PRATT TOWERS, INC.

FINANCIAL STATEMENTS FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

Rosa & Associates, CPA's, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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FINANCIAL STATEMENTS REPORT

Independent Auditors' Report

To the Board of Directors and Shareholders of
Pratt Towers, INC.

Opinion

We have audited the financial statements of Pratt Towers, INC., which comprise the balance sheet as of June 30, 2023 and 2022, and the related statements of operations, changes in stockholders' 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 Pratt Towers, INC. as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in conformity 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 Pratt Towers, 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 Pratt Towers, INC.'s ability to continue as a going concern for 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 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Pratt Towers, 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 Pratt Towers, 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.

Required Supplemental Information

The Corporation has not presented the information about the estimates of future costs of 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 information, though not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by the omission of this supplementary information.

Rosa & Associates

ROSA & ASSOCIATES, CPA's, PLLC
Jericho, New York
October 31, 2023

PRATT TOWERS, INC.
BALANCE SHEET AND CHANGES IN STOCKHOLDERS' EQUITY
JUNE 30, 2023 AND JUNE 30, 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 4)	$ 821,650	$ 861,842
Accounts receivable	1,456,910	1,334,542
Reserve for uncollectible accounts	(979,007)	(912,920)
Mortgage escrow account (Note 9)	287,871	446,626
Prepaid expenses (Note 5)	303,736	274,535
Total Current Assets	1,891,160	2,004,625
Funds		
Reserve fund balance (Note 17)	999,968	1,906,036
Chase bank-parking lot reserve account	9,046	8,882
Property and equipment (Note 6)	27,461,467	16,161,826
Total Assets	$ 30,361,641	$ 20,081,369
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses (Note 7)	$ 1,665,941	$ 1,458,858
Contracts payable (Note 14)	2,293,199	1,160,614
Total Current Liabilities	3,959,140	2,619,472
Long-Term Liabilities		
Mortgage payable-HDC building & project loans (Note 8)	25,513,495	14,567,429
Deferred mortgage interest payable (Note 8)	235,922	52,992
Due to (from) reserve fund (Note 17)	(820,408)	233,395
Total Liabilities	28,888,149	17,473,288
STOCKHOLDERS' EQUITY		
Capital stock - common (Note 10)	999,900	999,900
Capital contributions	5,682,293	5,682,293
Deficit	(5,208,701)	(4,074,112)
Total Stockholders' Equity	1,473,492	2,608,081
Total Liabilities and Stockholder's Equity	$ 30,361,641	$ 20,081,369

PRATT TOWERS, INC.

COMPARATIVE STATEMENT OF DEFICIT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023
AND JUNE 30, 2022

	2023	2022
Accumulated deficit - beginning	$ (4,074,112)	$ (3,925,410)
Net Loss	(1,134,589)	(148,702)
	(5,208,701)	(4,074,112)
Accumulated deficit - end	$ (5,208,701)	$ (4,074,112)

PRATT TOWERS, INC.

COMPARATIVE STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023
AND JUNE 30, 2022

	2023	2022
Income		
Rental Income		
Maintenance charges	$ 3,091,588	$ 2,850,690
Provision for uncollectible	(66,087)	(49,622)
Vacancy loss	(118,281)	(18,434)
Professional apartment	29,056	19,350
Gas and electricity	297,984	284,370
Parking income	74,318	76,843
Total Rental Income	3,308,578	3,163,197
Other Income		
Interest income	$ 52,485	$ 3,886
Air conditioners	67,375	75,825
Surcharge income	247,030	258,404
Laundry	34,800	34,800
Late charges	4,850	-
Miscellaneous income	12,159	11,175
Total Other Income	418,699	384,090
Total Income	3,727,277	3,547,287
Cost of Operations (See supporting schedules)		
Administrative Expenses	$ 301,732	$ 274,041
Operating Expenses	2,233,007	1,928,266
Maintenance Expenses	605,871	453,501
Taxes and Insurance	632,081	596,563
Financial Expenses	399,009	237,351
Total Cost of Operations	4,171,700	3,489,722
INCOME OR (LOSS) BEFORE DEPRECIATION AND SPECIAL ITEMS	(444,423)	57,565
Depreciation and Amortization (See supporting schedule)	(690,166)	(348,224)
Gain on extinguishment of debt-PPP loan forgiven (Note 19)	-	141,957
Net Loss	$ (1,134,589)	$ (148,702)

PRATT TOWERS, INC.

