TILDEN TOWERS HOUSING CO. SECTION II, INC.

FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED JUNE 30, 2022 and 2021

TILDEN TOWERS HOUSING CO. SECTION II, INC.

TABLE OF CONTENTS

Marin &
Montanye LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD B. MONTANYE, CPA
PATRICIA A. PRUSINSKI, CPA

Independent Auditor's Report

To: The Board of Directors and Shareholders of Tilden Towers Housing Co. Section II, Inc.

Opinion

We have audited the financial statements of Tilden Towers Housing Co. Section II, Inc., which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of operations, accumulated deficit and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tilden Towers Housing Co. Section II, Inc. as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tilden Towers Housing Co. Section II, 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 the 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 Tilden Towers Housing Co. Section II, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, 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.

1461 RXR PLAZA, UNIONDALE, NY 11556-1461 • (516) 625-3700 • (718) 347-8600 • FAX (516) 625-3881
www.marinmontanye.com

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 Tilden Towers Housing Co. Section II, 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, which raise substantial doubt about Tilden Towers Housing Co. Section II, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Omission of Required Supplementary Information

Management has omitted 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 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 not affected by the missing information.

March 8, 2023

Marin & Montanye LLP

TILDEN TOWERS HOUSING CO. SECTION II, INC. EXHIBIT A

BALANCE SHEETS

As of June 30, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash:		
Operating account	$ 32,461	$ 224,265
Recreation account	33,748	33,687
	66,209	257,952
Receivables:		
Shareholders' arrears	434,490	298,186
Less: Allowance for doubtful collections – (Note 4)	(152,981)	(108,481)
Real estate tax abatements and exemptions	4,582	-0-
Tenant settlement agreement – current	2,401	1,867
Escrow account – Due from NYC HDC	173,954	157,144
Prepaid Expenses:		
Insurance	109,905	113,804
Real estate tax	55,325	53,566
Other	67,500	56,410
TOTAL CURRENT ASSETS	761,385	830,448
FUNDS		
Replacement Reserve – Due from NYC HDC – Schedule 1 – (Note 6)	611,108	557,043
Capital Repair Escrow – Due from NYC HDC	133,527	132,901
TOTAL FUNDS	744,635	689,944
PROPERTY AND EQUIPMENT		
Land	508,983	508,983
Buildings and improvements	15,324,772	15,267,732
Equipment	257,291	257,291
Furniture and fixtures	13,432	13,432
Less: Accumulated depreciation	(11,394,164)	(11,116,172)
NET PROPERTY AND EQUIPMENT	4,710,314	4,931,266
OTHER ASSET		
Tenant settlement agreement – long term	-0-	534
TOTAL ASSETS	$ 6,216,334	$ 6,452,192

See Notes to Financial Statements.

TILDEN TOWERS HOUSING CO. SECTION II, INC. EXHIBIT A

BALANCE SHEETS

As of June 30, 2022 and 2021

LIABILITIES AND STOCKHOLDERS' DEFICIT

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 215,123	$ 234,507
Accrued mortgage and loans interest	32,708	33,225
Applicant's deposits payable	29,153	28,253
Prepaid maintenance charges	42,625	28,959
Resale equity and amortization payable	480,765	504,022
Mortgages payable – current portion	105,576	99,189
TOTAL CURRENT LIABILITIES	905,950	928,155
LONG TERM LIABILITY		
Mortgages payable – (Note 8)	6,279,935	6,379,131
Less: Current portion	(105,576)	(99,189)
Unamortized debt issuance costs – (Note 2)	(151,058)	(157,034)
TOTAL LONG TERM LIABILITY	6,023,301	6,122,908
TOTAL LIABILITIES	6,929,251	7,051,063
STOCKHOLDERS' DEFICIT		
Capital Stock – Common – Authorized 7,500 shares at $100 par value	750,000	750,000
Additional Paid-in Capital	1,081,618	1,081,618
Accumulated Deficit	(2,544,535)	(2,430,489)
TOTAL STOCKHOLDERS' DEFICIT	(712,917)	(598,871)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 6,216,334	$ 6,452,192

See Notes to Financial Statements.

