

Glen Oaks Village Owners, Inc.

FINANCIAL STATEMENTS **For the Years Ended December 31, 2023 and 2022**

Glen Oaks Village Owners, Inc.
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For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Glen Oaks Village Owners, Inc.
Glen Oaks, New York 11004

Opinion

We have audited the accompanying financial statements of Glen Oaks Village Owners, Inc. (The "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in shareholders' equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glen Oaks Village Owners, Inc., 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 Audits of the Financial Statements section of our report. We are required to be independent of the Company 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 the Company'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 Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audits 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 the Company'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 the Company'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 audits, significant audit findings and certain internal control related matters that we identified during the audits.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues and schedules of expenses 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management 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 the missing information.



Laufer LLP
August 26, 2024

Glen Oaks Village Owners, Inc.
Balance Sheets
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash		
Cash - Operating and Payroll Accounts	\$ 1,841,728	\$ 770,563
Cash in Name of Agent - Tenant Security - Restricted	255,517	254,570
Total Cash	<u>2,097,245</u>	<u>1,025,133</u>
Investments - Reserve Fund, at Fair Value	18,615,341	17,346,765
Shareholders Receivable	726,490	502,725
Mortgage Notes Receivable - Short-Term (Includes \$7,053 and \$15,998, Respectively, from Related Parties)	14,577	20,846
Rent Receivables	90,430	235,779
Sundry Receivables	111,775	82,241
Prepaid Expense	348,708	2,557,710
Maintenance and Hardware	1,220,080	1,189,778
Total Current Assets	<u>23,224,646</u>	<u>22,960,977</u>
Property and Equipment		
Land	17,761,880	17,761,880
Building	87,202,136	87,202,136
Building Improvements	42,330,508	41,149,452
Furniture, Fixtures and Equipment	838,991	759,907
Transportation Equipment	1,300,720	1,221,647
	<u>149,434,235</u>	<u>148,095,022</u>
Less: Accumulated Depreciation	(113,951,025)	(111,773,954)
Property and Equipment, Net	<u>35,483,210</u>	<u>36,321,068</u>
Non-Current Assets		
Notes Receivable - Homestead Program - Long-Term	96,500	126,500
Mortgage Notes Receivable - Long-Term (Includes \$170,772 and \$202,656, Respectively, from Related Parties)	348,545	390,113
Total Non-Current Assets	<u>445,045</u>	<u>516,613</u>
Total Assets	<u>\$ 59,152,901</u>	<u>\$ 59,798,658</u>
Liabilities and Shareholders' Equity		
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,824,019	\$ 1,817,815
Mortgage Interest Payable	66,915	65,751
Mortgage Payable - Current Portion	6,284,669	2,851,223
Deferred Revenue	580,282	265,464
Real Estate Tax Abatements and Exemptions Payable	266,003	266,003
Security Deposits Payable	293,048	293,518
Total Current Liabilities	<u>9,314,936</u>	<u>5,559,774</u>

Glen Oaks Village Owners, Inc.
Balance Sheets
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Long-Term Liabilities		
Mortgage Payable - Long-Term	\$ -	\$ 6,278,678
Loan Origination Costs (Net Unamortized)	(12,045)	(19,273)
Total Long-Term Liabilities	<u>(12,045)</u>	<u>6,259,405</u>
 Total Liabilities	 <u>9,302,891</u>	 <u>11,819,179</u>
Shareholders' Equity		
Capital Stock - \$1 Par Value; 400,000 Shares Authorized, 388,910 and 387,479 Shares Issued of which 34,332 and 34,225 shares were held as Treasury Stock at December 31, 2023 and 2022, Respectively	387,479	387,479
Capital in Excess of Par Value	120,175,655	118,706,260
Treasury Stock - At Cost	(4,566,973)	(4,321,797)
Accumulated Deficit	(66,146,151)	(66,792,463)
Total Shareholders' Equity	<u>49,850,010</u>	<u>47,979,479</u>
 Total Liabilities and Shareholders' Equity	 <u>\$ 59,152,901</u>	 <u>\$ 59,798,658</u>

Glen Oaks Village Owners, Inc.
 Statements of Operations
 For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues	\$ 27,386,941	\$ 28,402,151
Expenses	<u>28,631,036</u>	<u>28,226,224</u>
(Loss) Income Before Depreciation and Taxes	(1,244,095)	175,927
Depreciation	<u>(2,177,071)</u>	<u>(2,059,854)</u>
Operating Loss	(3,421,166)	(1,883,927)
Other Income (Loss)		
Net Unrealized Gain (Loss) on Investments	2,362,553	(4,753,954)
Net Realized Gain on Investments	1,003,198	-
Investment Income	552,825	783,916
Commercial Paper Income	-	223
Other Income (Loss)	<u>185,396</u>	<u>(19,340)</u>
Operating Income (Loss) before Provision for Income Taxes	682,806	(5,873,082)
Provision for Income Taxes	<u>(36,494)</u>	<u>(13,827)</u>
Net Income (Loss)	<u>\$ 646,312</u>	<u>\$ (5,886,909)</u>