SUPPORTING SCHEDULES - STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023
AND JUNE 30, 2022

	2023	2022
Schedule of Administrative Expenses		
Management fee	$ 162,617	$ 155,861
Legal	41,598	6,649
Accounting	22,560	31,060
Office and administrative	74,957	80,471
Total Schedule of Administrative Expenses	$ 301,732	$ 274,041
Schedule of Operating Expenses		
Gas heating and fuel	$ 398,470	$ 203,947
Gas	28,440	18,008
Electricity	465,804	380,896
Payroll	559,247	533,269
Water meter charges	287,671	305,906
Security services	280,910	275,028
Pension and welfare	212,465	211,212
Total Schedule of Operating Expenses	$ 2,233,007	$ 1,928,266
Schedule of Maintenance Expenses		
Maintenance supplies	$ 108,979	$ 71,247
Repairs and maintenance	80,586	22,161
Elevator maintenance	38,331	33,409
Plumbing repairs	8,590	124,697
Boiler maintenance and repairs	104,647	59,503
Consultant fees	26,316	40,730
Landscaping	25,397	14,700
Apartment restoration	174,973	77,413
Painting and plastering	14,344	65,760
Miscellaneous maintenance contacts	48,196	30,600
Tenant charges	(24,488)	(86,627)
	605,871	453,593
Insurance recovery-water damage	-	(29,672)
Water damage repairs	-	29,580
Total Schedule of Maintenance Expenses	$ 605,871	$ 453,501

PRATT TOWERS, INC.

SUPPORTING SCHEDULES - STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023
AND JUNE 30, 2022

	2023	2022
Schedule of Taxes and Insurance		
New York City real estate tax	$ 280,991	$ 254,620
Corporation tax - prior year adjustment	-	(1,481)
Payroll taxes	48,011	43,614
Insurance	303,079	299,810
Total Schedule of Taxes and Insurance	$ 632,081	$ 596,563
Schedule of Financial Expenses		
Interest on mortgage	$ 206,803	$ 175,132
Deferred mortgage interest	160,434	52,992
Deferred mortgage interest-prior year	22,495	-
Interest-debt issuance costs amortized	9,277	9,227
Total Schedule of Financial Expenses	$ 399,009	$ 237,351
Schedule of Depreciation and Amortization		
Depreciation expense-bldg. improvements	$ 685,679	$ 338,844
Depreciation expense-bldg. equipment	1,057	5,950
Depreciation expense-lobby improvements	3,430	3,430
Total Schedule of Depreciation and Amortization	$ 690,166	$ 348,224

PRATT TOWERS, INC.

COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023
AND JUNE 30, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (1,134,589)	$ (148,702)
Noncash items included in Net Loss:		
Depreciation and Amortization	699,443	357,451
Deferred mortgage interest payable	182,930	52,992
Changes in:		
Accounts receivable	(122,368)	(219,342)
Reserve for uncollectible accounts	66,087	49,622
Prepaid expenses	(29,201)	28,906
Accounts payable and accrued expenses	207,082	84,767
Total adjustments	1,003,973	354,396
NET CASH FLOWS FROM OPERATING ACTIVITIES	(130,616)	205,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Improvements	(11,989,807)	(9,698,955)
Change in contracts payable	1,132,585	875,963
NET CASH FLOWS FROM INVESTING ACTIVITIES	(10,857,222)	(8,822,992)
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP loan forgiveness	-	(141,957)
Mortgage loan proceeds	10,936,790	8,899,016
NET CASH FLOWS FROM FINANCING ACTIVITIES	10,936,790	8,757,059
NET INCREASE IN CASH	(51,048)	139,761
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,989,991	2,850,230
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,938,943	$ 2,989,991
Supplemental disclosure of cash flow information		
Cash paid - mortgage interest	$ 206,803	$ 175,131

1. Nature of Organization

Pratt Towers, INC. is a cooperative housing corporation located at 333 Lafayette Ave, Brooklyn, NY. On July 26, 1961, the Corporation acquired the land, building, and improvements. The primary purpose of the Corporation is to manage the operations, maintain the common elements and provide residences for its shareholders by leasing to them, under proprietary leases, the apartments in the building owned by the Corporation. The Corporation consists of 326 residential apartments, a commercial space, and a garage.