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

For The Years Ended June 30, 2022 and 2021

	2022	2021
INCOME		
Rent Income		
Maintenance charges	$ 3,026,328	$ 3,001,309
Less: Vacancies	(54,533)	(43,019)
Parking	112,796	112,306
Total Rent Income	3,084,591	3,070,596
Other Income		
Laundry room	34,020	34,020
Air conditioners and appliances	20,496	20,702
Surcharges	97,796	112,114
FHA Section 236 Subsidy – (Notes 5 and 7)	-0-	393,668
Interest	5,869	12,370
Shelter rent tax refund	30,253	-0-
Miscellaneous	8,304	60,119
Total Other Income	196,738	632,993
TOTAL INCOME	3,281,329	3,703,589
COST OF OPERATIONS		
Administrative and Management Expenses		
Telephone and communications	3,966	4,978
Management	81,724	80,384
Legal	47,242	15,459
Auditing	17,800	16,800
Consulting	19,466	15,953
Office and administrative	11,134	12,708
Bad debt – (Note 4)	44,500	-0-
Total Administrative and Management Expenses	225,832	146,282
Operating Expenses		
Payroll	390,000	359,947
Exterminating	4,649	5,437
Security	300,651	274,077
Water and sewer charges	223,504	230,182
Electricity and gas	327,334	346,553
Fuel	321,594	229,819
Uniforms	3,561	5,221
Permits and miscellaneous operating	8,875	5,278
Total Operating Expenses	1,580,168	1,456,514

See Notes to Financial Statements.

TILDEN TOWERS HOUSING CO. SECTION II, INC. EXHIBIT B

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

For The Years Ended June 30, 2022 and 2021

	2022	2021
COST OF OPERATIONS – (continued)		
Repairs and Maintenance Expenses		
Maintenance materials and supplies	$ 38,751	$ 62,500
General repairs and maintenance	69,184	52,293
Plumbing and heating	111,239	102,349
Grounds	16,571	13,546
Elevator maintenance and repairs	65,163	60,094
Special repairs - Elevator	13,336	-0-
Total Repairs and Maintenance Expenses	314,244	290,782
Taxes, Insurance and Employee Benefits		
Shelter rent tax	247,309	247,009
Payroll taxes	29,613	31,535
Insurance	159,340	142,724
Employee benefits	159,532	174,801
Total Taxes, Insurance and Employee Benefits	595,794	596,069
Financial Expense		
Interest on mortgages payable – (includes amortized debt issuance costs)	401,346	415,386
Total Financial Expense	401,346	415,386
Depreciation		
Building improvements	271,382	288,950
Equipment and furniture	6,609	9,311
Total Depreciation	277,991	298,261
TOTAL COST OF OPERATIONS	3,395,375	3,203,294
NET INCOME (LOSS)	(114,046)	500,295
Beginning Accumulated Deficit	(2,430,489)	(2,930,784)
Ending Accumulated Deficit	$ (2,544,535)	$ (2,430,489)

See Notes to Financial Statements.

TILDEN TOWERS HOUSING CO. SECTION II, INC. EXHIBITS C & D

STATEMENTS OF CASH FLOWS

EXHIBIT C

For The Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (114,046)	$ 500,295
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation	277,991	298,261
Mortgage interest expense related to amortization of debt issuance costs	5,977	5,977
Increase in receivables	(157,696)	(23,231)
Increase in prepaid expenses	(8,950)	(6,073)
Increase in provision for doubtful accounts	44,500	-0-
Increase (Decrease) in accounts payable and accrued expenses	(43,701)	10,244
Increase in applicants deposits payable	900	2,750
Decrease in shelter rent payable	-0-	(27,013)
Interest earned on Reserve Funds	(1,491)	(8,094)
Total Adjustments	117,530	252,821
CASH PROVIDED BY OPERATING ACTIVITIES	3,484	753,116
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(42,831)	(76,406)
Increase in Replacement Reserves – Due from NYC HDC	(53,200)	(44,333)
CASH USED BY INVESTING ACTIVITIES	(96,031)	(120,739)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of mortgages principal	(99,196)	(513,976)
Equipment loan payments	-0-	(4,978)
CASH USED BY FINANCING ACTIVITIES	(99,196)	(518,954)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(191,743)	113,423
Cash, cash equivalents and restricted cash at beginning of year	257,952	144,529
Cash, cash equivalents and restricted cash at end of year	$ 66,209	$ 257,952

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

EXHIBIT D

	2022	2021
Cash paid during the year:		
Interest	$ 395,886	$ 411,384

Non-Cash Investing and Financing Activities:

Additions to property and equipment accrued were $30,583 and $16,374 for the years ended June 30, 2022 and 2021, respectively.

