

**LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING COMPANY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2023 AND 2022

**LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING COMPANY)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Luna Park Housing Corporation
Brooklyn, New York

Opinion

We have audited the accompanying financial statements of Luna Park Housing Corporation, which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of revenues and expenses, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Luna Park Housing Corporation as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Luna Park Housing Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Luna Park Housing Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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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 Luna Park Housing Corporation's internal control. Accordingly, no such opinion is expressed..
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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 Luna Park Housing Corporation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 16 and 19 is presented for the purpose of additional analysis and is 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 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, such information is fairly stated in all material respects in relation to the financial statements as a whole. The June 30, 2021 schedule of expenses on page 10 was subjected to the auditing procedures applied in the audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2021 financial statements as a whole.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted supplementary information about 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.



Hauppauge, New York
January 30, 2024

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
BALANCE SHEETS

	As of June 30,	
	2023	2022
ASSETS		
Current assets:		
Cash - funds held by management agent	\$ 5,137,273	\$ 4,915,497
Restricted cash and cash equivalents:		
Cash - HPD capital repair and replacement reserve	4,938,314	4,255,009
Cash - operating reserve	1,971,232	1,914,377
Cash - tax escrow	3,590,542	2,063,116
Cash - insurance escrow	999,374	1,042,010
Cash - repair escrow	686,366	686,366
Cash - security	28,800	28,800
Total restricted cash and cash equivalents	12,214,628	9,989,678
Total cash, cash equivalents, and restricted cash	17,351,901	14,905,175
Tenant-shareholder receivable, net	2,258,767	2,559,403
Other receivables	304,104	453,612
Prepaid expenses	1,177,791	1,065,499
Total current assets	21,092,563	18,983,689
Property and equipment, net	71,436,656	72,314,283
Total assets	\$ 92,529,219	\$ 91,297,972
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 329,318	\$ 247,595
Accrued expenses	1,240,253	1,231,728
Maintenance received in advance	276,704	274,303
Security deposits payable	1,850,772	326,444
Deferred revenue	110,180	125,920
Equity and amortization deposits	941,633	941,633
Current portion of long-term debt	1,567,603	1,469,877
Total current liabilities	6,316,463	4,617,500
Long-term debt, net	62,150,225	63,680,106
Total liabilities	68,466,688	68,297,606
Shareholders' equity:		
Common stock; \$10 par value; 458,625 shares authorized; 458,175 issued and outstanding	4,581,750	4,581,750
Paid-in-capital, mortgage amortization	33,278,787	31,808,910
Paid-in-capital, replacement reserve	8,873,497	8,788,558
Accumulated deficit	(22,671,503)	(22,178,852)
Total shareholders' equity	24,062,531	23,000,366
Total liabilities and shareholders' equity	\$ 92,529,219	\$ 91,297,972

See independent auditors' report and notes to financial statements

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30,	
	2023	2022
Revenues:		
Maintenance revenue	\$ 20,236,749	\$ 20,000,128
Less: Portion applicable to mortgage amortization	(1,469,877)	(1,378,268)
Surcharges	417,187	280,589
Parking income	690,200	687,933
Air conditioning income	416,113	475,514
Commercial rent	214,960	190,092
Non rental charges to tenant shareholders	396,261	200,399
Laundry income	138,000	138,000
Investment income	153,532	57,487
Miscellaneous revenues	667,930	53,768
Total revenues	21,861,055	20,705,642
Expenses:		
Wages	2,935,342	2,689,943
Payroll taxes and benefits	1,627,307	1,396,388
Materials and supplies	469,033	447,445
Elevator maintenance and repairs	166,289	225,273
Repair and maintenance	1,308,426	988,515
Utilities	4,980,349	4,346,369
Administrative	175,213	206,294
Real estate taxes (refund)	1,074,945	(1,349,803)
Insurance	1,595,301	1,457,564
Security	987,809	838,741
Exterminating	62,296	59,283
Management fees	415,238	391,586
Legal fees	353,916	124,517
Consulting fees	260,078	247,803
Accounting fees	51,000	51,300
Telephone	24,451	8,175
Depreciation	2,523,708	2,496,293
Interest on mortgage	3,141,489	3,233,592
Interest on subordinate loan	49,337	49,337
Bad debt (recovery)	(57,589)	(174,640)
Miscellaneous expenses	124,829	124,993
Total expenses	22,268,767	17,858,968
(Deficiency) excess of revenues over expenses	\$ (407,712)	\$ 2,846,674