2. Summary of Significant Accounting Policies

a) The Financial Accounting Standards Board (FASB) issued new accounting guidance that created Topic 606, *Revenue from Contract with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate-Common Interest Realty Associations, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services. The Corporation adopted the requirements of the new guidance as of January 1, 2021 with no adjustment to its financial statements for the year ended June 30, 2023 required.

b) The Corporation adopted an accounting standard update which requires that the Corporation change the presentation of debt issuance costs on the Corporation's financial statements. Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized over the term of the debt using the straight-line method, which approximates the effective interest method. Under the new method, debt issuance costs are presented as a reduction of long-term debt instead of being presented as an asset on the Corporation's balance sheet. Additionally, amortization of the debt issuance costs is reported as interest expense in the Statement of Operation on the Corporation's financial statements.

c) Fixed assets are reflected at historical cost less accumulated depreciation. Depreciation on the building, building improvements and equipment is being charged to operations, using the straight-line method, based on the estimated life of 50 years, and 10 to 27.5 years respectively.

d) Repairs, maintenance, and recurring replacements are charged to operations as incurred. Replacements which improve or extend the useful lives of properties are capitalized.

e) Tenant-stockholder maintenance is based on an annual budget adopted by the Board of Directors. Maintenance increases require the approval of the New York City Department of Housing and Preservation (HPD). Tenant - shareholders 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 charges and special assessments to shareholders for proprietary rentals are intended to cover operating expenses for the building, as well as to provide funds for building improvements and amortization of the mortgage debt. The Corporation's policy is to retain legal counsel for shareholders whose maintenance charges are substantially delinquent. The Corporation retains excess operating funds, if any, at the end of the operating year, for use in future operating periods.

f) Accompanying financial statement reflects tenants' accounts receivable in the amount of $1,456,910 which comprises past and current tenants accounts receivable. Based on management's evaluation of the collectability of shareholders' current account receivable in the amount of $477,903, are considered collectible after application of shareholders' available equity.The Corporation has established an allowance for uncollectible prior and current tenants' assessments after application of the shareholders' available equity. At June 30, 2023, the reserve for uncollectible accounts in the amount of $979,007 as reflected in the financial statement is based on the Corporation's policy currently in effect for the treatment of possible collection losses from those current and past tenants balances and whose maintenance, and other charged receivable exceed their equity. The Board is in the process of applying to NYC-HPD to authorize the write-off of these balances.

g) Amortization of deferred financing costs is charged to operations, on a straight-line method, over the 35-year term of the related mortgage.

h) For the purpose of the statement of cash flows, the Corporation considers all highly liquid investments readily convertible into cash with a maturity of three months or less to be cash equivalents.

i) The financial statements have been prepared in accordance with the U.S. generally accepted accounting principles on the accrual basis. The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Corporation has evaluated material events and transactions that occurred through October 31, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

3. Maintenance Increases

Pursuant to the Department of Housing Preservation and Development's review of an application for an increase in maintenance charges, the corporation received approval to implement the following increases:

a) An increase in carrying charge, including utilities, of 8.5% per room per month, effective November 1, 2021;

b) An increase in carrying charge, including utilities, of 8.5% per room per month, effective November 1, 2022;

c) An increase in carrying charge, including utilities, of 8.5% per room per month, effective November 1, 2023;

4. Cash And Cash Equivalents

	2023	2022
Chase-operating account	$ 106,151	$ 41,752
Apple Bank-community space	10,001	8,434
Apple bank -community room	9,798	11,021
Chase - Slate income account	27,779	2,290
Chase - Application fee account	121,259	119,961
Chase - debit card account	452	325
Chase Equity account	546,210	678,059
	$ 821,650	$ 861,842

5. Prepaid Expenses

	2023	2022
Prepaid insurance	$ 155,100	$ 111,800
Prepaid real estate tax	148,636	162,735
	$ 303,736	$ 274,535

6. Property and Equipment

	Cost	Accumulated Depreciation	Book Value 2023	Book Value 2022
Land	$ 422,153	$ -	$ 422,153	$ 422,153
Building	4,847,180	(4,847,180)	-	-
Building improvements	31,683,915	(4,657,814)	27,026,101	15,721,973
Building equipment	244,860	(241,932)	2,928	3,985
Lobby improvements	39,644	(29,359)	10,285	13,715
	$37,237,752	$ (9,776,285)	$27,461,467	$16,161,826

