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**NAGLE APARTMENTS CORP.**

Financial Statements and  
Supplementary Information for the  
Years Ended December 31, 2023 and 2022

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Prisand, Mellina, Unterlack & Co., LLP  
Certified Public Accountants

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# NAGLE APARTMENTS CORP.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of  
NAGLE APARTMENTS CORP.  
31 and 37 Nagle Avenue  
14 Bogardus Place  
New York, NY 10040

### **Opinion**

We have audited the accompanying financial statements of NAGLE APARTMENTS CORP., which comprise the balance sheets (with supporting schedules) as of December 31, 2023 and 2022, and the related statements of revenues and expenses (with supporting schedules), changes in stockholders' equity, 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 NAGLE APARTMENTS CORP. as of December 31, 2023 and 2022, 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 NAGLE APARTMENTS CORP. 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 NAGLE APARTMENTS CORP.'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 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 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 NAGLE APARTMENTS CORP.'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 NAGLE APARTMENTS CORP.'s ability to continue as a going concern for a reasonable period of time.

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

## **Omission of Required Supplementary Information about Future Major Repairs and Replacements**

As discussed in Note 2, NAGLE APARTMENTS CORP. has omitted the supplementary information on 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.

*Risland, Mellin, Waterlock & Co., LLP*

Plainview, New York  
June 7, 2024

**NAGLE APARTMENTS CORP.  
BALANCE SHEETS  
AS OF DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 10,401	\$ 5,507
Accounts receivable	66,362	47,716
Prepaid expenses	59,272	58,451
Escrows and voluntary escrows	6,599	6,536
Total Current Assets	<u>142,634</u>	<u>118,210</u>
<b>Reserve Fund: (Note 3)</b>	116,899	141,074
Total Current Assets and Reserve Fund	<u>259,533</u>	<u>259,284</u>
 <b>Property and Improvements: (Notes 2 and 4)</b>		
Land	316,950	316,950
Buildings	1,796,050	1,796,050
Building improvements and equipment	6,179,697	6,080,708
Total	<u>8,292,697</u>	<u>8,193,708</u>
Accumulated depreciation	(4,442,748)	(4,230,016)
Net Property and Improvements	<u>3,849,949</u>	<u>3,963,692</u>
 <b>Other Assets:</b>		
Cash - security deposits	50,591	50,591
Cash - restricted (Notes 2 and 5)	10,000	10,000
Total Other Assets	<u>60,591</u>	<u>60,591</u>
Total Assets	<u>\$ 4,170,073</u>	<u>\$ 4,283,567</u>

The accompanying notes are an integral part of this statement.

**NAGLE APARTMENTS CORP.**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accrued mortgage and line of credit interest	\$ 7,958	\$ 7,519
Mortgage payable - current portion (Note 5)	174,831	168,910
Accounts payable and accrued expenses	239,387	250,628
Due to stockholders - real estate tax abatements	63,062	61,104
Insurance financing payable	31,932	29,825
Building improvements payable	16,664	19,640
Advance maintenance	12,131	2,306
Accrued real estate tax	3,892	524
Accrued wages and payroll taxes	3,180	3,254
Total Current Liabilities	553,037	543,710
<b>Long-Term and Other Liabilities:</b>		
Mortgage payable - net of current portion (Note 5)	2,271,298	2,446,129
Line of credit payable (Note 5)	120,000	-
Unamortized debt issuance costs (Note 2)	(90,286)	(100,462)
Net Long-Term Debt	2,301,012	2,345,667
Security deposits payable	50,591	50,591
Total Long-Term and Other Liabilities	2,351,603	2,396,258
Total Liabilities	2,904,640	2,939,968
<b>Stockholders' Equity:</b>		
Common stock - \$1.00 par value, 15,000 shares authorized, 12,120 shares issued	12,120	12,120
Paid-in capital in excess of par value	175,880	175,880
Paid-in capital from treasury stock (Note 6)	2,942,491	2,942,491
Additional paid-in capital	21,277	21,277
Accumulated deficit	(1,862,676)	(1,784,510)
Treasury stock - at cost (Note 6)	(23,659)	(23,659)
Total Stockholders' Equity	1,265,433	1,343,599
Total Liabilities and Stockholders' Equity	\$ 4,170,073	\$ 4,283,567

The accompanying notes are an integral part of this statement.