See Notes to Financial Statements.

1. ORGANIZATION

Tilden Towers Housing Co. Section II, Inc. (the "Corporation") was organized on May 18, 1968 in accordance with the provisions of Article 2 of the Private Housing Finance Law of the State of New York. The building, located in Bronx, New York, consists of 265 residential units and a superintendent's apartment. The primary purpose of the Corporation is to manage the operations of Tilden Towers Housing Co. Section II, Inc. and maintain the common elements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents
For the purpose of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Basis of Financial Statements
The Company's policy is to prepare its financial statements and income tax return on the accrual basis.

Depreciation
Property and equipment are stated at cost and are being depreciated over their estimated useful lives using the straight-line method. The building is fully depreciated as of the balance sheet date.

Amortization of Debt Issuance Costs
Costs incurred in obtaining long-term financing, included under mortgage payable on the balance sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the term of the related debt agreement, as applicable.

Revenue Recognition
Tenant-shareholders are subject to monthly maintenance charges to provide funds for the Corporation's operating expenses, future capital acquisitions, and repairs and replacements. An operating assessment is recognized as income when the related performance obligation (the purpose of the assessment) is satisfied. The performance obligations, relating to capital assessments, are satisfied and recorded as income when these funds are expended for their designated purpose. In accordance with FASB ASC 606, a capital assessment that is not expended in the current year will be deferred to subsequent years and will only be recognized as income when the performance obligation is satisfied.

Shareholder Maintenance - Accounts Receivable
Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose maintenance charges are delinquent. If any receivables become uncollectible, they will be charged to operations when that determination is made. Any excess maintenance charges at year end are retained by the Corporation for use in future years.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could deficiency from those estimates.

Reclassification
Certain items in the 2021 financial statements have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported net loss.

3. STATEMENTS OF CASH FLOWS

The following tables provide a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that adds to the total of the same amounts as shown in the statements of cash flows as of June 30, 2022 and 2021.

	2022	2021
Cash – Operating Account	$ 32,461	$ 224,265
Cash – Recreation Account	33,748	33,687
Total cash, cash equivalents and restricted cash as shown on the statements of cash flows	$ 66,209	$ 257,952

4. ALLOWANCE FOR DOUBTFUL COLLECTIONS

An allowance for doubtful collections was recorded representing past tenants' arrears in the amount of $152,981 and $108,481 for the years ended June 30, 2022 and 2021, respectively. The allowance was established to show the receivables at their net realizable value. The basis of the allowance was equivalent to former tenant arrears in excess of their respective amortization and equity not refunded.

5. SECTION 236 RENT SUBSIDY

The Corporation has an agreement with the U.S. Department of Housing and Urban Development Federal Housing Administration ("HUD") to subsidize tenant-shareholders' maintenance payments in accordance with Section 236 of the Housing and Urban Development Act of 1968. Tenant-shareholders' maintenance is subsidized based on their annual income and the size of their apartment.

6. RESERVE FUND

On August 28, 2012, the Corporation refinanced its existing mortgages with New York City Housing Development Corporation ("NYCHDC") and established an additional Reserve Fund held by NYCHDC. The Reserve Fund's initial deposit totaled $698,473. The Corporation is required to make monthly deposits to the Reserve Fund totaling $4,433 a month. The funds from this account were being used for the facade restoration project which was completed during the year ended June 30, 2019. As of June 30, 2022, the balance in the NYCHDC account totaled $611,108. These funds are also used to meet the requirements of the Department of Housing Preservation and Development ("HPD") to maintain various reserve funds in restricted bank accounts. .