Glen Oaks Village Owners, Inc.
 Statements of Changes in Shareholders' Equity
 For the Years Ended December 31, 2023 and 2022

	<u>Total</u>	<u>Capital Stock</u>	<u>Capital in Excess of Par Value</u>	<u>Treasury Stock (Cost)</u>	<u>Accumulated Deficit</u>
January 1, 2022	\$ 51,037,359	\$ 387,479	\$ 115,727,231	\$ (4,171,797)	\$ (60,905,554)
Transactions with Owners					
Purchased Units	(150,000)	-	-	(150,000)	-
Sale of Treasury Stock	2,979,029	-	2,979,029	-	-
Total Transactions with Owners	<u>2,829,029</u>	<u>-</u>	<u>2,979,029</u>	<u>(150,000)</u>	<u>-</u>
Net Loss	<u>(5,886,909)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,886,909)</u>
December 31, 2022	<u>\$ 47,979,479</u>	<u>\$ 387,479</u>	<u>\$ 118,706,260</u>	<u>\$ (4,321,797)</u>	<u>\$ (66,792,463)</u>
Transactions with Owners					
Purchased Units	(319,245)	-	-	(319,245)	-
Sale of Treasury Stock	1,543,464	-	1,469,395	74,069	-
Total Transactions with Owners	<u>1,224,219</u>	<u>-</u>	<u>1,469,395</u>	<u>(245,176)</u>	<u>-</u>
Net Income	<u>646,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>646,312</u>
December 31, 2023	<u>\$ 49,850,010</u>	<u>\$ 387,479</u>	<u>\$ 120,175,655</u>	<u>\$ (4,566,973)</u>	<u>\$ (66,146,151)</u>

The accompanying notes are an integral part of these financial statements.

Glen Oaks Village Owners, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Net Income (Loss)	\$ 646,312	\$ (5,886,909)
Adjustments To Reconcile Net Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,177,071	2,059,855
Interest Expense - Amortization of Loan Origination Costs	7,228	7,228
Net Unrealized (Gains) Losses on Investments	(3,365,751)	4,753,954
Interest Earned on Investments - Net	(231,314)	(783,916)
(Increase) Decrease In Operating Assets:		
Tenant - Shareholders Receivable	(223,765)	(253,804)
Rent Receivables	145,349	(53,890)
Prepaid Expenses	2,209,002	(268,058)
Maintenance and Hardware	(30,302)	(68,034)
Sundry Receivables	(29,534)	376
Investments - Fidelity	2,328,489	2,270,083
Increase (Decrease) In Operating Liabilities:		
Accounts Payable and Accrued Expenses	6,204	(244,512)
Mortgage Interest Payable	1,164	5,990
Deferred Revenue	314,818	47,311
Security Deposits Payable	(470)	8,150
Net Cash Provided by Operating Activities	<u>3,954,501</u>	<u>1,593,824</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(1,339,213)	(2,126,848)
Receipts from Notes Receivable - Homestead Program	30,000	35,000
Receipts from Mortgage Notes Receivable	47,837	26,988
Net Cash Used In Investing Activities	<u>(1,261,376)</u>	<u>(2,064,860)</u>
Cash Flows From Financing Activities		
Repayment of Mortgage Payable	(2,845,232)	(2,692,869)
Proceeds from Sale of Treasury Stock	1,543,464	2,980,368
Purchase of Treasury Stock	(319,245)	(151,339)
Net Cash (Used In) Provided by Financing Activities	<u>(1,621,013)</u>	<u>136,160</u>
Net Increase (Decrease) in Cash	1,072,112	(334,876)
Cash - Beginning of Year	<u>1,025,133</u>	<u>1,360,009</u>
Cash - End of Year	<u>\$ 2,097,245</u>	<u>\$ 1,025,133</u>
Supplemental Disclosures of Cash Flows Information		
Cash Paid During The Year For:		
Interest	<u>\$ 466,670</u>	<u>\$ 574,232</u>
Income Taxes	<u>\$ 2,775</u>	<u>\$ 13,827</u>

1. Nature of Organization

Glen Oaks Village Owners, Inc., a Cooperative Housing Corporation, (the “Company”) and SB Investors, Ltd., a Florida limited partnership, as Sponsor, entered into a Contract of Sale (the “Contract”), dated February 25, 1980, to sell, transfer, and convey fee and leasehold title to the land and buildings known as Glen Oaks Village, located in the Glen Oaks area of Queens County in the City and State of New York (the “Property”).