7. Accounts Payable And Accrued Expenses

	2023	2022
Accounts payable and accrued expenses (Note 18)	$ 693,737	$ 577,737
Escrow payable-community space	8,923	8,923
Application deposits payable	99,573	99,573
Apartment resale exchange account	826,144	772,625
Prepaid maintenance charges	37,564	-
	1,665,941	1,458,858

8. Long-Term Liabilities

	2023	2022
First Mortgage: On December 9, 2020, Corporation refinanced its preservation loan with NYC HDC first mortgage:	$ 5,080,556	$ 4,337,036
a) HDC first building loan in the principal amount of $6,275,988. This loan is interest only at 3.8% per annum during the period of construction (until June 30, 2023). Upon the completion of construction, this loan converts to a 35 year, self liquidating loan with an interest rate of 4.5% per annum. This loan matures on June 30, 2058 ("Maturity date").During the 35 year period monthly payments of principal, interest and/or fees are due in the amount of $29,702.		
b) HDC first project loan in the principal amount of $2,004,012. This loan is interest only at 3.8% per annum during the period of construction (until June 30, 2023). Upon the completion of construction, this loan converts to a 35 year, self liquidation loan with an interest rate of 4.5%. This loan matures on June 30, 2058 ("Maturity date"). During the 35 year period monthly payments of principal, interest and/or fees are due in the amount of $9,484.		
Second Mortgage: HDC City capital building loan- On December 9, 2020, Corporation refinanced its preservation loan with NYC HDC.	19,291,801	9,098,532
HDC city capital building loan in the principal amount of $22,400,000. This loan carries a fixed interest rate of 1% per annum. Upon the completion of construction, this loan converts to a 35 year term, and during this period there shall be no payments of principal, interest or fees. This loan matures on June 30, 2058 ("Maturity date"). Upon Maturity the entire unpaid principal with accrued interest, if any shall be due.		

Forth Mortgage: In June 2009, the Corporation received a loan from the City of New York in the amount of $2,273,635, pursuant to its Section 8-A loan program. The term of the loan is for thirty (30) years, with interest at 1% per annum. Commencing June 2010, the loan requires monthly payments of $7,529, applied first towards interest and the remainder to principal. The loan is self-liquidating and matures on June 1, 2039("Maturity Date"). The purpose of the loan is to fund various building improvement projects. The loan is secured by the land and building owned by the Corporation. On December 9, 2020, this loan was converted to HDC fourth Mortgage loan note in the principal amount of $1,440,979. Interest at 1% per annum during the period of construction (until June 30, 2023). Upon the completion of construction, this loan converts to a 35 year and there shall be no payments of principal, interest or fees. This loan matures on June 30, 2058 ("Maturity date"). At maturity entire unpaid principal with accrued interest, if any shall be due.	1,440,979	1,440,979
	25,813,336	14,876,547
Less: Net debt issuance costs	(299,841)	(309,118)
	$ 25,513,495	$ 14,567,429

9. Mortgage Escrow Accounts

Pursuant to the mortgage agreement with New York City Housing Development Corp., the Corporation is required to make monthly deposits of funds to escrow accounts, which are maintained by HDC, and will be used to pay the real estate taxes, water and sewer charges and insurance premiums of the Corporation.

10. Stockholders' Capital

	2023	2022
41,233 common shares authorized and issued at $24.25 par value	999,900	999,900
	999,900	999,900

11. Future Major Repairs and Replacements

The Corporation's governing documents do not require accumulation of funds to finance estimated future major repairs and replacements.

The Corporation has not conducted a formal 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, nor has the Board of Directors developed a plan to fund those needs. When funds are required for major repairs and replacements, the Corporation is authorized to utilize available reserve funds, borrow, increase maintenance charges, levy special assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

12. Capital Projects

Building improvements for the year ended June 30, 2023, amounted to $11,989,807 and consisted of the following:

Capital Improvement Project	$ 11,961,598
Retractable screen door	28,209
Total building improvements	$ 11,989,807

13. Corporation Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from nonpatronage sources, such as interest and commercial rents, in excess of expenses properly attributable thereto may be subject to tax. The Corporation believes that all of its income is effectively patronage-sourced and/or expenses allocable to potential non-patronage sourced income would equal or exceed such income. Accordingly, no provision 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. The Corporation is exempt from New York State Franchise and New York City income taxes.

At June 30, 2023, the Corporation has approximately $472,400 of net operating loss carryforwards for Federal income tax purposes, The loss carryforwards, if not used against future net taxable income, expire between the years 2023 and 2043, and approximately $770,500 of operating loss carryforwards, which may be carried forward indefinitely until the loss is fully recovered. Such loss carryforwards are fully deductible against 2023 taxable income and are thereafter limited to 80% of taxable income in any one tax period.