See independent auditors' report and notes to financial statements

CORPORATION
ING CORPORATION)
GES IN SHAREHOLDERS' EQUITY

	Common Stock	Paid-in Capital, Mortgage Amortization	Paid-in Capital, Replacement Reserve	Accumulated Deficit	Total Shareholders' Equity
	\$ 4,581,750	\$ 30,430,642	\$ 8,785,811	\$ (25,022,779)	\$ 18,775,424
or expenses	-	1,378,268	2,747	2,843,927	4,224,942
22	4,581,750	31,808,910	8,788,558	(22,178,852)	23,000,366
or expenses	-	1,469,877	84,939	(492,651)	1,062,165
23	\$ 4,581,750	\$ 33,278,787	\$ 8,873,497	\$ (22,671,503)	\$ 24,062,531

See independent auditors' report and notes to financial statements

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2023	2022
Cash flows from operating activities:		
(Deficiency) excess of revenues over expenses	\$ (407,712)	\$ 2,846,674
Adjustments to reconcile (deficiency) excess of revenues over expenses to net cash provided by operating activities		
Depreciation	2,523,708	2,496,293
Amortization of debt issue costs	37,722	37,722
Changes in assets and liabilities:		
Tenant-shareholder receivable	300,636	43,068
Other receivables	149,508	252,288
Prepaid expenses	(112,292)	(316,701)
Accounts payable	81,723	(159,297)
Accrued expenses	8,525	(42,159)
Maintenance received in advance	2,401	(69,056)
Security deposits payable	-	-
Deferred revenue	(15,740)	(15,740)
Net cash provided by operating activities	2,568,479	5,073,092
Cash flows from investing activities:		
Purchase of property and equipment	-	(17,000)
Expenditures on building improvements	(1,646,081)	(1,862,045)
Proceeds from disposals of property and equipment	-	-
Net cash used in investing activities	(1,646,081)	(1,879,045)
Cash flows financing activities:		
Proceeds from subordinate notes payable	-	1,251,161
Capital contribution - mortgage amortization	1,469,877	1,378,268
Principal payments on mortgage payable	(1,469,877)	(1,378,268)
Net cash (used in) provided by financing activities	-	1,251,161
Net increase in cash, cash equivalents, and restricted cash	922,398	4,445,208
Cash, cash equivalents, and restricted cash at beginning of year	14,905,175	10,459,967
Cash, cash equivalents, and restricted cash at end of year	\$ 15,827,573	\$ 14,905,175
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 3,190,826	\$ 3,203,281
Cash paid for income taxes	\$ -	\$ -

See independent auditors' report and notes to financial statements

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS

Luna Park Housing Corporation (the “Company”) is a Mitchell-Lama housing development and contains 1,584 apartments (7,338 residential rooms). The development’s books, records and financial reports are maintained and prepared pursuant to the rules and regulations of the governmental supervisory agency, the New York City Department of Housing Preservation and Development (HPD).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (“US GAAP”).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. The most significant assumptions and estimates relate to the recovery of tenant-shareholder receivable. Actual costs could differ from these estimates

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash include highly liquid investments with maturities of three months or less at the time of purchase. The Company’s governing documents require funds to be accumulated for future major repairs and replacements.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported as of June 30:

	2023	2022
Cash - funds held by management agent	\$ 5,137,273	\$ 4,915,497
Restricted cash and cash equivalents:		
Cash - HPD capital repair and replacement reserve	4,938,314	4,255,009
Cash - operating reserve	1,971,232	1,914,377
Cash - tax escrow	3,590,542	2,063,116
Cash - insurance escrow	999,374	1,042,010
Cash - repair escrow	686,366	686,366
Cash - security	28,800	28,800
Total restricted cash and cash equivalents	12,214,628	9,989,678
Total cash, cash equivalents and restricted cash	\$ 17,351,901	\$ 14,905,175

Concentrations of Credit Risk

The Company maintains accounts with financial institutions. At times, cash balances may exceed the maximum coverage provided by the Federal Deposit Insurance Company on insured depositor accounts. The Company believes it mitigates risk by investing its cash and cash equivalents with major financial institutions. The Company has not experienced any losses with respect to its cash balances.