Pursuant to the terms, covenants and conditions of the Contract and the Offering Plan (the “Plan”) to convert the Property to Cooperative Ownership, dated October 24, 1980, as amended, the Company acquired (i) fee title to 134 separate buildings, (ii) all of Sponsor’s right, title and interest in the leasehold estate covering the buildings and the entire parcel of land on which the buildings are located, and (iii) fee title to the land.

The Property was conveyed to the Company on April 14, 1981. The facility contains 2,904 apartment units in two non-contiguous areas on approximately 110 acres of land. The Company is responsible for the operations and maintenance of the common facilities of the 2,904 apartment units, buildings and property.

2. Summary of Significant Accounting Policies

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and in accordance with the Accounting Standards Codification (ASC) established by the Financial Accounting Standards Board (FASB).

Cash in Name of Agent – Tenant Security – Restricted cash represents cash collected from certain shareholders held in the shareholder’s names at a financial institution.

Investments – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses on investments in equity securities, including mutual funds holding debt securities, and realized gains and losses on investments in debt securities held directly are reported as other income for the years ended December 31, 2023 and 2022; whereas unrealized gains and losses on investments in debt securities held directly, if any, would be reported as other comprehensive income (loss). For purposes of the statements of cash flows, short-term, highly liquid investments available for current use with initial maturities of three months or less would be considered cash equivalents.

Revenue Recognition – The Company complies with the ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model to determine when and how revenue is recognized. The Company determines revenue recognition by applying the following:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue as the performance obligations are satisfied.

Glen Oaks Village Owners, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Assessment revenue is recognized when or as the related performance obligations, as indicated by the purpose and use of the assessment, are satisfied. The performance obligation is generally believed to be the expenditure of the assessed funds for the intended purpose and until then are reflected as contract liabilities on the balance sheet. The Company's performance obligations relating to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to replacement fund assessments or special assessments, if assessed, are satisfied when these funds are expended for their designated purpose. Any excess fees received at year end are retained by the Company for use in future years. Maintenance revenue as of December 31, 2023 and 2022 totaled \$22,261,118 and \$22,121,347, respectively.

Maintenance Charges and Assessments, Less Allowances – Accounts receivable consist primarily of assessments receivable from homeowners for monthly member assessment charges assessed by the Board of Directors for the operations and maintenance of the Company. The Company determines the past due status of assessments receivable based on contractual terms with each homeowner and evaluates the collectability of assessments receivable to determine an appropriate allowance for credit losses on assessments receivables. To calculate an allowance for credit losses, the Company estimates uncollectible amounts based on historical loss experience, current economic conditions, collection experience for the relevant homeowner, and expectations regarding future losses. An allowance for credit losses is recognized only on rent receivables as the Company acts as the landlord. Shareholder receivables do not recognize an allowance for credit losses as past arrears are collected upon the sale of the unit and delinquent accounts are handled through a legal process or payback arrangement. As of December 31, 2023, an allowance of \$30,000 was deemed warranted. The Company's policy is to send a letter to tenant-shareholders whose assessments are 30 days or more delinquent and to retain legal counsel and place liens on the stock of tenant-shareholders whose assessments are 60 days or more delinquent. Any excess assessments at year-end are retained by the Company for use in the succeeding year. The maintenance receivable as of December 31, 2023 and 2022 are \$726,490 and \$502,725, respectively. The Company collected special assessments in the amounts of \$827,691 and \$1,487,760 as of December 31, 2023 and 2022, respectively for School Tax Relief (STAR) credits. For the years ended December 31, 2023 and 2022 no reserve assessments were imposed on tenant-shareholders.

Contract Liabilities – Maintenance Charges Received in Advance – The Company recognizes revenue from members as the related performance obligations are satisfied. A contract liability (prepaid maintenance assessment) is recorded when the Company has the right to receive payment in advance of the satisfaction of performance obligations related to maintenance assessments. The balances of contract liabilities (prepaid maintenance assessments) as of December 31, 2023 and 2022 were \$416,602 and \$265,464, respectively and are included in deferred revenue on the accompanying balance sheets.

Notes Receivable – Notes receivable are stated at unpaid principal balances and are recognized on the dates that they are originated. Interest is recognized over the term of a note and is calculated using the effective-interest method. Management considers a note impaired when based on current information or factors (such as payment history), it is probable that the principal and interest payments will not be collected according to the loan agreement. Management does not consider any loan to be impaired at December 31, 2023 and 2022. The Company believes that the carrying amounts of notes receivable at December 31, 2023 and 2022 approximate fair values.

Maintenance and Hardware – Maintenance and Hardware are valued at the lower of cost or market. Cost is determined by the first-in, first-out method (FIFO). Maintenance and hardware represent supplies used to maintain the operations of the property.

Glen Oaks Village Owners, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Property and Equipment – Property and equipment are recorded at cost. Major expenditures for property and equipment and those that substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is provided at rates based on the following useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings	35
Building Improvements	15 – 35
Equipment	5
Furniture and Fixtures	5 – 15
Transportation Equipment	5

Depreciation is recorded using the straight-line method.

