Financial Statements and Supplementary Information for the Years Ended December 31, 2024 and 2023

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

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Summary of Significant Accounting Policies and Forecast Assumptions

#### PRISAND, MELLINA, UNTERLACK & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

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



#### 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, 2024 and 2023, 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, 2024 and 2023, 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.

Plainview, New York

resand, Mellin, Unterlack + Co, Ul

June 10, 2025

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

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 10,401
Accounts receivable Prepaid expenses	146,854 67,980	66,362
Escrows and voluntary escrows	6,668	59,272 6,599
Total Current Assets	221,502	142,634
Reserve Fund: (Note 3)	134,586	116,899
Total Current Assets and Reserve Fund	356,088	259,533
Property and Improvements: (Notes 2 and 4)		
Land	316,950	316,950
Buildings	1,796,050	1,796,050
Building improvements and equipment	6,339,417	6,179,697
Total	8,452,417	8,292,697
Accumulated depreciation	(4,661,464)	(4,442,748)
Net Property and Improvements	3,790,953	3,849,949
Other Assets:		
Cash - security deposits	50,591	50,591
Cash - restricted (Notes 2 and 5)	10,000	10,000
Total Other Assets	60,591	60,591
Total Assets	\$ 4,207,632	\$ 4,170,073

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

	2024	2023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Cash overdraft	\$ 1,364	\$ -
Accrued mortgage and line of credit interest	7,374	7,958
Mortgage payable - current portion (Note 5)	180,958	174,831
Accounts payable and accrued expenses	238,765	239,387
Due to stockholders - real estate tax abatements	62,040	63,062
Insurance financing payable	47,511	31,932
Advance maintenance	13,866	12,131
Accrued wages and payroll taxes	4,176	3,180
Building improvements payable	-	16,664
Accrued real estate tax	-	3,892
Total Current Liabilities	556,054	553,037
Long-Term and Other Liabilities:		
Mortgage payable - net of current portion (Note 5)	2 000 240	2 271 209
Line of credit payable (Note 5)	2,090,340	2,271,298
Unamortized debt issuance costs (Note 2)	120,000	120,000
Chamortized debt issuance costs (Note 2)	(82,435)	(90,286)
Net Long-Term Debt	2,127,905	2,301,012
Deferred revenue from capital assessments (Notes 2 and 4)	90,639	-
Security deposits payable	50,591	50,591
Total Long-Term and Other Liabilities	2,269,135	2,351,603
Total Liabilities	2,825,189	2,904,640
Stockholders' Equity:		
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	(1,745,666)	(1,862,676)
Treasury stock - at cost (Note 6)	(23,659)	(23,659)
Total Stockholders' Equity	1,382,443	1,265,433
Total Liabilities and Stockholders' Equity	\$ 4,207,632	\$ 4,170,073

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

Accounts Receivable:	2024	
Maintenance - Stockholders (Note 2) Garage income (Note 8) Electricity submetering (billed in subsequent year) Laundry income	\$ 87,515 45,600 10,739 3,000	\$ 41,717 10,400 11,245 3,000
Total Accounts Receivable	\$ 146,854	\$ 66,362
Prepaid Expenses:		
Insurance Fuel Real estate tax	\$ 49,773 18,173 34	\$ 41,099 18,173
Total Prepaid Expenses	\$ 67,980	\$ 59,272
Escrows and Voluntary Escrows:		
Mortgage and line of credit reserve	\$ 6,668	\$ 6,599

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

		2024	2023
REVENUES			
Maintenance - Stockholders		\$ 1,211,017	\$ 1,101,121
Garage income (Note 8)		155,200	121,200
Electricity submetering		87,943	80,326
Cable television income		80,340	96,455
Stockholders' parking (Note 8)		65,200	64,200
Sublet, late and other fees		24,630	33,205
Rental income (Note 6)		24,285	24,059
Laundry income		12,000	12,000
Interest and dividends		1,461	842
Operating assessment (Note 7)		-	121,885
Total Revenues		1,662,076	1,655,293
EXPENSES			
Administrative expenses		96,173	121,476
Operating expenses		749,392	738,841
Repairs and maintenance		160,050	194,133
Taxes		419,037	409,569
Financial expenses		99,697	104,545
Total Expenses		1,524,349	1,568,564
Income from operations before other			
items and depreciation expense		137,727	86,729
Capital assessments - net of deferral (Note 4)		159,720	-
Prior years' water and sewer credits		38,278	40,163
Prior year's insurance financing adjustment		-	7,674
INCOME BEFORE DEPRECIATION EXPENS	E	335,725	134,566
Depreciation expense		(218,715)	(212,732)
Net Income (Loss) For The Year		\$ 117,010	\$ (78,166)