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HPD Capital Repair and Replacement Reserve

HPD requires the establishment of a capital repair and replacement reserve account. Based on HPD Rules and Regulations, the required annual reserve funding is \$300 per dwelling unit in equal monthly installments. If the account balance does not equal or exceed the greater of \$1,000 per dwelling unit or 25% of the housing company's rent roll the housing company must deposit 3% of its rent roll on a monthly basis. In accordance with the above requirements, the Company has deposited \$600,000 annually for the years ended June 30, 2023 and 2022.

Repair Escrow

In connection with obtaining a second mortgage loan, a Repair Reserve Fund of \$700,350 was established to fund the performance of specific repairs identified in the Repair Schedule of Work. The funds are to be released upon evidence of completion of the work via submission of a Repair Disbursement Request. As of June 30, 2023 and 2022, there remained \$686,366 in the fund for both years.

Tenant-Shareholder Receivable

Tenant-shareholder receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for uncollectible accounts based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the allowance for uncollectible accounts and a credit to accounts receivable. As of June 30, 2023 and 2022, the balance of the allowance for uncollectible accounts was \$288,357 and \$345,947, respectively.

The following table provides a reconciliation of tenant-shareholder receivable reported as of June 30:

	2023	2022
Tenant-shareholder receivable	\$ 2,547,124	\$ 2,905,350
Less: allowance for uncollectible accounts	(288,357)	(345,947)
Tenant-shareholder receivable, net	\$ 2,258,767	\$ 2,559,403

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using straight-line methods over the estimated useful lives of the assets.

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amounts, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2023.

Deferred Financing

Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis which approximates the effective interest method, over the terms of the related indebtedness. Unamortized debt issuance costs are reported as an offset to the related indebtedness on the consolidated balance sheet.

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). The guidance 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 scope of other standards. For purposes of this Company, the definition of customers includes the Company's shareholders.

The tenant shareholders are subject to monthly assessments to provide funds for the Company's operating expenses. Such amounts are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Company's performance obligations related to its shareholder assessments and operating assessments are satisfied over time on a daily pro-rata basis. Special assessments, if any, provide funds for the Company's major repairs and replacements and to replenish the working capital account. The performance obligations related to special assessments are satisfied when the funds are expended for their designated purpose.

Special Assessment

Special Assessments are board imposed amounts that are billed in accordance with the budget.

Income Taxes

The Company generally is taxed only on non-membership income, such as interest income and earnings from commercial operations. Earnings from tenant-shareholders, if any, may be excluded from taxation if certain elections are made.

The Company has not taken any unsubstantiated tax positions that would require provision of a liability under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 (formerly FIN Interpretation No. 48), "Accounting for Uncertainty in Income Taxes". Under ASC 740-10, the Company must recognize tax benefits associated with tax positions taken for tax return purposes when it is more-likely-than-not that the positions will be sustained. The Company does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liabilities for unrecognized tax benefits.

At June 30, 2023, the Company has net operating loss carryforwards of \$20,484,000 expiring in various years through 2042, available to reduce future federal taxable income.

Leases

The Company accounts for leases in accordance with ASC Topic 842, Leases.

Leases arise from contractual obligations that convey the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. At the inception of the contract, the Company determines if an arrangement contains a lease based on whether there is an identified asset and whether the Company controls the use of the identified asset. The Company also determines whether the lease is an operating or financing lease at the commencement date.

A right-of-use asset represents either the Company's right to use an underlying asset and a lease liability represents either the Company's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at the commencement in the amount of the lease liability amount. Lease liabilities are recorded at the present value of future lease payments over the lease term at commencement. The implicit rates for the Company's leases are not readily determinable, therefore the Company generally uses its incremental borrowing rate as the discount rate for the lease liability.

The Company has elected to exclude leases with terms of 12 months or less from the balance sheets. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease. The Company does not believe there are any material operating leases and, accordingly, has not recognized a right-of-use asset or lease liability.

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Under the provisions of Financial Instruments Topic 825 of the FASB Accounting Standards Codification, the Corporation is required to disclose the fair value of certain financial instruments. The carrying amounts shown on the financial statements for cash, tenant-shareholder receivable, accounts payable and accrued expenses, and current portions of long term debt approximate their fair value because of the short term nature of these instruments.