**NAGLE APARTMENTS CORP.  
SUPPORTING SCHEDULES - BALANCE SHEETS  
AS OF DECEMBER 31,**

	<b>2023</b>	<b>2022</b>
<b>Accounts Receivable:</b>		
Maintenance - Stockholders (Note 2)	\$ 41,717	\$ 24,162
Electricity submetering (billed in subsequent year)	11,245	11,354
Garage income (Note 8)	10,400	9,200
Laundry income	3,000	3,000
Total Accounts Receivable	\$ 66,362	\$ 47,716
 <b>Prepaid Expenses:</b>		
Insurance	\$ 41,099	\$ 40,278
Fuel	18,173	18,173
Total Prepaid Expenses	\$ 59,272	\$ 58,451
 <b>Escrows and Voluntary Escrows:</b>		
Mortgage and line of credit reserve	\$ 6,599	\$ 6,536

The accompanying notes are an integral part of this statement.

**NAGLE APARTMENTS CORP.**  
**STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Maintenance - Stockholders	\$ 1,101,121	\$ 1,079,333
Operating assessment (Note 7)	121,885	-
Garage income (Note 8)	121,200	121,200
Cable television income	96,455	81,055
Electricity submetering	80,326	80,898
Stockholders' parking (Note 8)	64,200	62,200
Sublet, late and other fees	33,205	35,814
Rental income (Note 6)	24,059	24,059
Laundry income	12,000	12,000
Interest and dividends	842	275
	<b>1,655,293</b>	<b>1,496,834</b>
 <b>EXPENSES</b>		
Administrative expenses	121,476	98,723
Operating expenses	738,841	728,331
Repairs and maintenance	194,133	151,555
Taxes	409,569	386,115
Financial expenses	104,545	107,893
	<b>1,568,564</b>	<b>1,472,617</b>
 <b>Income from operations before other items and depreciation expense</b>	 <b>86,729</b>	 <b>24,217</b>
Prior years' water and sewer credits	40,163	36,612
Prior year's insurance financing adjustment	7,674	-
Prior year's real estate tax refund (Note 10)	-	7,697
	<b>134,566</b>	<b>68,526</b>
 <b>INCOME BEFORE DEPRECIATION EXPENSE</b>	 <b>134,566</b>	 <b>68,526</b>
Depreciation expense	(212,732)	(191,672)
	<b>\$ (78,166)</b>	<b>\$ (123,146)</b>
 <b>Net Loss For The Year</b>	 <b>\$ (78,166)</b>	 <b>\$ (123,146)</b>

The accompanying notes are an integral part of this statement.



**NAGLE APARTMENTS CORP.**  
**SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<b>2023</b>	<b>2022</b>
<b>Administrative Expenses:</b>		
Management fee	\$ 55,000	\$ 55,000
Professional fees	51,835	27,445
Other administrative	14,041	14,930
Telephone and communications	600	1,348
	<u>\$ 121,476</u>	<u>\$ 98,723</u>
 <b>Operating Expenses:</b>		
<b>Utilities</b>		
Gas - heat and fuel	\$ 116,566	\$ 107,623
Electricity and gas	107,766	111,726
Water and sewer	59,747	58,167
	<u>284,079</u>	<u>277,516</u>
 <b>Payroll</b>		
Wages	165,383	167,470
Union benefits (Note 9)	72,726	70,278
Payroll taxes	13,616	14,297
Workers' compensation and disability insurance	4,433	8,829
	<u>256,158</u>	<u>260,874</u>
 <b>Other</b>		
Cable television	96,202	90,376
Insurance	93,598	89,131
Submetering billing services	6,182	6,007
Miscellaneous operating and permits	2,622	4,427
	<u>198,604</u>	<u>189,941</u>
	<u>\$ 738,841</u>	<u>\$ 728,331</u>

The accompanying notes are an integral part of this statement.