7. HUD EXCESS RENT PAYABLE

In accordance with the agreement between the Corporation and HPD in regard to Section 236 of the Housing and Urban Development Act of 1968, the Corporation will receive interest reduction payments from HUD on its Co-First Mortgage A (Note 8). The interest reduction payments received from HUD for the years ended June 30, 2022 and 2021, totaled $-0- and $393,668 per year, respectively. As part of the agreement, the Corporation had to forward excess rent collected monthly, by the Corporation, to HUD. In 2009, HUD informed the Corporation that the Corporation did not have to repay HUD for the excess rent income of $1,558,905, based on the certification received by HUD that these funds were used to offset operating shortfalls.

8. MORTGAGES PAYABLE

First Mortgage Loan with HDC

On August 28, 2012, the Corporation entered into a mortgage with New York City Housing Development Corporation. The mortgage, collateralized by the land and building owned by the Corporation, in the principal amount of $10,180,000, consists of two parts. The first part referred to as Co-First Mortgage A consists of $3,210,000, and bears interest at a fixed rate of 4.25% and matures on March 1, 2021. Co-First Mortgage A was paid by HUD pursuant to the 236 subsidy. The second part consists of two sub-parts: Co-First Mortgage B-1 in the amount of $3,282,645and Co-First Mortgage B-2 in the amount of $3,687,355. Co-First Mortgage B-1 and B-2 bear interest at a fixed rate of 6.25% and are self-amortizing and mature on September 30, 2047.

Monthly payments for Mortgage A were $36,744. Monthly payments for Mortgage B-1 totaled $17,097 until September 1, 2013. From October 1, 2013 through maturity, the monthly payments for Mortgage B-1 are $19,431. Monthly payments of Mortgage B-2 were $19,205 until September 1, 2013. From October 1, 2013 through maturity, the monthly payments for Mortgage B-2 are $21,826. The total monthly payments for the debt service, not including the Section 236 subsidy, totaled $73,046 until September 1, 2013. From October 1, 2013 through maturity, the total monthly payment for the debt service, not including the Section 236 subsidy, will total $78,001. Mortgages B-1 and B-2 required interest only payments until September 1, 2013.

Pursuant to the mortgages, the following funds were deposited at closing with the lender for the term of the loan: $698,473 to fund the replacement reserve, $3,687,355 to fund the capital repair escrow and $513,749 to fund the escrow accounts used to pay for real estate taxes, water, sewer and insurance expenses.

Principal maturities of Mortgage B-1 over the next five years and thereafter are as follows:

Year Ending June 30:	
2023	$ 49,723
2024	52,921
2025	56,325
2026	59,948
2027	63,804
Thereafter	2,674,928

Principal maturities of Mortgage B-2 over the next five years and thereafter are as follows:

Year Ending June 30:	
2023	$ 55,853
2024	59,466
2025	63,269
2026	67,338
2027	71,670
Thereafter	3,004,690

Interest expense on the mortgages payable was $401,346 and $415,386 for the years ended June 30, 2022 and 2021, respectively, which includes amortized debt issuance costs of $5,977 for each of the years.

8. MORTGAGES PAYABLE – (continued)

Aggregate maturities of the mortgages payable over the next five years and thereafter are as follows:

Year Ending June 30:	
2023	$ 105,576
2024	112,387
2025	119,594
2026	127,286
2027	135,474
Thereafter	5,679,618

9. CORPORATE TAXES

The U.S. Tax Court has ruled that housing cooperatives are subject to Subchapter T of the Internal Revenue Code (IRC). Subchapter T limits the use of patronage losses as deductions to the extent of patronage income. Income is patronage sourced if it is derived from an activity that is so closely intertwined with the main cooperative effort that it may be characterized as directly related to, and inseparable from, the cooperative's principal business activity, and thus facilitates the accomplishment of the cooperative's business purpose. However, if the transaction or account which produces the income merely enhances the overall profitability of the cooperative, then the income is from non-patronage sources.

The Corporation believes all of its income is patronage sourced. 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.

Under the Tax Cuts and Jobs Act tax passed into law on December 22, 2017, the carryforwards of net operating losses ("NOL") generated for tax years beginning after December 31, 2017, no longer expire. However, these losses can only be used to offset 80% of taxable income in any one year. Losses incurred prior to years beginning January 1, 2018, can continue to be used to offset 100% of taxable income.