Recently Adopted Pronouncements

In February 2016, FASS issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the combined balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTE 3 – PROPERTY AND EQUIPMENT

The following table provides a reconciliation of property and equipment reported as of June 30:

	2023	2022	Useful Lives (Years)
Land	\$ 1,451,374	\$ 1,451,374	N/A
Building and improvements	129,712,824	128,066,743	15 - 27.5
Equipment	278,795	278,795	5 - 20
Total property and equipment	131,442,993	129,796,912	
Less: accumulated depreciation	(60,006,337)	(57,482,629)	
Property and equipment, net	\$ 71,436,656	\$ 72,314,283	

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$2,523,708 and \$2,496,293, respectively.

NOTE 4 – LONG-TERM DEBT

The following table provides a reconciliation of long-term debt reported as of June 30:

	2023	2022
First mortgage note payable	\$ 36,958,700	\$ 38,080,717
Second mortgage note payable	10,320,688	10,668,548
Subordinate note payable - HDC	4,933,664	4,933,664
Subordinate notes payable - 8A loans	12,147,240	12,147,240
Total debt	64,360,292	65,830,169
Less: deferred financing costs, net	(642,464)	(680,186)
Less: current portion of long-term debt	(1,567,603)	(1,469,877)
Long-term debt, net	\$ 62,150,225	\$ 63,680,106

LUNA PARK HOUSING CORPORATION (A COOPERATIVE HOUSING CORPORATION) NOTES TO FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Deferred financing costs consisted of the following at June 30:

	2023	2022
Deferred financing costs	\$ 1,107,087	\$ 1,107,087
Less: accumulated amortization	(464,623)	(426,901)
Deferred financing costs, net	\$ 642,464	\$ 680,186

Multifamily Note – First Mortgage Note Payable

On June 28, 2010 the Company borrowed \$47,000,000 from Wells Fargo Bank, National Association. The loan requires fixed self-amortizing monthly payments of \$302,969 including interest at 6.69% per annum commencing August 1, 2010 over a period of 30 years, and is due July 1, 2040.

Multifamily Note – Second Mortgage Note Payable

The Company borrowed \$13,000,000 from Wells Fargo Bank, National Association on August 23, 2013. The loan requires fixed self amortizing monthly payments of \$78,827 including interest at 5.69% per annum from October 1, 2013 through July 1, 2040. The terms of the note require the imposition of a prepayment penalty for early payments of principal for periods up to 3-months prior to the maturity date.

Principal payments due on the mortgage notes payable for the next five years and thereafter are as follows:

2024	\$ 1,567,603
2025	1,671,855
2026	1,783,073
2027	1,901,722
2028	2,028,302
Thereafter	38,326,833
	\$ 47,279,388

NYC “HDC Subordinate Mortgage - \$4,933,664

The Company refinanced its' existing first and subordinate mortgages on June 28, 2010. A new subordinate mortgage in the amount of \$4,933,664 was entered into with New York City Housing Development Company (HDC). This loan is for a period of 30 years and bears interest at 1% per annum with no monthly payments required. Interest will accrue and is due upon maturity. If on its thirtieth anniversary there is no default under the Regulatory Agreement and the Mortgage, then the unpaid principal amount shall be reduced to zero and deemed paid.

Accrued interest on the subordinate mortgage as of June 30, 2023 and 2022 was \$658,234 and \$608,897, respectively.

Subordinate Note Payable – The City of New York Article 8A Loan - \$9,000,000

This Note for \$9,000,000 was entered into on June 28, 2010 with HPD. This loan, which is for a period of 20 years and thereby due June 28, 2030, bears interest at 1% per annum with no monthly debt service payments required. Interest shall accrue until maturity. If on the maturity date the premises have been operated in full compliance with the provisions of Article II of the New York State Private Housing Finance Law, and the Regulatory Agreement, and there is no default under the loan documents, then the entire principal amount and accrued interest shall be forgiven.

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Subordinate Note Payable – The City of New York Article 8A Loan - \$4,000,000

This Note for \$4,000,000 was entered into on June 28, 2013 with HPD. This loan, which is for a period of 20 years and thereby due June 28, 2033, bears interest at 1% per annum with no monthly debt service payments required.

Interest shall accrue until maturity. If on the maturity date the premises have been operated in full compliance with the provisions of Article II of the New York State Private Housing Finance Law, and the Regulatory Agreement, and there is no default under the loan documents, then the entire principal amount and accrued interest shall be forgiven.