It is assumed by Management that the Corporation's benefit from any deferred tax benefits from prior net losses will be immaterial to the financial statements. Consequently, no deferred tax assets have been recognized in the accompanying financial statements.

14. Contingency - Contracts Payable

In August 2020, the Corporation entered into a contract in the amount of $27,619,494 for various capital improvement projects, excluding engineering costs. As of June 30, 2023, $20,638,797 was paid toward the contract. An additional $2,293,199 is reflected in the financial statement as contracts payable representing work completed on the contract but unpaid as of June 30, 2023. Funding for the capital improvement projects are being provided by the New York City Housing Development Corp. mortgage loans (see note 8).

15. Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to the concentration of credit risk consist principally of cash and cash equivalent accounts in financial institutions which, at times, may exceed the Federal depositing insurance coverage limit of $250,000. At June 30, 2023, cash and cash equivalents exceed federally insured limits by approximately $560,900.

16. Multiemployer Union Pension Plan

The Corporation 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: (1) assets contributed to the multiemployer 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, unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if the Corporation 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, 2023, and 2022, the Corporation's participation in the multiemployer plan is outlined below:

Legal Name: Building Service 32 BJ Pension Fund ("Plan")
Plan Number: 001
Collective Bargaining Agreement Expiration Date: April 20, 2026
Pension Protection Act Zone Status: Year ended June 30, 2023, and 2022 - Yellow
(less than 80% funded)
Funding Improvement Plan/Rehabilitation Plan Status: Implemented
Surcharges paid to Plan: None
Corporation's contributions:

Year ended June 30, 2023,	50,244
Year ended June 30, 2022,	54,156

Maximum Required Pension Contributions (per week, per employee):

Year ended June 30, 2023,	131
Year ended June 30, 2022,	126

The information provided is from the Plan's most current annual report for the year ended June 30, 2023. 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. The Corporation's contributions to the Plan are less than 5% of all employer's 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, 2023, and 2022. Also, under the Collective Bargaining Agreement ("Agreement"), certain retired employees are eligible for health benefits as defined in the Agreement.

17. Schedule of Reserve Fund Activity

	July 1, 2022 Balance	Additions	Expended	June 30, 2023 Balance
1. Replacement of Fixed Assets Fund				
a. Fund balance 7/1/22	$ (385,891)			
b. Additions during period		$ -		
Interest income		23,214		
c. Principal added during period		10,936,790		
d. Expended during period			$ (11,989,807)	
e. Fund balance 6/30/23				$ (1,415,694)
2. Contingencies Fund- Operating Reserve				
a. Fund balance 7/1/22	1,752,406			
b. Additions during period (monthly requirement - 3% of rent roll, maximum 25%		$ -		
Interest income		9,750		
d. Fund balance 6/30/23				1,762,156
3. Cyclical Redecorating Fund				
a. Fund balance 7/1/22	539,521			
b. Additions during period		-		
c. Additions during period (monthly requirement- $8,175)		$ 98,100		
Interest		15,885		
c. Expended during period			-	
d. Fund balance 6/30/23				653,506
4. TOTALS				
a. Fund balance 7/1/22	$ 1,906,036			
b. Additions during period		$ 11,083,739		
c. Expended during period			$ (11,989,807)	
d. Fund balance 6/30/23				$ 999,968

SUMMARY

Beal Bank - certificate of deposit		31,830
Beal Bank - certificate of deposit		32,142
NYC HDC - reserve for replacement		591,067
NYC HDC - operating reserve		338,809
NYC HDC - construction loan mortgagor equity		826,528
	$	1,820,376
Excess at 6/30/23	$	820,408

18. Schedule of Accounts Payable

Accounting	$	16,920
Legal		13,400
Gas heating and fuel		145,400
Electricity and gas		41,400
Payroll and benefits		27,767
Repairs and supplies		52,200
Capital projects		92,946
Miscellaneous administration		2,300
STAR/SCRIE rebates payable		203,515
Insurance		97,889
Total accounts payable (Note 7)	$	693,737

19. Paycheck Protection Program Loan (PPP)

In March 2021, the Corporation applied for and received a Paycheck Protection Program Loan, established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in the principal amount of $141,957 at a fixed rate of 1%. The loan shall remain due and payable until an application for forgiveness is made by the Corporation and approved by the lender and the small business association as applicable, all in accordance with Paycheck Protection Program requirements.