During the year ended December 31, 2023, the Company wrote-off three fully depreciated assets. During the year ended December 31, 2022, the Company wrote-off no fully depreciated assets.

Income Taxes – The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code (the “Code”).

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional apartment rental, in excess of expenses properly attributable thereto, may be subject to federal tax.

Deferred taxes represent the tax effects of differences between the financial reporting and tax bases of the Company’s assets and liabilities at the enacted tax rates in effect for the years in which the differences are expected to reverse. The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Income tax expense consists of the tax payable for the period and the change during the period in deferred tax assets and liabilities, net of any valuation allowance.

The Company’s federal and state income tax returns are subject to examination by taxing authorities for three years after the returns are filed. The Company’s federal and state income tax returns for the years subsequent to 2019 remain open to examination.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at year-end and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification of Prior Year Presentation – Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Adoption of New Accounting Pronouncement – Financial Instruments – Credit Losses – Accounts receivable are initially recorded at the amount management expects to collect when revenue has been earned and are stated net of an allowance for credit losses, in line with ASC Topic 326, which represents estimated losses resulting from the inability of customers to pay these accounts.

When determining the allowance for credit losses, the Company takes several factors into consideration including the overall composition of accounts receivable aging, historical collection experience, current trends, reasonable and supportable forecasts, the type of customer and day-to-day knowledge of specific customers. There was no substantive change between the allowance for credit loss (2023) and the allowance for doubtful accounts (2022).

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses" (ASC Topic 326) Measurement of Credit Losses on Financial Instruments. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The core principle of the new guidance is that ASC Topic 326 requires an entity to reflect its current estimate of all expected credit losses at the inception of the financial asset (e.g., accounts receivables, contract assets, lease receivables, financial guarantees, loans, and loan commitments, etc.). ASC Topic 326 is effective for annual and interim reporting periods beginning after December 15, 2022. The Company adopted ASC Topic 326 with a date of initial application of January 1, 2023. The adoption of the new guidance did not have a material effect on the financial position, results of operations or cash flows of the Company beyond the increase in the level of disclosures. The Company does not expect the adoption of the new credit loss standard to have a material impact on its net income on an ongoing basis.

On adoption, the Company adjusted the amortized cost basis of existing financial assets to reflect the adoption of the CECL loss model. Additionally, the income statement will reflect the estimated current expected credit losses of newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period.

As part of the adoption of ASC Topic 326 the Company:

- Removed the "incurred loss" threshold model and adopted the CECL model, a standard that states that financial instruments carried at amortized cost should reflect the net amount expected to be collected.
- Broadened the range of data that is incorporated into the measurement of credit losses to include forward-looking information, such as reasonable and supportable forecasts, in assessing the collectability of financial assets.
- Introduced a single measurement objective for all financial assets carried at amortized cost.

The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Company recognizes credit losses at the inception of the asset based on historical experience, current conditions, and reasonably and supportable forecasts.

3. Purchase of Apartments

In February 1994, the Company was assigned all of the rights of the unsold shares held by GOV Corp. GOV Corp. had previously acquired 64,063 shares allocated to various sponsor owned apartments as a result of a foreclosure of an American Savings Bank's security interest in the shares and proprietary leases. GOV Corp.'s shares represented approximately 16.5% of the total shares of the Company and were allocated to 435 units of which 414 were occupied/rent regulated units and 21 were unoccupied units.

In addition, in February 1994, GOV Corp. assigned to the Company any and all of its rights with respect to these unsold shares, including any claims to any surplus upon the transfer or sale of the shares.

Glen Oaks Village Owners, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

As of December 31, 2023, a total of 147 units were occupied/rent regulated units and none were vacant.

As of December 31, 2022, a total of 154 units were occupied/rent regulated units and none were vacant.

The Company took title to the shares of Coronet Realty Company (“Coronet”), effective February 1993. Coronet had defaulted by failing to pay maintenance and other charges in the sum of \$61,312. The secured party with respect to these shares was Ensign Savings Bank under the Receivership of the Resolution Trust Corporation. The original stock and leases respecting such shares were returned to the Company by the Resolution Trust Corporation in 1993. The former Coronet shares represent approximately 4.8% of the total shares in the Company. These shares totaled 134 units of which 119 were occupied/rent regulated units and 15 were unoccupied units.

As of December 31, 2023, a total of 54 units were still occupied/rent regulated units and 2 were vacant.

As of December 31, 2022, a total of 56 units were still occupied/rent regulated units and none were vacant.

