)
<b>NET CONTRIBUTIONS TO RESERVES</b>	<u>1,252</u>	<u>2,173</u>
 <b>TOTAL EXPENDITURES</b>	<u>1,660,983</u>	<u>1,521,643</u>
 <b>OPERATING SURPLUS</b>	<u><u>\$ (43,441)</u></u>	<u><u>\$ 94,583</u></u>

See independent auditor's report on supplementary information.