**NAGLE APARTMENTS CORP.**  
**SUPPORTING SCHEDULES - STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<b>2023</b>	<b>2022</b>
<b>Repairs and Maintenance:</b>		
Elevator maintenance and repairs	\$ 38,266	\$ 42,429
Plumbing	34,181	12,534
Painting, plastering and flooring	30,400	21,044
Grounds and landscaping	20,075	29,728
Exterminating	19,037	17,322
Materials and supplies	17,571	14,894
Boiler, heating and water treatment	12,448	5,019
Equipment	11,272	2,014
Doors, locks and windows	9,498	1,029
Electrical and intercom	1,385	5,542
Total Repairs and Maintenance	\$ 194,133	\$ 151,555
 <b>Taxes:</b>		
New York City real estate tax (Note 10)	\$ 407,708	\$ 382,665
Corporation taxes (Note 11)	1,861	3,450
Total Taxes	\$ 409,569	\$ 386,115
 <b>Financial Expenses:</b>		
Mortgage interest (Note 5)	\$ 87,079	\$ 92,816
Line of credit interest (Note 5)	7,290	-
Amortization of debt issuance costs (Note 2)	10,176	15,077
Total Financial Expenses	\$ 104,545	\$ 107,893
 <b>Depreciation Expense:</b>		
Building improvements	\$ 202,667	\$ 181,607
Building equipment	10,065	10,065
Total Depreciation Expense	\$ 212,732	\$ 191,672

The accompanying notes are an integral part of this statement.

**NAGLE APARTMENTS CORP.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<b>2023</b>	<b>2022</b>
<b>COMMON STOCK</b>		
Balance - January 1,	\$ 12,120	\$ 12,120
Transactions during the year	-	-
Balance - December 31,	\$ 12,120	\$ 12,120
<b>PAID-IN CAPITAL IN EXCESS OF PAR VALUE</b>		
Balance - January 1,	\$ 175,880	\$ 175,880
Transactions during the year	-	-
Balance - December 31,	\$ 175,880	\$ 175,880
<b>PAID-IN CAPITAL FROM TREASURY STOCK (NOTE 6)</b>		
Balance - January 1,	\$ 2,942,491	\$ 2,942,491
Transactions during the year	-	-
Balance - December 31,	\$ 2,942,491	\$ 2,942,491
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance - January 1,	\$ 21,277	\$ 21,277
Transactions during the year	-	-
Balance - December 31,	\$ 21,277	\$ 21,277
<b>ACCUMULATED DEFICIT</b>		
Balance - January 1,	\$ (1,784,510)	\$ (1,661,364)
Net loss for the year	(78,166)	(123,146)
Balance - December 31,	\$ (1,862,676)	\$ (1,784,510)
<b>TREASURY STOCK - AT COST (NOTE 6)</b>		
Balance - January 1,	\$ (23,659)	\$ (23,659)
Transactions during the year	-	-
Balance - December 31, (300 shares)	\$ (23,659)	\$ (23,659)

The accompanying notes are an integral part of this statement.

**NAGLE APARTMENTS CORP.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (78,166)	\$ (123,146)
<b>Adjustments to reconcile net loss to cash provided by operating activities:</b>		
Depreciation expense	212,732	191,672
Amortization of debt issuance costs	10,176	15,077
(Increase) in accounts receivable	(18,646)	(13,125)
(Increase) in prepaid expenses	(821)	(8,507)
(Increase) in escrows and voluntary escrows	(63)	(27)
(Decrease) increase in accounts payable and accrued expenses	(11,241)	39,098
Increase (decrease) in other current liabilities	17,623	(3,697)
Total Adjustments	<u>209,760</u>	<u>220,491</u>
Cash Provided By Operating Activities	<u>131,594</u>	<u>97,345</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in reserve fund	24,175	97,191
(Increase) in building improvements and equipment	(98,989)	(53,295)
(Decrease) increase in building improvements payable	(2,976)	4,390
Cash (Used) Provided By Investing Activities	<u>(77,790)</u>	<u>48,286</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Draw on line of credit payable	120,000	-
Amortization of mortgage payable	(168,910)	(163,190)
Cash (Used) By Financing Activities	<u>(48,910)</u>	<u>(163,190)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	4,894	(17,559)
Cash, cash equivalents and restricted cash at beginning of year	<u>15,507</u>	<u>33,066</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	<u>\$ 20,401</u>	<u>\$ 15,507</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 93,930	\$ 93,284
Income taxes paid - net of refunds	\$ 1,861	\$ 4,678

The accompanying notes are an integral part of this statement.