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

	2024	2023
Administrative Expenses:		
Management fee	\$ 57,000	\$ 55,000
Professional fees	22,182	51,835
Other administrative	16,391	14,041
Telephone and communications	600	600
Total Administrative Expenses	\$ 96,173	\$ 121,476 ————
Operating Expenses:		
Utilities		
Electricity and gas	\$ 115,657	\$ 107,766
Gas - heat and fuel	99,308	116,566
Water and sewer	53,875	59,747
	268,840	284,079
Payroll		
Wages	174,883	165,383
Union benefits (Note 9)	75,098	72,726
Payroll taxes	15,261	13,616
Workers' compensation and disability insurance	10,373	4,433
	275,615	256,158
Other		
Insurance	105,114	93,598
Cable television	89,276	96,202
Submetering billing services	5,754	6,182
Miscellaneous operating and permits	4,793	2,622
	204,937	198,604
Total Operating Expenses	\$ 749,392	\$ 738,841

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

	2024	2023
Repairs and Maintenance:		
Elevator maintenance and repairs	\$ 41,710	\$ 38,266
Painting, plastering and flooring	28,350	30,400
Grounds and landscaping	22,475	20,075
Plumbing	21,574	34,181
Boiler, heating and water treatment	19,298	12,448
Exterminating	13,337	19,037
Materials and supplies	11,271	17,571
Doors, locks and windows	1,633	9,498
Electrical and intercom	402	1,385
Equipment	<u>-</u>	11,272
Total Repairs and Maintenance	\$ 160,050	\$ 194,133
Taxes:		
New York City real estate tax (Note 10)	\$ 415,587	\$ 407,708
Corporation taxes (Note 11)	3,450	1,861
Total Taxes	\$ 419,037	\$ 409,569
Financial Expenses:		
Mortgage interest (Note 5)	\$ 81,141	\$ 87,079
Line of credit interest (Note 5)	10,705	7,290
Amortization of debt issuance costs (Note 2)	7,851	10,176
Total Financial Expenses	\$ 99,697	\$ 104,545
Depreciation Expense:		
Building improvements	\$ 208,650	\$ 202,667
Building equipment	10,065	10,065
Total Depreciation Expense	\$ 218,715	\$ 212,732

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

	2024	2023
COMMON STOCK		
Balance - January 1, Transactions during the year	\$ 12,120 -	\$ 12,120 -
Balance - December 31,	\$ 12,120	\$ 12,120
PAID-IN CAPITAL IN EXCESS OF PAR VALUE		
Balance - January 1, Transactions during the year	\$ 175,880 	\$ 175,880 -
Balance - December 31,	\$ 175,880	\$ 175,880
PAID-IN CAPITAL FROM TREASURY STOCK (NOTE 6)		
Balance - January 1, Transactions during the year	\$ 2,942,491 -	\$ 2,942,491 -
Balance - December 31,	\$ 2,942,491	\$ 2,942,491
ADDITIONAL PAID-IN CAPITAL		•
Balance - January 1, Transactions during the year	\$ 21,277 -	\$ 21,277 -
Balance - December 31,	\$ 21,277	\$ 21,277
ACCUMULATED DEFICIT		
Balance - January 1, Net income (loss) for the year	\$ (1,862,676) 117,010	\$ (1,784,510) (78,166)
Balance - December 31,	\$ (1,745,666)	\$ (1,862,676)
TREASURY STOCK - AT COST (NOTE 6)		
Balance - January 1, Transactions during the year	\$ (23,659) -	\$ (23,659) -
Balance - December 31, (300 shares)	\$ (23,659)	\$ (23,659)