As of June 30, 2022, the Corporation had a total NOL of $4,420,634. The NOL of $4,290,287 will expire in various years through 2038. The remaining NOL of $130,347 generated from taxable losses subsequent to December 31, 2017 does not expire under present tax law. It is believed that the Corporation will not benefit from any deferred tax benefits resulting from prior net operating losses, therefore no deferred tax assets have been recognized.

For the year ended June 30, 2022, the Corporation has a patronage loss and is not liable for Federal tax. The Corporation is a limited profit housing company and is exempt from New York State and City taxes. Current tax expense is $-0-.

The Corporation's Federal tax return is subject to examination by the applicable taxing authority for a period of three years after filing the return.

10. CONTRIBUTIONS TO CAPITAL

The Corporation treats special assessments used for the acquisition of capital improvements and maintenance charges used for amortization of mortgage principal as contributions to capital for tax purposes only.

For the years ended June 30, 2022 and 2021, Paid-in Capital for tax purposes is as follows:

	2022	2021
Mortgages amortization	$ 99,196	$ 513,976

11. UNION BENEFITS

Substantially all of the Corporation's employees are members of the Service Employees International Union ("SEIU") Local 32BJ and are covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan (the "Plan"). The union agreement is effective April 21, 2022 and will expire on April 20, 2026. The Corporation makes contributions to the Plan based on the number of weeks worked by each employee covered under the union contract. During the years ended June 30, 2022 and 2021, the Corporation contributed $159,532 and $174,801, respectively, to the Plan of which $32,685 and $34,016, respectively, was for pension expense. The Corporation's contributions to the Plan were less than 5% of the Plan's total contributions.

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

In accordance with the Pension Protection Act of 2006, the Fund receives an annual certified zone status from its actuary, which summarizes its funding status. Plans in the "red zone" are generally less than 65% funded, plans in the "yellow zone" are 65% to 80% funded, and plans in the "green zone" are at least 80% funded. As of the date of issuance of these financial statements, the Fund's most recently available certified zone status was "yellow" for the plan year beginning July 1, 2022. The Fund is considered to be in endangered status for the plan year beginning July 1, 2022 and ending June 30, 2023 and its actuary has determined that the plan is expected to emerge from endangered status within the statutory timeframe. A Rehabilitation Plan aimed at restoring the Fund's financial health has been adopted. Information as to the Corporation's portion of the unfunded vested benefits and Plan assets has not been determined. The Corporation has no intention of withdrawing from the Plan.

12. TAX ABATEMENT

The Corporation has been granted an 80% abatement on the assessed value of the corporate property and a corresponding 60% abatement of real estate taxes, due, providing such abatement shall not result in real estate taxes being reduced to less than 10% of annual shelter rent.

13. LEGAL

Metered Appliances, Inc. is seeking $175,000 in money damages based upon the alleged improper termination of a license agreement concerning the operation of card-operating laundry equipment at the premises. The Corporation has asserted a counterclaim and the parties are conducting discovery.

14. FUTURE MAJOR REPAIRS AND REPLACEMENTS

As of June 30, 2022, the Corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation may have the right to borrow, utilize available cash, increase maintenance charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Subsequent to year end, in October 2022, the Corporation completed a Physical Needs Assessment report to identify needed improvements and repairs to the building and common elements and expected costs of those improvements and repairs. The total estimated cost of all improvements and repairs identified is approximately $28 million. The report has been prepared by licensed engineers who inspected the property. On October 27, 2022 a contract was entered into with Lawless & Mangione Architects Engineers, LLP, to perform architectural and engineering services related to the physical needs improvements and repairs identified. Their compensation for the initial phase of drafting contract documents will be 2% of construction costs or $540,000 whichever is less, and for construction administration hourly to a maximum of 3.5% of final negotiated construction costs. The Corporation plans to use loan proceeds to pay for these services. The study is available for review at the Corporation's managing agent's office.