NOTE 5 – COMMERCIAL LEASES

Space	Expiration Date	Current Annual Amount	Next Base Rent Increase
Laundry (License Agreement)	12/1/2023	\$ 138,000	-
Dvora, Inc.	10/31/2023	\$ 41,606	-
21st Century Ideas Inc..	6/30/2024	\$ 16,888	7/1/2023
Nextel of New York (1)	-	\$ 33,376	-
NY Association of Holocaust Survivors	8/31/2024	\$ 6,753	-
Wolfson's Martial Arts Inc.	5/31/2026	\$ 18,725	-
SK Salon & Spa	12/31/2025	\$ 15,706	1/1/2023
NY Fire Department (1)	-	\$ 4,512	-
Genandi Rabinovich	9/30/2022	\$ 9,870	-
The Center for Artistic Development	7/31/2023	\$ 14,400	-
Pro Squad, Inc. (1)	-	\$ 13,464	-
EKM Corp.	11/30/2022	\$ 13,200	-
KA Way, Inc.	11/30/2022	\$ 9,600	-
Gekon Construction	1/31/2026	\$ 16,800	2/1/2025

(1) Billings are month to month

NOTE 6 – REAL ESTATE TAXES

The Company's real estate tax is based on 10% of the shelter rent, as defined in Section 33 of the Private Housing Finance Law. The estimated shelter rent expense for the period 7/1/2022 – 6/30/2023 is \$1,855,528, which is calculated as follows:

Estimated shelter rent	<u>\$ 18,555,280</u>
10% of estimated shelter rent	<u>\$ 1,855,528</u>

**LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – REAL ESTATE TAXES (CONTINUED)

The Company received a Temporary Certificate of Eligibility for the J-51 program, for capital improvements made to the buildings, commencing July 1, 2012. The temporary J-51 abatement was \$226,975 annually. On October 20, 2020, the Company received the final Certificate of Eligibility, which included a revised annual abatement of \$487,880. Since the J-51 abatement commenced July 1, 2012, New York City Department of Finance issued credits for the prior period differences and applied them to the 7/1/2021-6/30/2022 and 7/1/2022-6/30/2023 tax periods.

Real estate tax expense consisted of the following for the year ended June 30:

	2023	2022
Shelter rent expense	\$ 1,855,528	\$ 1,789,776
J-51 abatement	(780,583)	(3,139,579)
Real estate tax expense	\$ 1,074,945	\$ (1,349,803)

Real estate taxes receivable - estimated at June 30 is computed as follows:

	07/01/2022 - 06/30/2023	07/01/2021 - 06/30/2022
Estimated cumulative receivable - beginning	\$ (450,043)	\$ (702,331)
Shelter rent tax expense - estimated	1,855,528	1,789,776
J-51 abatement	(487,880)	(1,382,266)
	1,367,648	407,510
Less: applicable payments	(1,218,140)	(155,222)
Current (overpayment)/underpayment	149,508	252,288
Estimated cumulative receivable - ending	\$ (300,535)	\$ (450,043)

NOTE 8 – MANAGEMENT FEE

The management fee formula for all HPD supervised developments is based on a monthly fixed fee. Metro Management Development Inc. was retained as Managing Agent for the period commencing October 1, 2015 through June 30, 2017 at the HPD approved monthly rate of \$30,000. This contract has been extended to June 30, 2023 at the HPD approved monthly rate of \$32,632.

LUNA PARK HOUSING CORPORATION (A COOPERATIVE HOUSING CORPORATION) NOTES TO FINANCIAL STATEMENTS

NOTE 9 – MULTIEMPLOYER UNION PENSION PLAN

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 participation 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 June 30, 2022 and 2021, the Company's participation in the multiemployer plan is outlined below:

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

Plan Employer Identification Number: 13-1879376

Plan Number: 001

Collective Bargaining Agreement Expiration Date: April 20, 2026

Pension Protection Act Zone Status:

Year Beginning July 1, 2022 - Red (less than 65% funded)

Year Beginning July 1, 2023 - Red (less than 65% funded)

Funding Improvement Plan/Rehabilitation Plan Status: Implemented

Surcharges Paid to Plan: None

The information provided above is from the Plan's most current annual report for the year ended June 30, 2020. The Pension Protection Act Zone Status is the most recent zone status available, was provided to the Company by the Plan, and is certified by the Plan's actuary. 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 June 30, 2021 and 2020. In addition, under the Collective Bargaining Agreement ("Agreement") certain retired employees are eligible for health benefits as defined in the Agreement.