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 117,010	\$ (78,166)
Adjustments to reconcile net income (loss)		
to cash provided by operating activities:		
Revenue allocated to financing activities	(159,720)	-
Depreciation expense	218,715	212,732
Amortization of debt issuance costs	7,851	10,176
(Increase) in accounts receivable	(80,492)	(18,646)
(Increase) in prepaid expenses	(8,708)	(821)
(Increase) in escrows and voluntary escrows	(69)	(63)
(Decrease) in accounts payable and accrued expenses	(622)	(11,241)
Increase in other current liabilities	12,813	17,623
Total Adjustments	(10,232)	209,760
Cash Provided By Operating Activities	106,778	131,594
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in reserve fund	(17,687)	24,175
(Increase) in building improvements and equipment	(159,720)	(98,989)
(Decrease) in building improvements payable	(16,664)	(2,976)
Cash (Used) By Investing Activities	(194,071)	(77,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amortization of mortgage payable	(174,831)	(168,910)
Draw on line of credit payable	-	120,000
Increase in deferred revenue from capital assessments	90,639	-
Capital assessments - net of deferral	159,720	-
Cash Provided (Used) By Financing Activities	75,528	(48,910)
Net (decrease) increase in cash, cash equivalents and restricted cash	(11,765)	4,894
Cash, cash equivalents and restricted cash at beginning of year	20,401	15,507
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 8,636	\$ 20,401
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 92,430	\$ 93,930
Income taxes paid - net of refunds	\$ 3,450	\$ 1,861

#### **Notes to Financial Statements**

#### 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.

#### 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, 2024 and 2023, the Corporation's accounts receivable from stockholders were \$87,515 and \$41,717, respectively. Based upon past experience and other factors, the Corporation considers all accounts receivable at December 31, 2024 to be collectible. Accordingly, no allowance for doubtful accounts is required.

#### Deferred Revenue (Contract Liability) From Capital Assessments Received In Advance

The Corporation recognizes capital assessment revenue from members as the related performance obligations are satisfied. A deferred revenue (contract liability) from capital assessments received in advance is recorded when the Corporation has received payment in advance of the satisfaction of the performance obligations related to a capital assessment. As of December 31, 2024, the Corporation's deferred revenue (contract liability) from capital assessments received in advance was \$90,639. See note 4 for additional information.

#### **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.

#### **Notes to Financial Statements**

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

#### Statements of Cash Flows (continued)

The following table presents a reconciliation of cash (overdraft), 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>2024</u>	<u>2023</u>
Cash (overdraft) and cash equivalents Restricted cash (Note 5)	(\$ 1,364) 10,000	\$ 10,401 10,000
Balance - December 31,	<u>\$ 8,636</u>	\$ 20,401

#### Note 3 - **RESERVE FUND**

During 2024 and 2023, the following transactions have taken place in the Corporation's reserve fund.

	<u>2024</u>	<u>2023</u>
Balance - January 1,	\$ 116,899	\$ 141,074
Transfers from operations and escrow accounts Interest and dividends - net of service charges Transfers (to) operations and escrow accounts	559,109 1,392 ( <u>542,814</u> )	344,318 748 ( <u>369,241</u> )
Balance - December 31,	\$ 134,586	<u>\$ 116,899</u>
The reserve fund is held as follows:		
BankUnited - Money Market Account Apple Bank for Savings - Savings Account (Note 5)	\$ 128,485 6,101	\$ 110,838 6,061
Balance - December 31,	<u>\$ 134,586</u>	<u>\$ 116,899</u>

## Note 4 - PROPERTY AND IMPROVEMENTS AND CAPITAL ASSESSMENTS

### **Property and Improvements**

During 2024 and 2023, the following building improvements and equipment have been capitalized.