4. Concentrations of Credit Risk

Regional Concentration – The Company’s business activity is to operate as a cooperative housing corporation as described in Note 1, Nature of Organization. As such, the Company’s primary source of revenue is from its tenant-shareholders. Under the provisions of *ASC Topic 825, Financial Instruments*, the Company is exposed to a regional concentration of credit risk if a significant portion of its tenant-shareholders do not pay their monthly maintenance charges. If a tenant-shareholder defaults in its obligation to the Company, the Company has substantial rights. Among these rights, the Company may terminate the lease of the lessee; take possession of the apartment and at its option, sell or sublet so as to recover any deficiency for unpaid rent or other charges.

Banking Concentration – The Company may be subject to credit risk from its cash balances, which are placed with high credit-quality financial institutions. From time to time, the Company may have amounts on deposit in excess of Federal Deposit Insurance Corporation (“FDIC”) limits. A potential risk of loss exists for amounts held in excess of FDIC insurance limits of \$250,000 per depositor. At December 31, 2023 and 2022 the Company had \$1,946,998 and \$979,763, respectively, in excess of these limits. No losses have been incurred to date.

5. Investments in Marketable Securities (Investments - Reserve Fund)

The Investments - Reserve Fund consists of investments in various mutual funds and money market accounts. Dividends and other distributions are reinvested.

Investment classifications are as follows as of December 31, 2023 and 2022:

Glen Oaks Village Owners, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 1,560,615	\$ 661,063	\$ 899,552
Mutual Funds – Equities	7,614,745	4,883,589	2,731,156
Mutual Funds – Money Market	2,322,732	2,322,732	-
Mutual Funds – Fixed Income	102,720	111,346	(8,626)
Mutual Funds – Mixed Allocation	7,014,529	5,489,924	1,524,605
Total	<u>\$ 18,615,341</u>	<u>\$ 13,468,654</u>	<u>\$ 5,146,687</u>

	<u>2022</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 1,318,222	\$ 926,432	\$ 391,790
Mutual Funds – Equities	7,467,472	5,770,160	1,697,312
Mutual Funds – Money Market	1,657,130	1,657,130	-
Mutual Funds – Fixed Income	159,898	176,979	(17,081)
Mutual Funds – Mixed Allocation	6,744,043	6,031,931	712,112
Total	<u>\$ 17,346,765</u>	<u>\$ 14,562,632</u>	<u>\$ 2,784,133</u>

Investment income consists of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest, Dividends and Capital Gains	<u>\$ 552,825</u>	<u>\$ 783,916</u>

6. Fair Value

Topic ASC 820, Fair Value Measurement, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under Topic ASC 820 are summarized as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

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- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Although the degree of judgment exercised in determining fair value is greatest for investments categorized in Level 3, the inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with those investments.

The following tables summarize the valuation of the Company’s investments using the U.S. GAAP fair value hierarchy as described above as of December 31, 2023 and 2022:

	<u>2023</u>			
	Level 1	Level 2	Level 3	Total
Equities	\$ 1,560,615	\$ -	\$ -	\$ 1,560,615
Mutual Funds – Equities	7,614,745	-	-	7,614,745
Mutual Funds – Money Market	2,322,732	-	-	2,322,732
Mutual Funds – Fixed Income	102,720	-	-	102,720
Mutual Funds – Mixed Allocation	7,014,529	-	-	7,014,529
Total	<u>\$ 18,615,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,615,341</u>

	<u>2022</u>			
	Level 1	Level 2	Level 3	Total
Equities	\$ 1,318,222	\$ -	\$ -	\$ 1,318,222
Mutual Funds – Equities	7,467,472	-	-	7,467,472
Mutual Funds – Money Market	1,657,130	-	-	1,657,130
Mutual Funds – Fixed Income	159,898	-	-	159,898
Mutual Funds – Mixed Allocation	6,744,043	-	-	6,744,043
Total	<u>\$ 17,346,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,346,765</u>

National Cooperative Bank (NCB) Stock:

The Company held Class B1 Stock of its mortgage holder, the National Cooperative Bank, N.A. (“NCB”). Class B1 Stock was purchased to satisfy the minimum 1% stock purchase at the time of the mortgage loan. As of December 31, 2000, all of the Company’s B1 Stock has been repurchased by new NCB borrowers. These funds were returned to the Company.

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The Company holds Class B2 Stock of its mortgagee, NCB. This stock is acquired through patronage refunds. The stock is currently non-transferrable and non-redeemable. The Bank Act does not allow a dividend to be paid on this stock.

If a borrower accumulates over 12.5% of its loan amount in Class B Stock, the member owners may receive Class C Stock. Class C Stock can be held only by eligible borrowers of NCB. Class C Stock is non-redeemable by NCB but is transferrable among eligible borrowers of NCB. Class C Stock may be purchased directly from NCB or is received as part of NCB's patronage refund distribution. NCB may pay a cash dividend on its Class C Stock. As of December 31, 2023, the Company holds Class C Stock of NCB.