## NAGLE APARTMENTS CORP.

### Notes to Financial Statements

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#### Note 1 - ORGANIZATION

On May 20, 1980, Nagle Apartments Corp. (the "Corporation") was formed in order to acquire the property located at 31 Nagle Avenue, 37 Nagle Avenue and 14 Bogardus Place, New York, New York. The Corporation acquired the land and building on August 3, 1982. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code and contains 111 residential units and two superintendent's apartments. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements.

#### Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Presentation and Use of Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance 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 differ from those estimates.

##### **Property and Improvements**

Property and improvements are stated at cost. The buildings have been fully depreciated. Building improvements and equipment are depreciated on the straight-line method over estimated lives ranging from five to twenty-seven and one-half years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

##### **Future Major Repairs and Replacements**

The Corporation's governing documents do not require the accumulation of funds in advance of actual need to finance estimated future major repairs and replacements. Consistent with general practice in New York City, the Corporation has not promulgated a study to determine the remaining useful lives of the components of the buildings and estimates of the costs of major repairs and replacements that may be required. When funds are required for major repairs and replacements, the Corporation has the right to utilize available cash reserves and/or borrow, increase maintenance, implement special assessments, sell treasury stock units, or delay repairs and replacements until funds are available.

##### **Debt Issuance Costs**

In accordance with FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs related to a recognized debt liability are required to be presented in the accompanying balance sheets as a direct deduction from the carrying amount of the debt liability. Debt issuance costs are being amortized over the life of the related debt obligation on the straight-line basis. The amortization of debt issuance costs is reported as a financial expense in the Statements of Revenues and Expenses.

##### **Revenue Recognition and Accounts Receivable**

In accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, the Corporation recognizes revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services.

# NAGLE APARTMENTS CORP.

## Notes to Financial Statements

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### Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue Recognition and Accounts Receivable (continued)

Stockholders 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 and assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the stockholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are unreasonably delinquent. Any excess assessments at year end are retained by the Corporation for use in future years. As of December 31, 2023 and 2022, the Corporation's accounts receivable from stockholders were \$41,717 and \$24,162, respectively. Based upon past experience and other factors, the Corporation considers all accounts receivable at December 31, 2023 to be collectible. Accordingly, no allowance for doubtful accounts is required.

#### Income Taxes

The Corporation accounts for certain income items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to assessments used for capital improvements and any portion of maintenance charges used for mortgage amortization, which are accounted for as revenue for financial reporting purposes and as contributions to additional paid-in capital for income tax purposes.

#### Statements of Cash Flows

The Corporation considers all highly liquid investments (not allocated to the reserve fund) with a maturity of three months or less at the date of purchase to be cash equivalents.

In accordance with Accounting Standards Update 2016-18, *Statement of Cash Flows: Restricted Cash* ("ASU 2016-18"), the Corporation includes restricted cash and restricted cash equivalents with cash and cash equivalents in the beginning and end of period total amounts shown in the Statements of Cash Flows. The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Balance Sheets that sum to the total of the same such amounts in the Statements of Cash Flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 10,401	\$ 5,507
Restricted cash (Note 5)	<u>10,000</u>	<u>10,000</u>
Balance - December 31,	<u>\$ 20,401</u>	<u>\$ 15,507</u>

**NAGLE APARTMENTS CORP.**

**Notes to Financial Statements**

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**Note 3 - RESERVE FUND**

During 2023 and 2022, the following transactions have taken place in the Corporation's reserve fund.