NOTE 10 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Company has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The Company has been accumulating funds which are held in separate bank accounts and are not available for expenditures for normal operations. When funds are required to meet future needs for major repairs and replacements, the Company could consider borrowing, increasing maintenance assessments, or delaying repairs and replacements until funds are available. The effect on future assessments if any, for funding these needs, has not been determined.

NOTE 11 – CONTINGENCIES

Various actions and/or lawsuits submitted to the Company's insurance carriers are pending. No determination can be made as to any possible loss to the Company in excess of insurance policy limits. Accordingly, the financial statements do not reflect any adjustments which may result from this uncertainty.

**LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – CONTINGENCIES (CONTINUED)

In addition, the Company's counsel has indicated that two former Board members of the Company and a former site employee have been indicted following an investigation by the Kings County District Attorney for, among other things, fraud and grand larceny relating to their association with the Company. The wrongdoing uncovered thus far appears to be confined to the granting of succession rights to apartments at Luna Park Housing Company. The investigation by the District Attorney is ongoing. As a result of the above investigation, a freeze has been put on apartment resales.

NOTE 12 – RECLASSIFICATION

Certain reclassifications have been made to the 2022 presentation to conform to the format used in 2023. The reclassifications have no effect on the excess of revenues over expenses for 2022.

NOTE 13 – SUBSEQUENT EVENTS

The Company's management has considered subsequent events through January 30, 2024 which is the date the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure under ASC 855.

				Annual	Prepaid	Additions	Expense	Prepaid	
	Policy Number	Type/Description	Amount/Limits	Term	Insurance	July 1, 2022	July 1, 2022	Insurance	
					July 1, 2022	June 30, 2023	June 30, 2023	June 30, 2023	
	ERP1341699-01	Commerical Property	\$100,000,000	01/15/22-01/15/23	\$ 580,345	\$ 314,354	\$ -	\$ 314,354	
				01/15/23-01/15/24	\$ 752,324	-	752,324	344,815	407,509
	3C40539-0	General Liability	\$2,000,000	08/16/21-08/16/22	\$ 466,036	58,255	-	58,255	
				08/16/22-08/16/23	\$ 466,036	-	466,036	407,782	58,255
	UM30184361	Umbrella	\$40,000,000	08/16/21-08/16/22	\$ 96,135	12,017	-	12,017	
				08/16/22-08/16/23	\$ 96,135	-	96,135	84,118	12,017
any	LPP685366	Directors & Officers	\$3,000,000	01/15/22-01/15/23	\$ 30,447	16,492	-	16,492	
				01/15/23-01/15/24	\$ 30,442	-	30,442	13,953	16,489
	UC24351169.20	Crime	\$6,000,000	01/15/22-01/15/23	\$ 16,078	8,709	-	8,709	
				01/15/23-01/15/24	\$ 16,078	-	16,078	7,369	8,709
	XSC16709081000	Excess Crime	\$7,000,000	01/15/22-01/15/23	\$ 17,510	9,485	-	9,485	
				01/15/23-01/15/24	\$ 17,510	-	17,510	8,025	9,485
	P-001-000765805-01	Cyber E&O	\$1,000,000	01/15/22-01/15/23	\$ 4,239	2,296	-	2,296	
				01/15/23-01/15/24	\$ 5,834	-	5,834	2,674	3,160
	PPK2371913	Environmental	\$2,000,000	01/15/22-01/15/23	\$ 28,623	15,504	-	15,504	
				01/15/23-01/15/24	\$ 23,942	-	23,942	10,973	12,969
	XSC16709081000	Commercial Auto	\$7,000,000	08/07/21-08/07/22	\$ 2,303	192	-	192	
				08/07/22-08/07/23	\$ 2,316	-	2,316	2,123	193
	75060530672022	Flood	\$600,000	01/15/22-01/15/23	\$ 23,922	12,958	-	12,958	
				01/15/23-01/15/24	\$ 23,376	-	23,376	10,714	12,662
	75060623382022	Flood	\$600,000	03/25/22-03/25/23	\$ 35,883	26,912	-	26,912	
				03/25/23-03/25/24	\$ 35,883	-	35,883	8,971	26,912
	75060718522022	Flood	\$600,000	07/11/21-07/11/22	\$ 39,023	1,626	-	1,626	
				07/11/22-07/11/23	\$ 6,123	6,123.00	-	6,123	
				07/11/22-07/11/23	\$ 39,023	-	39,023	37,397	1,626
				07/11/23-07/11/24	\$ 6,123	-	6,123	-	6,123
	EX20004807	Excess Flood	\$4,000,000	06/28/22-06/28/23	\$ 74,066	74,066	-	74,066	
				06/28/23-06/28/24	\$ 74,066	-	74,066	-	74,066
	946 024-7	Worker's Comp	Safety Group	03/29/22-03/29/23	\$ 10,295	7,721	-	7,721	
				03/29/23-03/29/24	\$ 10,999	-	10,999	2,750	8,249
	SWC1177743	Worker's Comp	Statutory	03/29/22-03/29/23	\$ 81,775	61,331	2,462	63,793	
	WWC3445411			03/29/23-03/29/24	\$ 92,539	-	83,938	23,135	
					\$ 628,040	\$ 1,686,487	\$ 1,595,301	\$ 719,227	