	<u>2024</u>		<u>2023</u>
Facade restoration (FISP) (in progress)	\$ 134,269	\$	12,879
Elevator replacement	25,451		_
Boiler replacement	-		55,100
Card access system	-		24,510
Building equipment			6,500
Total	\$ 159,720	<u>\$</u>	98,989

#### Note 4 - PROPERTY AND IMPROVEMENTS AND CAPITAL ASSESSMENTS (continued)

#### Property and Improvements (continued)

During 2025, the Corporation anticipates spending approximately \$225,000 on a facade restoration project as mandated under New York City's Facade inspection and Safety Program ("FISP") (formerly Local Law 11) as well as \$195,000 on an elevator replacement project. These projects are 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 facade restoration project. Stockholders had the option of paying their proportionate share of the assessment in one installment of \$11.8443 per share of outstanding stock during February 2024, or they could pay it over twelve installments of \$1.0358 per share of outstanding stock, per month from February 1, 2024 through January 31, 2025. During 2024, the Corporation billed \$136,578 of this assessment.

During 2023, the Corporation approved a second capital assessment of approximately \$873,000 to pay for an elevator modernization project. This assessment is being 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. During 2024, the Corporation billed \$113,781 of this assessment.

During 2024, a portion of the aforementioned capital assessments were recorded as revenue and a portion was deferred (Note 2). During 2025, it is anticipated that the deferred portion of the capital assessments as of December 31, 2024 (\$90,639) will be recognized as revenue as the Corporation's building improvements projects progress.

#### 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:

Year Principal		Interest	<u>Total</u>	
2025	\$ 180,958	\$ 75,517	\$ 256,475	
2026	187,301	69,174	256,475	
2027	193,866	62,609	256,475	
2028	200,661	55,814	256,475	
2029	207,695	48,780	256,475	

#### Note 5 - MORTGAGE PAYABLE AND LINE OF CREDIT (continued)

#### Mortgage Payable (continued)

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, 2024, this account had a balance of \$16,101, which was allocated as \$10,000 of restricted cash and \$6,101 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, 2024, 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:**

	<b>Shares</b>		Cost			
Through 2000 2002	1,780 _1,545	\$	113,254 150,000			
	3,325	<u>\$</u>	263,254			

#### Sales:

	<u>Shares</u>	Gross Sales Price	Selling/Renovation Closing Costs	Acquisition Costs	<u>Gain</u> on Sales
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	<u>135</u>	422,000	25,774	10,646	385,580
	_3,025	<u>\$ 3,840,090</u>	<u>\$ 658,006</u>	\$ 239,593	\$ 2,942,491

Any gains on sales are recorded as paid-in capital from treasury stock. As of December 31, 2024 and 2023, 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, 2024, 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 was originally set to expire on October 31, 2025. As of September 1, 2024, a new extension agreement was reached. The new extension agreement is set to expire on October 31, 2030, and includes an option to mutually extend the lease for five additional years. On a monthly basis, the Corporation receives a contractual base rent from the garage operator less credits of \$250 per month for each resident stockholder who parks in the garage. The \$250 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 life of the extended lease, the following minimum contractual base rents (before residential stockholder credits) are scheduled to be received.

Year	Amount
2025 - 2029	\$ 300,000
2030 (ten months)	250,000

#### 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 2024 and 2023, the Corporation contributed \$75,098 and \$72,726, respectively, to the Plan of which \$14,400 and \$14,480, 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.

### Note 9 - UNION BENEFITS (continued)

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. The Fund was considered to be in endangered status ("yellow zone") for the plan year beginning July 1, 2023. As part of the Fund's efforts to improve its funding situation, the Trustees of the Fund previously adopted a rehabilitation plan, which was incorporated into the collective bargaining agreement between the Realty Advisory Board On Labor Relations, Inc. and the SEIU Local 32BJ. As of July 1, 2024, the Fund emerged from endangered status and is currently in neither critical nor endangered status. Its most recently available certified zone status is "green". 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.

#### Note 10 - **REAL ESTATE TAX**

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

Fiscal <u>Year</u>	Taxable <u>Valuation</u>	Tax <u>Rate</u>	<u>Tax</u>		
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		
2024/25	3,336,010	12.500	417,001		

The Corporation routinely protests the assessed valuation of its Property used for real estate taxation purposes. Currently, protests are "open" for tax years 2022/23 through 2024/25.

#### 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, 2024 is patronage income within the meaning of Subchapter T

The Corporation is subject to Federal income tax based on net taxable income. For the year ended December 31, 2024, the Corporation had net income for financial reporting purposes. However, due to permanent reporting differences between financial and tax reporting (Note 2), the Corporation is not currently liable for Federal income tax.