	<u>2023</u>	<u>2022</u>
Balance - January 1,	\$ 141,074	\$ 238,265
Transfers from operations and escrow accounts	344,318	312,000
Interest and dividends - net of service charges	748	248
Transfers (to) operations and escrow accounts	( 369,241)	( 409,439)
Balance - December 31,	<u>\$ 116,899</u>	<u>\$ 141,074</u>

The reserve fund is held as follows:

BankUnited - Money Market Account	\$ 110,838	\$ 76,025
Apple Bank for Savings - Savings Account (Note 5)	<u>6,061</u>	<u>65,049</u>
Balance - December 31,	<u>\$ 116,899</u>	<u>\$ 141,074</u>

**Note 4 - PROPERTY AND IMPROVEMENTS AND CAPITAL ASSESSMENTS**

**Property and Improvements**

During 2023 and 2022, the following building improvements and equipment have been capitalized.

	<u>2023</u>	<u>2022</u>
Boiler replacement	\$ 55,100	\$ 18,370
Card access system	24,510	19,900
Façade restoration (FISP) (in progress)	12,879	-
Building equipment	6,500	-
Courtyard improvements	<u>-</u>	<u>15,025</u>
Total	<u>\$ 98,989</u>	<u>\$ 53,295</u>

During 2024, the Corporation anticipates spending approximately \$200,000 on a façade restoration project as mandated under New York City's Façade Inspection and Safety Program ("FISP") (formerly Local Law 11). This project is subject to change orders and professional fees as the work progresses and will be paid for with proceeds from the Corporation's reserve fund (Note 3) and a capital assessment.

**Capital Assessments**

During 2023, the Corporation approved a capital assessment of approximately \$140,000 to pay for a portion of the aforementioned façade restoration project. Stockholders will have the option of paying their proportionate share of the assessment in one installment of \$11.8443 per outstanding share during February 2024, or they can pay over twelve installments of \$1.0358 per share of outstanding stock, per month from February 1, 2024 through January 31, 2025.

During 2023, the Corporation approved a second capital assessment of approximately \$873,000 to pay for an elevator modernization project. This assessment will be billed to the stockholders over seven years at a rate of \$0.8794 per share of outstanding stock, per month from February 1, 2024 to January 31, 2031.

## NAGLE APARTMENTS CORP.

### Notes to Financial Statements

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#### Note 5 - MORTGAGE PAYABLE AND LINE OF CREDIT

##### **Mortgage Payable**

The mortgage payable, in the original principal amount of \$3,000,000, is held by Apple Bank for Savings. It requires monthly installments of \$21,373, applied first to interest at a rate of 3.45% per annum with the balance as a reduction of principal. The loan is secured by the land and buildings owned by the Corporation. It has a fifteen year, self-amortizing term, which is scheduled to mature on July 1, 2035.

The mortgage may be prepaid in whole, subject to a declining scale prepayment penalty as defined in the loan documents. However, the Corporation may also prepay up to 10% of the outstanding principal balance one time per annum, without penalty. During the last year of the term, the loan may be prepaid without penalty.

Mortgage payments due over the next five years are allocated as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 174,831	\$ 81,644	\$ 256,475
2025	180,959	75,516	256,475
2026	187,301	69,174	256,475
2027	193,866	62,609	256,475
2028	200,661	55,814	256,475

Pursuant to the loan documents, the Corporation is required to maintain a reserve account, in a minimum amount of \$10,000, with Apple Bank for Savings for the duration of the loan term. As of December 31, 2023, this account had a balance of \$16,061, which was allocated as \$10,000 of restricted cash and \$6,061 of unrestricted reserve cash (Note 3).

##### **Line of Credit**

The Corporation has an unsecured revolving line of credit, in a maximum draw amount of \$500,000, with Apple Bank for Savings. When funds are drawn, payments consisting of interest only will be required based on an interest rate equal to the greater of the 30-day SOFR (formerly LIBOR) plus 3.50% per annum, or 5.00%. The line of credit is scheduled to mature upon the earlier to occur of July 1, 2034, or the repayment or refinancing of the mortgage payable. During 2023, the Corporation drew \$120,000 of proceeds from the line of credit. As of December 31, 2023, this amount was outstanding.

#### Note 6 - TREASURY STOCK AND RENTAL INCOME

The following schedule summarizes the Corporation's acquisition and sale of treasury stock shares.

