

SUNSET GREEN HOUSING CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

SUNSET GREEN HOUSING CORP.

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANTS' DISCLAIMER

To the Board
SUNSET GREEN HOUSING CORP.

The accompanying financial statements of Sunset Green Housing Corp. as of and for the periods ended December 31, 2021 and 2020, were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
March 31, 2022

SUNSET GREEN HOUSING CORP.

Balance Sheets

As of December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash in Bank and on Hand	51,990	53,280
Cash in Operating Account	36,489	28,558
Tenants' Accounts Receivable	28,904	28,475
Prepaid Expenses	59,663	101,639
Total Current Assets	<u>177,046</u>	<u>211,952</u>
FUNDS		
Operating Escrow and Reserves		
Cash and Equivalents	<u>2,286,927</u>	<u>2,408,462</u>
Total Funds	<u>2,286,927</u>	<u>2,408,462</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>972,842</u>	<u>945,397</u>
TOTAL ASSETS	<u><u>3,436,815</u></u>	<u><u>3,565,811</u></u>

	<u>2021</u>	<u>2020</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	158,700	194,353
Accrued Interest on Mortgage	10,985	11,197
Rents Received in Advance	2,963	5,325
Due to Stockholders - Real Estate Tax Credits	32,828	38,598
Exchanges Payable	36,754	36,654
Mortgage Payable - Amortization payments due within one year	<u>60,188</u>	<u>57,649</u>
Total Current Liabilities	<u>302,418</u>	<u>343,776</u>
LONG-TERM LIABILITIES		
Mortgage Payable (due after one year)	2,678,940	2,739,128
Less: Unamortized Debt Issuance Costs	<u>(26,955)</u>	<u>(32,347)</u>
Total Long-Term Liabilities	<u>2,651,985</u>	<u>2,706,781</u>
STOCKHOLDERS' EQUITY		
Common Stock \$10.00 par value; Authorized 17,500 shares; Issued and Outstanding 15,070 Shares	150,700	150,700
Paid-in Capital	958,010	958,010
Retained Earnings (Deficit)	(2,534,245)	(2,649,654)
Appropriated Retained Earnings:		
Reserve for Replacement	1,868,297	2,019,548
Reserve for Painting and Decorating	<u>39,650</u>	<u>36,650</u>
Total Stockholders' Equity	<u>482,412</u>	<u>515,254</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>3,436,815</u></u>	<u><u>3,565,811</u></u>

See accountants' disclaimer

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SUNSET GREEN HOUSING CORP.

Statements of Income

For the Nine Months Ended December 31,

	<u>2021</u>	<u>2020</u>
INCOME		
Carrying Charges - Net of Vacancy Loss\Uncollectable Charges	641,416	635,254
Garage and Parking Income	11,236	11,479
Laundry Room Income	4,630	3,644
Appliance Charges	12,316	11,769
Interest and Dividend Income	2,314	2,353
Surcharge Income	19,836	16,328
Real Estate Tax Refund	0	14,000
Miscellaneous Income	6,952	1,294
Total Income	<u>698,700</u>	<u>696,121</u>
EXPENSES		
Administrative Expenses	46,171	49,904
Utilities Expenses	193,739	146,582
Maintenance Expenses	130,264	159,688
Taxes and Insurance Expenses	184,420	182,542
Financial Expenses	90,701	92,550
Interest - Debt Issuance Costs	4,044	4,044
Total Expenses Before Depreciation	<u>649,339</u>	<u>635,310</u>
NET INCOME BEFORE DEPRECIATION	49,361	60,811
Depreciation	<u>(40,359)</u>	<u>(40,923)</u>
NET INCOME FOR THE PERIOD	<u>9,002</u>	<u>19,888</u>

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SUNSET GREEN HOUSING CORP.

Statements of Retained Earnings (Deficit)

For the Nine Months Ended December 31,

	<u>2021</u>	<u>2020</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(2,680,579)	(2,655,039)
Net Income for the Period	9,002	19,888
Allocation to/Release from Reserve for Replacements	171,866	20,250
Payment to Reserves		
Reserve for Replacements	(32,284)	(32,503)
Reserve for Painting and Decorating	<u>(2,250)</u>	<u>(2,250)</u>
RETAINED EARNINGS (DEFICIT) - End of Period	<u><u>(2,534,245)</u></u>	<u><u>(2,649,654)</u></u>

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SUNSET GREEN HOUSING CORP.

Statements of Cash Flows

For the Nine Months Ended December 31,

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Net Income	9,002	19,888
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	40,359	40,923
Interest Expense - Debt Issuance Costs	4,044	4,044
Revenue allocated to financing activities	(43,061)	(41,218)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(4,669)	24,599
Operating Escrow Deposits	128,181	3,214
Prepaid Expenses	(4,229)	(29,257)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(67,135)	(15,765)
Accrued Interest on Mortgage	779	786
Rents Received in Advance	(3,322)	(6,358)
Due to Stockholders	9,767	13,451
Exchanges Payable	100	(6,357)
Net cash provided by operating activities	<u>69,816</u>	<u>7,950</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(59,034)	(20,250)
Net cash used by investing activities	<u>(59,034)</u>	<u>(20,250)</u>
Cash Flows From Financing Activities		
Portion of Carrying Charges applied to Amortization of Mortgage	43,061	41,218
Amortization of Mortgage	(43,061)	(41,218)
Net cash provided (used) by financing activities	<u>0</u>	<u>0</u>
Increase (Decrease) in Cash and Cash Equivalents	10,782	(12,300)
Cash and Cash Equivalents at Beginning of Year	<u>77,697</u>	<u>94,138</u>
Cash and Cash Equivalents at End of Period (see next page)	<u><u>88,479</u></u>	<u><u>81,838</u></u>

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SUNSET GREEN HOUSING CORP.