15. COVID-19 CORONAVIRUS

In early 2020, the COVID-19 Coronavirus spread in the United States. As a result, this may cause the Corporation to experience disruptions that could severely impact its ability to carry out its activities. The impact of the outbreak of the COVID-19 Coronavirus continues to rapidly evolve. The extent to which the COVID-19 Coronavirus may impact the Corporation will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Due to any unknown factors that may come to light if this Coronavirus outbreak and any associated protective or preventative measures expand, as of the date of the auditor's report, the Corporation cannot reasonably estimate the impact to its activities, revenues, financial conditions or results of operations, however, such impact could be significantly negative.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 8, 2023, the date at which the financial statements became available for issuance. No events have occurred, except as disclosed in Note 14, that would require adjustments to, or disclosure in, the financial statements.

Marin &
Montanye LLP
CERTIFIED PUBLIC ACCOUNTANTS

RICHARD B. MONTANYE, CPA
PATRICIA A. PRUSINSKI, CPA

Independent Auditor's Report
On Supplementary Information

To: The Board of Directors and Shareholders of Tilden Towers Housing Co. Section II, Inc.

We have audited the financial statements of Tilden Towers Housing Co. Section II, Inc. as of and for the years ended June 30, 2022 and 2021, and our report thereon dated March 8, 2023, which expressed an unmodified opinion on those financial statements, appears on Pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supporting Schedule and Comparative Schedule of Income and Expenditures – Historical are presented for 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 information has been subjected to the auditing procedures applied in the audits 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

March 8, 2023

Marin & Montanye LLP

1461 RXR PLAZA, UNIONDALE, NY 11556-1461 • (516) 625-3700 • (718) 347-8600 • FAX (516) 625-3881
www.marinmontanye.com

TILDEN TOWERS HOUSING CO. SECTION II, INC.

SCHEDULE OF RESERVE FUND ACTIVITY

As of June 30, 2022 and 2021

	2022	2021
REPLACEMENT RESERVE	Schedule 1	
Balance – July 1,	$ 557,043	$ 506,881
Add: Interest earned and reinvested	866	5,829
Allocation $4,433 monthly	53,199	44,333
Reserve Fund – June 30,	$ 611,108	$ 557,043
Consisting of:		
Account at New York City Housing Development Corporation	$ 611,108	$ 557,043
TOTAL RESERVE FUND – June 30,	$ 611,108	$ 557,043

See Auditor's Report on Supplementary Information.

TILDEN TOWERS HOUSING CO. SECTION II, INC. EXHIBIT E

COMPARATIVE SCHEDULE OF INCOME AND EXPENDITURES – HISTORICAL

Years Ended June 30, 2022 and 2021 (Historical)

	2022 Actual	2021 Actual
INCOME		
Maintenance charges	$ 3,026,328	$ 3,001,309
Less: Vacancies	(54,533)	(43,019)
FHA Section 236 subsidy	-0-	393,668
Parking	112,796	112,306
Laundry room	34,020	34,020
Air conditioners and appliances	20,496	20,702
Late charges	100	-0-
Surcharges	97,796	112,114
Miscellaneous	8,204	33,106
Interest	5,869	12,370
TOTAL INCOME	3,251,076	3,676,576
EXPENDITURES		
Management	81,724	80,384
Legal	47,242	15,459
Auditing	17,800	16,800
Telephone and communications	3,966	4,978
Office and administrative	11,134	12,708
Consulting	19,466	15,953
Payroll	390,000	359,947
Exterminating	4,649	5,437
Security	300,651	274,077
Water and sewer charges	223,504	230,182
Electricity and gas	327,334	346,553
Fuel	321,594	229,819
Uniforms	3,561	5,221
Permits and miscellaneous operating	8,875	5,278
Maintenance materials	38,751	62,500
General repairs and maintenance	69,184	52,293
Plumbing and heating	111,239	102,349
Grounds	16,571	13,546
Elevator maintenance and repairs	65,163	60,094
Shelter rent tax	247,309	247,009
Payroll taxes	29,613	31,535
Insurance	159,340	142,724
Employee benefits	159,532	174,801
Mortgages interest and amortization **(1)**	494,565	923,385
Allocation for reserves	53,199	-0-
TOTAL EXPENDITURES	3,250,466	3,413,032
SURPLUS FROM OPERATIONS	$ 610	$ 263,544

(1) Excludes amortized debt issuance costs.

See Auditor's Report on Supplementary Information.