Under the NCB's Capitalization and Patronage Refund Policy, the total amount of patronage is based, in part, on the amount of fees and interest paid by each member in relation to the member's loan. Member's refunds are a combination of cash and stock; stock being a permanent capital investment in NCB. NCB's patronage refund is distributed in the form of cash and Class B2 and/or Class C Stock. The cash portion of the refund is a function of the total stock owned by that member and ranges from 35 to 55 percent of the total amount received by the member.

All Class B Stock may be used by the Company to offset any future purchase requirements.

Patronage stock dividends and cash refunds have been received as follows:

	<u>Stock Patronage</u>	<u>Cash Patronage</u>
2023	\$ 63,024	\$ 17,776
2022	\$ 221,682	\$ 62,526

7. Notes Receivable – Homestead Program

The Company sold some of their rent-regulated apartments to the occupants of the apartments in previous years. The Company received notes from the buyers as a Homestead Program. These notes require no interest or principal payments during their life; the principal is due upon sale or transfer of the apartment. The Company will allow one transfer to a family member during the term of the note. The Company also has notes receivable from the Homestead Improvement Program. The combined balances of these notes total \$96,500 and \$126,500 as of December 31, 2023 and 2022, respectively. The Company has a note receivable from a key member of management (see Note 16).

8. Mortgage Notes Receivable

The Company issues mortgage notes to tenant shareholders in connection with the sales of units owned by the Company. These notes are collateralized by mortgages on the units. The original balance of the notes range from \$24,990 to \$245,000 and carry a 30 year term. The notes are interest bearing with rates ranging from 2.9% to 5.0% per annum and the monthly payments range between \$104 and \$1,315. The balances of these notes are \$363,122 and \$410,959 as of December 31, 2023 and 2022, respectively. The Company has a note receivable from a key member of management (see Note 16).

9. Mortgage Payable

On August 1, 1995, the Company refinanced its existing mortgage and loan payable. The new mortgage is with NCB and was taken in two loans as follows:

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Principal amount - \$36,682,393 at an interest rate of 6% per annum, maturing on August 1, 2020.
Principal amount - \$14,050,000 at an interest rate of 6.879% per annum, maturing on August 1, 2020.

These mortgages were refinanced with NCB on August 1, 2005. Proceeds from the new mortgage were used to satisfy both outstanding mortgage loans. The following are the pertinent terms of the new loan:

Principal Amount: \$39,000,000
Monthly Payment: \$276,491 consisting of principal and interest
Interest Rate: 5.875% per annum
Effective Interest Rate: 6.036% per annum
Term: 20 years
Maturity Date: September 1, 2025

The mortgage is secured by all real property of the Company. The Company may prepay the mortgage but is subject to prepayment penalty restrictions as defined in the mortgage agreement.

Scheduled principal payments for the next two years through maturity are as follows:

For the year ending December 31,	
2024	\$ 6,284,669
2025 - Maturity	-
Total Mortgage Principal Payments	<u>6,284,669</u>
Less: Unamortized Loan Origination Costs	<u>12,045</u>
Total	<u>\$ 6,272,624</u>

Interest expense was \$473,898 and \$638,243 for the years ended December 31, 2023 and 2022, respectively, which includes the amortization of loan origination costs of \$7,228 for each of the years. In May 2024, the remaining balance on the mortgage was paid in full prior to maturity.

10. Treasury Stock

The Company has acquired apartments from time to time on the open market for administrative use, to sell or sublet.

Purchases of treasury stock are accounted for using the cost method. Any gain on the sale of treasury stock is accounted for as an increase to capital in excess of par value. Any loss on sale of treasury stock is accounted for as a reduction in capital in excess of par value.

During the years ended December 31, 2023 and 2022, the Company acquired 211 and 160 net shares of treasury stock, which were allocated to 2 and 1 apartments, respectively. The Company sold 104 shares of treasury stock, which was allocated to 1 apartment as of December 31, 2023. As of December 31, 2023 and 2022, the Company held 34,436 and 34,329 shares of treasury stock, respectively, which is inclusive of all shares allocated to units owned by the Company.

Prior Year treasury stock and capital in excess of par value amounts have been reclassified for consistency with the current year presentation in the amount of \$563,079. These reclassifications had no effect on the reported results of operations.

11. Future Major Repairs and Replacements

The Company has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The Company, however, directs its maintenance department to provide it with periodic reports of needed repairs and replacements. Repairs and replacements are then funded on an annual basis in a comprehensive on-going building repair program. When funds are needed, the Company may borrow, utilize funds from the reserve account, increase maintenance, levy a special assessment, or delay the repairs or replacement until funds become available or any combination of these.

12. Omission of Required Supplementary Information

The Company 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 FASB, 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.

13. Employee Benefit Plans

Defined Contribution Plan – The Company sponsors a 401(k) defined contribution plan (the “Plan”) for the benefit of all eligible employees. The Company contributes 3% of participants’ compensation to the Plan. For the years ended December 31, 2023 and 2022, the total expense was \$34,859 and \$26,339, respectively.