##### Acquisitions:

	<u>Shares</u>	<u>Cost</u>
Through 2000	1,780	\$ 113,254
2002	<u>1,545</u>	<u>150,000</u>
	<u>3,325</u>	<u>\$ 263,254</u>



**NAGLE APARTMENTS CORP.**

**Notes to Financial Statements**

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**Note 6 - TREASURY STOCK AND RENTAL INCOME (continued)**

Sales:

	<u>Shares</u>	<u>Gross Sales Price</u>	<u>Selling/Renovation Closing Costs</u>	<u>Acquisition Costs</u>	<u>Gain on Sales</u>
1997 - 2008	1,995	\$ 1,201,700	\$ 106,043	\$ 158,368	\$ 937,289
2009	105	276,000	30,865	8,280	236,855
2010	275	672,000	120,584	21,687	529,729
2011	270	673,390	198,052	21,292	454,046
2012	105	245,000	70,190	8,280	166,530
2013	140	350,000	106,498	11,040	232,462
2016	135	422,000	25,774	10,646	385,580
	<u>3,025</u>	<u>\$ 3,840,090</u>	<u>\$ 658,006</u>	<u>\$ 239,593</u>	<u>\$ 2,942,491</u>

Any gains on sales are recorded as paid-in capital from treasury stock. As of December 31, 2023 and 2022, the Corporation held 300 shares of treasury stock appurtenant to three apartments. It is the Board of Directors' intent to sell the treasury stock apartments as they become available for sale. As of December 31, 2023, the three treasury stock apartments were rented. Revenue from the treasury stock apartments is treated as rental income. Maintenance is reduced accordingly.

**Note 7 - OPERATING ASSESSMENT**

During 2023, the Corporation implemented an assessment of \$10.31 per share of outstanding stock, which generated \$121,885 for operating purposes. Stockholders had the option to pay their proportionate share of the assessment in one installment billed during July 2023, or over seven months from June 1, 2023 through December 31, 2023.

**Note 8 - GARAGE LEASE**

During August 2015, the Corporation leased the garage to a third party operator under a ten-year agreement which expires on October 31, 2025. On a monthly basis, the Corporation receives a contractual base rent from the garage operator less credits of \$200 per month for each resident stockholder who parks in the garage. The \$200 monthly parking fees of the resident stockholders are directly billed by the Corporation and are separately reported on the Statements of Revenues and Expenses.

During the next two years, the following minimum contractual base rents (before residential stockholder credits) are scheduled to be received.

<u>Year</u>	<u>Amount</u>
2024	\$ 198,000
2025 (ten months)	165,000

## NAGLE APARTMENTS CORP.

### Notes to Financial Statements

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#### Note 9 - UNION BENEFITS

Substantially all of the Corporation's employees are members of the Service Employees International Union ("SEIU") Local 32BJ and covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan (the "Plan"). The union agreement expires 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 2023 and 2022, the Corporation contributed \$72,726 and \$70,278, respectively, to the Plan of which \$14,480 and \$14,490, 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 risks of participating in a multiemployer pension plan are 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 July 1, 2023, the Fund's most recently available certified zone status was "yellow". The Fund is considered to be in "endangered status" for the plan year beginning July 1, 2023. However, its actuary has determined that the Fund is expected to meet its funding goals in the future.

As part of the Fund's efforts to improve its funding situation, the Trustees of the Fund previously adopted a rehabilitation plan which terms have been incorporated into the collective bargaining agreement between the Realty Advisory Board On Labor Relations, Inc. and the SEIU Local 32BJ. The current union agreement (the "2022 Apartment Building Agreement") provides for increased employer contributions of \$4.00 per week per annum for each eligible employee. As of January 1, 2024, the contribution rate was \$134.75 per week per employee. Information as to the Corporation's portion of the unfunded vested benefits and Plan assets has not been determined and normally will not be calculated without a withdrawal from the Plan. The Corporation has no intention of withdrawing from the Plan.