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
SCHEDULE OF ACCOUNTS PAYABLE

	As of June 30,	
	2023	2022
Employee benefits	\$ 110,859	\$ 26,727
Security	72,060	-
Accounting	51,000	29,050
Repairs & maintenance - supplies	36,342	43,056
Legal fees	29,534	61,629
Repairs - heating & plumbing	18,860	29,762
Architect, engineer & consultants	9,735	6,194
Repairs & maintenance	472	29,219
Telephone	406	-
Elevator maintenance and repairs	50	15,143
Insurance	-	6,815
Total accounts payable	\$ 329,318	\$ 247,595

See independent auditors' report

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
SCHEDULE OF CERTAIN EXPENSES

	Year ended June 30,	
	2023	2022
Wages:		
Super payroll	\$ 204,162	\$ 187,484
Landscaping payroll	202,641	193,641
Janitorial payroll	1,135,801	1,056,698
Maintenance payroll	1,090,974	1,006,550
Painting payroll	301,764	245,570
Total wages	\$ 2,935,342	\$ 2,689,943
Payroll taxes and benefits:		
Payroll taxes	\$ 256,373	\$ 234,158
Pension	300,403	287,843
Profit sharing	27,146	24,760
Health welfare benefits	1,030,208	832,522
Other benefits	13,177	17,105
Total payroll taxes and benefits	\$ 1,627,307	\$ 1,396,388
Materials and supplies:		
Repairs and maintenance supplies	\$ 263,682	\$ 211,800
Janitorial supplies	102,427	134,161
Compactor supplies	42,743	57,023
Plumbing supplies	37,009	6,736
Uniform expense	13,437	12,810
Miscellaneous supplies	9,735	24,915
Total materials and supplies	\$ 469,033	\$ 447,445
Elevator maintenance and repairs:		
Elevator repairs	\$ 15,876	\$ 88,209
Elevator contract	150,413	137,064
Total elevator maintenance and repairs	\$ 166,289	\$ 225,273

See independent auditors' report

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
SCHEDULE OF CERTAIN EXPENSES

	Year ended June 30,	
	2023	2022
Repairs and Maintenance:		
Dispatcher	\$ 69,189	\$ 62,019
Electric	371,161	9,421
Contracts	259,792	104,108
Compactor repairs	117,356	22,894
Plumbing	96,234	432,465
Contract - Cable	83,195	80,749
Pumps	60,838	10,429
Doors/locks	60,028	19,709
Boiler	35,829	31,064
Sprinklers	28,220	4,848
Ground supplies/contract	22,632	18,065
Heat	14,689	32,080
Water treatment contract	12,978	13,392
Flooring	12,888	124,965
Fire protection	12,806	1,672
Boiler inspection and filings	12,720	2,430
Boiler tube cleaning	11,759	6,086
Miscellaneous repairs and maintenance	26,112	12,119
Total repairs and maintenance	\$ 1,308,426	\$ 988,515
Utilities:		
Water and sewer	\$ 1,351,640	\$ 1,313,697
Electricity	2,099,843	1,626,413
Gas and oil	1,528,866	1,406,259
Total utilities	\$ 4,980,349	\$ 4,346,369
Administrative:		
Postage	\$ 24,294	\$ 19,459
Office expenses	41,878	36,353
Holiday bonus	18,850	14,450
Payroll processing	17,619	17,380
Credit check expense	10,496	15,259
Advertising	-	11,350
Board annual meeting	26,496	58,635
Miscellaneous administrative	35,580	33,408
Total administrative	\$ 175,213	\$ 206,294

See independent auditors' report