Multi-Employer Plan – For union employees, the Company contributes to multi-employer pension plans jointly administered by industry and union representatives. The risk of participating in U.S. multi-employer pension plans is different from single-employer pension plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits of employment to other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company stops participating in some of its multi-employer pension plans, it may be required to pay those plans an amount based on the underfunded status of the entire plan.

The Company’s participation in these plans for the years ended December 31, 2023 and 2022 is outlined in the following table. All information in the table is as of December 31 of the relevant year unless otherwise noted. The Plan Protection Act (“PPA”) zone status column ranks the funded status of multi-employer pension plans depending upon a plan’s current and projected funding. The zone status is based on information that the Company received from the plan. Among other factors, a plan is in the Red Zone (Critical) if it has a current funded percentage less than 65%. A plan is in the Yellow Zone (Endangered) or Orange Zone (Seriously Endangered) if it has a current funded percentage of less than 80% or projects a credit balance deficit within seven years. A plan is in the Green Zone (Healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years. The Funding Improvement Plan (“FIP”)/Rehabilitation Plan (“RP”) status column indicates plans for which a FIP or RP is either pending or in place.

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The following table contains information about the Company's multi-employer pension plans for the years ended December 31, 2023 and 2022:

Plan Name	Employer Identification Number – Plan Number	PPA Zone Status (plan year-end)		FIP/RP Status Pending/ Implemented	Company Contributions (as of December 31)		Expiration Date of Collective Bargain Agreement	Company Contributions > 5%	
		June 2023	June 2022		2023	2022		2023	2022
Building Service 32BJ Pension	13-1879376	Yellow as of July 1, 2023	Yellow as of July 1, 2022	Yes	\$271,839	\$278,977	April 20, 2026	No	No

The Company currently has no intention of withdrawing from the multi-employer pension plan.

The union agreement expired on April 20, 2022. On April 19, 2022, a new agreement was reached with terms beginning on April 21, 2022 and ending on April 20, 2026.

14. Income Taxes

Income taxes for the years ended December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Current	\$ 36,494	\$ 13,827
Deferred	-	-
	<u>\$ 36,494</u>	<u>\$ 13,827</u>

Deferred income tax assets and liabilities as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Deferred Tax Asset:		
Net Operating Loss Carryforwards	\$ 17,520,000	\$ 19,317,000
Deferred Tax Liabilities:		
Property and Equipment	(3,101,000)	(2,951,000)
Unrealized Holding Gains	709,000	1,426,000
Net Deferred Tax Asset	15,128,000	17,792,000
Less: Valuation Allowance	(15,128,000)	(17,792,000)
Net	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2023, the Company has estimated federal, state and local net operating loss carryforwards for income tax purposes of approximately \$42,246,000, \$61,193,000 and \$52,774,000, respectively. If not utilized the federal patronage net operating loss carryforwards will begin to expire in the tax year ending December 31, 2033 and the state and local net operating loss carryforwards will begin to expire in the tax year ending December 31, 2035. The Company does not anticipate significant taxable income in future

periods; therefore, it is more likely than not that the deferred tax assets will not be realized. As a result, the Company recorded a full valuation allowance against its deferred tax assets.

15. Litigation

From time-to-time individuals have filed claims in connection with damages sustained on the Company's property. The claims are handled by the attorney of the Company's insurance provider. Management of the Company believes any losses on outstanding claims will be covered by insurance.

16. Related Party Transactions

In 2010, the Company issued a mortgage note receivable to a current board member in the amount of \$245,000 at an annual interest rate of 5% with a 30-year term. Monthly payments of principal and interest in the amount of \$1,315 began in September 2010. Interest earned on this note was \$9,073 and \$9,266 for the years ended December 31, 2023 and 2022, respectively. The balance due to the Company at December 31, 2023 is \$177,826, of which \$7,053 is due within one year and the balance of \$170,772 is a noncurrent receivable. The note receivable is due in August 2040.

In September 2020, the Company issued a mortgage note receivable to a current board member in the amount of \$200,700 at an annual interest rate of 5% with a 30-year term ending in September 2050. Monthly payments of principal and interest in the amount of \$1,077 began in October 2020. Interest earned on this note was \$2,015 for the year ended December 31, 2022. As of December 31, 2022, the mortgage note receivable was paid off in full.

A key member of management has a loan with the Company from the Homestead Program in the amount of \$30,000. The note receivable was issued in December 1995. This note does not require interest or principal payments during its life. The principal becomes due upon the sale or transfer of the apartment. As of December 31, 2023, the unit was sold and the note receivable was subsequently paid.