#### Note 10 - REAL ESTATE TAX

New York City real estate tax has been originally assessed as follows:

<u>Fiscal Year</u>	<u>Taxable Valuation</u>	<u>Tax Rate</u>	<u>Tax</u>
2020/21	\$ 3,218,500	12.267	\$ 394,813
2021/22	3,133,350	12.235	383,365
2022/23	3,270,910	12.267	401,243
2023/24	3,312,850	12.502	414,173

## NAGLE APARTMENTS CORP.

### Notes to Financial Statements

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#### Note 10 - **REAL ESTATE TAX** (continued)

The Corporation routinely protests the assessed valuation of its Property used for real estate taxation purposes. During 2022, protests were settled to reduce the actual assessed valuations for the 2021/22 tax year. This settlement resulted in a prior year refund of \$7,697 and current year credits of \$9,639. Professional fees of \$3,875 were incurred to achieve the aforementioned refund and credits. Currently, protests are "open" for tax years 2022/23 and 2023/24.

#### Note 11 - **CORPORATION TAXES**

The Corporation is qualified to file its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant-cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the year ended December 31, 2023 is patronage income within the meaning of Subchapter T

For the year ended December 31, 2023, the Corporation sustained an operating loss and will not be liable for Federal Income tax. As of December 31, 2023, the corporation had approximately \$3,583,400 of operating loss carryforwards for federal income tax purposes, which will expire in various years through 2037, and approximately \$1,406,000 of operating loss carryforwards, which may be carried forward indefinitely until the loss is fully recovered. Such loss carryforwards are limited to 80% of the Corporation's taxable income in any one tax period. Since the future utilization of these carryforward losses is uncertain, no related deferred tax assets have been recognized in the accompanying financial statements.

New York State Franchise and New York City Corporation taxes are calculated at the higher of tax based on the Corporation's net taxable income, capital base or prescribed minimum amounts.

The Corporation's tax returns for all years since 2020 remain open to examination by the respective taxing authorities. There are currently no tax examinations in progress.

#### Note 12 - **CONCENTRATION OF CREDIT RISK**

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses due to concentration of credit risk in such accounts.

#### Note 13 - **CLAIMS OR LITIGATIONS**

From time to time, claims or matters of litigation may arise in the ordinary conduct of the Corporation's business. In the opinion of management, claims or litigation outstanding against the Corporation at December 31, 2023 are either without merit or the ultimate losses, if any, would not have a material adverse effect on the financial position or results of operations of the Corporation.

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

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 7, 2024, the date that the financial statements were available to be issued.

**SUPPLEMENTARY AND PROSPECTIVE  
INFORMATION**



Jayson Prisand, CPA  
Robert A. Mellina, CPA  
Evan J. Unterlack, CPA  
David V. Agoglia, CPA

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT  
ON SUPPLEMENTARY AND PROSPECTIVE INFORMATION**

To the Board of Directors and Stockholders of  
NAGLE APARTMENTS CORP.  
31 and 37 Nagle Avenue  
14 Bogardus Place  
New York, NY 10040

Our report on our audits of the basic financial statements of NAGLE APARTMENTS CORP. for the years ended December 31, 2023 and 2022 appears on Pages 1 and 2, and was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Comparative Schedule of Revenues and Expenditures - Budget, Historical and Forecast is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also have compiled the accompanying operating budget forecast of NAGLE APARTMENTS CORP. for the year ending December 31, 2024, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecast or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

*Prisand, Mellina, Unterlack & Co., LLP*

Plainview, New York  
June 7, 2024 for Historical Statements  
December 18, 2023 for Forecast