As of December 31, 2024, the corporation had approximately \$3,456,700 of operating loss carryforwards for federal income tax purposes, which will expire in various years through 2037, and approximately \$1,653,100 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 tac 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 2021 remain open to examination by the respective taxing authorities. There are currently no tax examinations in progress.

#### **Notes to Financial Statements**

#### 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, 2024 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 10, 2025, the date that the financial statements were available to be issued.

# SUPPLEMENTARY AND PROSPECTIVE INFORMATION

#### PRISAND, MELLINA, UNTERLACK & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

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, 2024 and 2023 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, 2025, 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.

Plainview, New York

June 10, 2025 for Historical Statements

resind, Mellin, Unterlack + Co, UP

December 16, 2024 for Forecast

tel: 516-348-7800 fax: 516-348-7801

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

	For The Year			Prior Year		Next Year			
				December 31, 2024		January 1, 2023 -		January 1, 2025 -	
					December 31, 2023		December 31, 2025		
	Budget		Actual		Actual			Forecast	
	J)	Jnaudited)						Jnaudited)	
REVENUES							`	,	
Maintenance - Stockholders (1)	\$	1,211,200	\$	1,211,017	\$	1,101,121	\$	1,260,100	
Garage income		225,000		155,200		121,200		219,700	
Electricity submetering		80,600		87,943		80,326		90,000	
Cable television income		85,800		80,340		96,455		91,200	
Stockholders' parking		64,200		65,200		64,200		80,300	
Sublet, late and other fees		39,900		24,630		33,205		45,000	
Rental income		24,300		24,285		24,059		25,100	
Laundry income		12,000		12,000		12,000		12,000	
Interest and dividends		-		1,461		842		1,000	
Operating assessment		-		-		121,885		-	
TOTAL REVENUES		1,743,000		1,662,076		1,655,293		1,824,400	
EXPENDITURES									
Management fee		57,000		57,000		55,000		57,000	
Professional fees		46,200		22,182		51,835		52,500	
Other administrative and telephone		14,100		16,991		14,641		7,000	
Electricity and gas		107,300		115,657		107,766		122,000	
Gas - heat and fuel		120,500		99,308		116,566		105,000	
Water and sewer		60,300		53,875		59,747		55,000	
Wages and related costs		292,400		275,615		256,158		293,000	
Insurance		104,000		105,114		93,598		140,000	
Cable television		86,400		89,276		96,202		90,500	
Submetering billing service		6,000		5,754		6,182		6,000	
Miscellaneous operating and permits		2,300		4,793		2,622		2,500	
Repairs and maintenance		159,700		160,050		194,133		179,000	
New York City real estate tax		418,900		415,587		407,708		424,000	
Corporation taxes		4,500		3,450		1,861		3,500	
Mortgage interest and amortization		257,400		255,972		255,989		257,400	
Line of credit interest		6,000	· · · · · · · · · · · · · · · · · · ·	10,705	·	7,290	•	9,600	
TOTAL EXPENDITURES		1,743,000		1,691,329		1,727,298		1,804,000	
Budgeted Surplus	\$	-					\$	20,400	
ACTUAL OPERATING LOSS				(29,253)		(72,005)			
Mortgage amortization				174,831		168,910			
Capital assessments - net of deferral			159,720		<b>-</b> .				
Prior years' water and sewer credits			38,278		40,163				
Amortization of debt issuance costs			(7,851)		(10,176)				
Prior year's insurance financing adjustment			-		7,674				
INCOME BEFORE DEPRECIATION EXPENSE			\$	335,725	\$	134,566			

<sup>(1)</sup> Maintenance has been increased by approximately 10% effective January 1, 2024 and 4% effective January 1, 2025.

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

# **Summary of Significant Accounting Policies and Forecast Assumptions For The Year Ending December 31, 2025**

The 2025 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 16, 2024, 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 \$105,008 per month, which reflects a 4.0% increase effective January 1, 2025. Garage and rental income are based upon current lease term. 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 2.02% increase in real estate tax has been anticipated for 2025. 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.