17. Paycheck Protection Program Loan Payable

On February 19, 2021, the Company entered into a U.S. Small Business Administration ("SBA") Guaranteed Loan (the "Loan Agreement") with NCB in the amount of \$1,020,000 with an interest rate of 1.00% per annum, pursuant to which it was granted a loan (the "Loan") under the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted by the United States Congress on March 27, 2020. The Loan was to mature five years from the date of the Loan Agreement. The Company may prepay this Loan, in whole or in part, at any time, without premium or penalty. The Company may be entitled to the forgiveness of some or all of the Loan, pursuant to the PPP. To apply for loan forgiveness, the Company must comply with the related provisions of the Cares Act.

In November 2021, the Company applied for forgiveness on the Loan and received notice from the SBA on January 31, 2022 that the PPP loan and the related accrued interest of \$9,803 was forgiven in full.

18. Employee Retention Credits

Under the CARES Act, which was enacted by the United States Congress on March 27, 2020, the Employee Retention Tax Credit was first introduced, which was designed to encourage employers to keep employees on their payroll throughout the COVID-19 pandemic. The Company qualified for the credit

Glen Oaks Village Owners, Inc.
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during all four quarters of 2022 and received a total credit of \$11,114 as a direct reduction to salaries and wages paid. The Company received all credits available to them as of December 31, 2022 and had no credits available as of December 31, 2023.

19. Subsequent Events

The Company has evaluated events and transactions for recognition or disclosure through August 26, 2024, the date the financial statements were available for issuance. The Company is not aware of any material subsequent events other than as disclosed below.

In May 2024, the Company paid off its mortgage with NCB in full prior to maturity in the amount of \$5,122,308, which includes interest, fees and the principal balance due as of May 1, 2024.

Glen Oaks Village Owners, Inc.
 Supplementary Schedules of Revenue
 For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Maintenance - Shareholders	\$ 22,261,118	\$ 22,121,347
Special Assessments	827,691	1,487,760
Apartment Rental Income - Fair Market	785,167	908,732
Apartment Rental Income - Rent Stabilized	1,765,304	1,830,398
Capital Improvement Fund Contributions	61,700	99,750
Garages and Parking Permit Fees	630,322	631,575
Maintenance Services Income	101,545	248,614
Laundry Income	182,414	160,412
Sales, Sublet Rental and Management Fees	512,151	637,970
Cable Income	72,917	83,735
Late Fees and House Rule Violations	151,243	74,136
Interest from Company Issued Mortgages	10,858	48,751
NCB Patronage Refund	17,776	62,526
Community Room Rental	2,900	2,045
Dog Park Membership Fees	3,835	4,400
	<u> </u>	<u> </u>
Total Revenues	<u>\$ 27,386,941</u>	<u>\$ 28,402,151</u>

Glen Oaks Village Owners, Inc.
Supplementary Schedules of Expenses
For the Years Ended December 31, 2023 and 2022

Expenses	2023	2022
Administrative and Management		
Office Salaries	\$ 1,325,228	\$ 1,338,638
Community Events and Contributions	22,516	23,883
Telephone	74,946	76,702
Legal, Audit and Other Professional Fees	305,836	185,273
Information Technology Services	201,372	161,540
Government Permits, Violations and Fines	47,935	21,393
Postage	60,110	59,087
Office	247,272	268,220
Bad Debt Expense	(34,437)	34,437
Miscellaneous	871	1,311
Total Administrative and Management	<u>2,251,649</u>	<u>2,170,484</u>
Operating Expenses		
NYC Water and Sewer	2,158,449	2,012,091
Electric and Cooking Gas	1,034,317	968,647
Heating Costs	3,285,090	2,936,816
Exterminating Services	165,863	153,002
Protection Services	554,564	529,814
Sanitation Services - Bulk Pick-Up	147,513	203,054
Total Operating Expenses	<u>7,345,796</u>	<u>6,803,424</u>
Maintenance Services		
Salaries	3,281,620	3,395,896
Repairs and Maintenance	2,307,831	2,451,654
Landscaping and Grounds Maintenance	234,755	317,013
Vehicle Fleet Expense	155,832	182,378
Uniforms and Janitorial Supplies	51,442	45,701
Total Maintenance Services	<u>6,031,480</u>	<u>6,392,642</u>
Taxes, Insurance and Employee Benefits		
NYC Real Estate Taxes	9,029,726	8,772,500
Payroll Taxes	434,897	464,213
Insurance	1,514,718	1,486,083
Non-Union Employee Benefits - Pension, Disability, Health Insurance and Training	276,835	254,232
Union Employee Benefits - Health Insurance and Pension	1,272,037	1,244,403
Total Taxes, Insurance and Employee Benefits	<u>12,528,213</u>	<u>12,221,431</u>
Financial		
Interest on Mortgage Payable (includes amortization of loan origination costs)	473,898	638,243
Total Financial	<u>473,898</u>	<u>638,243</u>
Total Expenses	<u>\$ 28,631,036</u>	<u>\$ 28,226,224</u>