**NAGLE APARTMENTS CORP.**

**Comparative Schedule of Revenues and Expenditures - Budget, Historical and Forecast**

	For The Year		Prior Year	Next Year
	January 1, 2023 - December 31, 2023		January 1, 2022 - December 31, 2022	January 1, 2024 - December 31, 2024
	Budget (Unaudited)	Actual	Actual	Forecast (Unaudited)
<b>REVENUES</b>				
Maintenance - Stockholders (1)	\$ 1,101,500	\$ 1,101,121	\$ 1,079,333	\$ 1,211,200
Operating assessment	120,000	121,885	-	-
Garage income	120,000	121,200	121,200	225,000
Cable television income	85,800	96,455	81,055	85,800
Electricity submetering	71,600	80,326	80,898	80,600
Stockholders' parking	62,000	64,200	62,200	64,200
Sublet, late and other fees	48,700	33,205	35,814	39,900
Rental income	23,300	24,059	24,059	24,300
Laundry income	12,000	12,000	12,000	12,000
Interest and dividends	-	842	275	-
<b>TOTAL REVENUES</b>	<b>1,644,900</b>	<b>1,655,293</b>	<b>1,496,834</b>	<b>1,743,000</b>
<b>EXPENDITURES</b>				
Management fee	55,000	55,000	55,000	57,000
Professional fees	14,300	51,835	27,445	46,200
Other administrative and telephone	16,000	14,641	16,278	14,100
Gas - heat and fuel	110,000	116,566	107,623	120,500
Electricity and gas	115,000	107,766	111,726	107,300
Water and sewer	59,500	59,747	58,167	60,300
Wages and related costs	265,500	256,158	260,874	292,400
Cable television	86,400	96,202	90,376	86,400
Insurance	95,000	93,598	89,131	104,000
Submetering billing service	6,000	6,182	6,007	6,000
Miscellaneous operating and permits	4,100	2,622	4,427	2,300
Repairs and maintenance	139,300	194,133	151,555	159,700
New York City real estate tax	418,300	407,708	382,665	418,900
Corporation taxes	4,500	1,861	3,450	4,500
Mortgage interest and amortization	256,000	255,989	256,006	257,400
Line of credit interest	-	7,290	-	6,000
<b>TOTAL EXPENDITURES</b>	<b>1,644,900</b>	<b>1,727,298</b>	<b>1,620,730</b>	<b>1,743,000</b>
Budgeted Surplus	<u>\$ -</u>			<u>\$ -</u>
<b>ACTUAL OPERATING LOSS</b>		(72,005)	(123,896)	
Mortgage amortization		168,910	163,190	
Prior years' water and sewer credits		40,163	36,612	
Prior year's insurance financing adjustment		7,674	-	
Amortization of debt issuance costs		(10,176)	(15,077)	
Prior year's real estate tax refund		-	7,697	
<b>INCOME BEFORE DEPRECIATION EXPENSE</b>		<u>\$ 134,566</u>	<u>\$ 68,526</u>	

(1) Maintenance has been increased by approximately 2% effective January 1, 2023 and 10% effective January 1, 2024.

See Independent Accountant's Compilation Report and Summary of Significant Accounting Policies and Forecast Assumptions.

## NAGLE APARTMENTS CORP.

### **Summary of Significant Accounting Policies and Forecast Assumptions For The Year Ending December 31, 2024**

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The 2024 operating budget forecast was prepared by the Corporation's Finance Committee and the management company (collectively "Management") and approved by the Board of Directors. The operating budget forecast presents, to the best of management's knowledge and belief, the Corporation's expected results of operations for the forecast period. Accordingly, the forecast reflects management's judgment as of December 18, 2023, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the 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.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **FORECAST ASSUMPTIONS**

##### **Revenues**

Maintenance is based on \$100,933 per month, which reflects a 10.0% increase effective January 1, 2024. Garage and rental income are based upon current lease terms and anticipated modifications due to lease extension. Electricity submetering is based upon monthly consumption reports generated by an independent consultant. Laundry income is based upon a contract. Other fees and income are based upon historical experience or contracts.

##### **Expenditures**

Payroll expenses and benefits are based upon a union contract and anticipated staffing requirements. Utilities are based upon rates set by the appropriate regulatory agencies. Gas - heat reflects average consumption over several years and current market conditions for price. Real estate is computed based on the anticipated assessed valuation times an estimated tax rate. A 2.75% increase in real estate tax has been anticipated for 2024. Debt service is based upon the payments required by the Corporation's outstanding mortgage payable and line of credit. Repairs and maintenance is based upon historical experience and anticipated maintenance requirements. Insurance reflects anticipated renewal premiums. Other expenses are based upon historical experience or contracts.

##### **Income Tax**

The Corporation is subject to Federal income tax based on net taxable income. The Corporation is also subject to New York State Franchise tax and New York City Corporation tax calculated at the higher of tax based on net taxable income, capital base or prescribed minimum amounts.