In February 2022, an application for forgiveness of the loan was made by the Corporation in accordance with all Paycheck Protection Program requirements. On March 2, 2022, the principal amount of the loan was forgiven and paid to the lender.

The forgiveness of the principal balance of the loan in the amount of $141,957 is reflected in the financial statements as gain upon extinguishments of debt.

PRATT TOWERS, INC.

SUPPLEMENTARY AND PROSPECTIVE INFORMATION REPORT

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516.932.7757

PRATT TOWERS, INC.

WORKING CAPITAL FLOW STATEMENT OF INCOME AND EXPENDITURES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023

	Budget (unaudited) 6/30/2023	Actual 6/30/2023	Actual 6/30/2022	Budget (unaudited) 6/30/2024
Income				
Maintenance charges	$ 3,101,900	$ 3,091,588	$ 2,850,690	$ 3,364,900
Professional apartment	19,400	29,056	19,350	30,000
Vacancy loss	(7,700)	(118,281)	(18,434)	-
Gas and electricity	304,500	297,984	284,370	310,000
Parking income	77,000	74,318	76,843	75,000
Interest income	-	52,485	3,886	-
Air conditioners	77,200	67,375	75,825	67,000
Laundry	34,800	34,800	34,800	34,800
Surcharge income	224,600	247,030	258,404	250,000
Miscellaneous income	-	17,009	11,175	-
Total Income	3,831,700	3,793,364	3,596,909	4,131,700
Total Expenditures	3,910,800	4,081,253	3,482,772	4,193,400
SURPLUS OR (DEFICIT)	$ (79,100)	$ (287,889)	$ 114,137	$ (61,700)

PRATT TOWERS, INC.

WORKING CAPITAL FLOW STATEMENT OF INCOME AND EXPENDITURES FOR THE TWELVE MONTHS ENDED JUNE 30, 2023

	Budget (unaudited) 6/30/2023	Actual 6/30/2023	Actual 6/30/2022	Budget (unaudited) 6/30/2024
Expenditures				
Administrative				
Management fee	$ 164,200	$ 162,617	$ 155,861	$ 162,600
Legal	106,900	41,598	6,649	58,000
Accounting	24,600	22,560	31,060	22,600
Office and administrative	68,600	74,957	80,471	78,000
Operating				
Gas heating and fuel	244,800	398,470	203,947	418,400
Electricity	419,000	465,804	380,896	489,100
Gas	16,500	28,440	18,008	29,900
Payroll	554,600	559,247	533,269	575,000
Water meter charges	319,700	287,671	305,906	302,100
Security services	284,200	280,910	275,028	284,200
Pension and welfare	188,400	212,465	211,212	218,800
Maintenance				
Repairs and maintenance	558,600	605,871	453,593	518,300
Taxes and Insurance				
New York City real estate tax	328,600	280,991	254,620	290,000
Payroll taxes	40,600	48,011	43,614	51,800
Insurance	263,400	303,079	299,810	348,500
Financial Expenses				
Allocation for reserve funds	98,100	101,759	53,696	98,100
Interest and amortization	230,000	206,803	175,132	248,000
Total Expenditures	$ 3,910,800	$ 4,081,253	$ 3,482,772	$ 4,193,400

PRATT TOWERS, INC.

REPORT ON SUPPLEMENTARY & PROSPECTIVE INFORMATION
JUNE 30, 2023

This budget forecast presents, to the best of management's knowledge and belief, the Corporation's expected results of operations for the forecast period. Accordingly, this forecast reflects management's judgment, as of the date of this budget forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the budget 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. The comparative historical information for 2023 and 2022 is extracted from the Corporation's financial statements for those years. Those financial statements should be read for additional information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

FORECAST ASSUMPTIONS (UNAUDITED)

The budget for the year ending June 30, 2024, includes the following assumptions:

a) Carrying charges and utility charges are based upon New York City HPD's rent increase of 8.5% effective November 1, 2023.

b) Gas heating and other utilities reflect consumption based on historical usage and increase in market rates.

c) The Corporation's labor union contract covers all employees. Labor costs and union benefits are projected based upon the applicable contract rates.

d) Repairs and maintenance are based upon historical experience and projected maintenance requirements.

e) Real estate taxes are based upon New York City's shelter rent formula.