Statements of Cash Flows

For the Nine Months Ended December 31,

	<u>2021</u>	<u>2020</u>
Represented by:		
Cash in Bank and on Hand	51,990	53,280
Cash in Operating Account	<u>36,489</u>	<u>28,558</u>
Cash and Cash Equivalents	<u><u>88,479</u></u>	<u><u>81,838</u></u>
 Supplemental Disclosure:		
Interest Paid	<u><u>88,985</u></u>	<u><u>91,764</u></u>

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SUNSET GREEN HOUSING CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Mar. 31, 2022</u>	Budget 9 Months <u>Dec. 31, 2021</u>	Actual 9 Months <u>Dec. 31, 2021</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Carrying Charges	857,172	642,877	642,877	0
Vacancy Loss	0	0	(1,461)	(1,461)
Garage and Parking Income	16,000	12,000	11,236	(764)
Laundry Room Income	5,000	3,750	4,630	880
Appliance Charges	16,000	12,000	12,316	316
Surcharge Income	22,000	16,500	19,836	3,336
Star Assessment	15,000	0	0	0
Miscellaneous Income	3,000	2,250	6,952	4,702
Total Receipts	<u>934,172</u>	<u>689,377</u>	<u>696,386</u>	<u>7,009</u>
EXPENDITURES				
ADMINISTRATIVE EXPENSES				
Management Fee	34,000	25,500	25,724	(224)
Legal Expense	2,000	1,500	231	1,269
Auditing	14,100	10,575	10,575	0
Office and Administrative Expenses	13,026	9,770	9,641	129
Total Administrative Expenses	<u>63,126</u>	<u>47,345</u>	<u>46,171</u>	<u>1,174</u>
UTILITIES EXPENSES				
Fuel	115,000	85,000	91,366	(6,366)
Electricity	78,000	63,000	64,556	(1,556)
Water and Sewer	41,000	32,000	33,952	(1,952)
Gas	4,500	3,375	3,865	(490)
Total Utilities Expenses	<u>238,500</u>	<u>183,375</u>	<u>193,739</u>	<u>(10,364)</u>
MAINTENANCE EXPENSES				
Superintendent's Payroll	50,000	37,500	37,680	(180)
Maintenance Payroll	54,000	40,500	46,925	(6,425)
Supplies	10,000	7,500	5,786	1,714
Repairs and Maintenance	40,000	30,000	33,006	(3,006)
Elevator Maintenance	10,000	7,500	5,657	1,843
Exterminating	2,000	1,500	1,210	290
Total Maintenance Expenses	<u>166,000</u>	<u>124,500</u>	<u>130,264</u>	<u>(5,764)</u>

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SUNSET GREEN HOUSING CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Mar. 31, 2022</u>	Budget 9 Months <u>Dec. 31, 2021</u>	Actual 9 Months <u>Dec. 31, 2021</u>	Variance Favorable <u>(Unfavorable)</u>
TAXES AND INSURANCE				
Real Estate Taxes	140,000	105,000	105,485	(485)
Payroll Taxes	8,000	6,000	6,561	(561)
Licenses and Permits	1,000	750	1,450	(700)
Insurance	45,000	33,750	33,029	721
Union Welfare and Pension Fund	51,000	38,250	37,895	355
Total Taxes and Insurance	<u>245,000</u>	<u>183,750</u>	<u>184,420</u>	<u>(670)</u>
FINANCIAL EXPENSES				
Interest on Mortgage	118,831	89,764	89,764	0
Interest on Credit Line	1,250	937	937	0
Total Financial Expenses	<u>120,081</u>	<u>90,701</u>	<u>90,701</u>	<u>0</u>
CONTRIBUTIONS TO EQUITY AND RESERVES				
Amortization of Mortgage	58,265	43,061	43,061	0
Reserve for Replacements	40,200	30,150	30,150	0
Reserve for Painting and Decorating	3,000	2,250	2,250	0
Total Contributions to Equity and Reserves	<u>101,465</u>	<u>75,461</u>	<u>75,461</u>	<u>0</u>
Total Expenditures	<u>934,172</u>	<u>705,132</u>	<u>720,756</u>	<u>(15,624)</u>
NET DEFICIT FOR THE PERIOD	<u><u>0</u></u>	<u><u>(15,755)</u></u>	<u><u>(24,370)</u></u>	<u><u>(8,615)</u></u>

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SUNSET GREEN HOUSING CORP.

Schedule of Repairs and Maintenance

For the Nine Months Ended December 31,

	<u>2021</u>	<u>2020</u>
Boiler and Burners	4,490	11,197
Plumbing and Pipes	14,338	7,102
Electrical, Intercom and Antenna	1,763	495
Painting, Plastering and Carpentry Work	4,071	21,181
Apartment Restoration Work	0	41,900
Apartment Restoration Rebilled to Shareholders	0	(31,538)
Appliances, Locks and Keys	2,091	2,227
Equipment and Fencing	2,312	1,203
Compactor and Incinerator	2,119	0
Rubbish Removal	0	936
Garage Door	272	409
Consultants	450	0
General	1,100	2,904
Total Repairs and Maintenance	<u>33,006</u>	<u>58,016</u>

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