PragerMetis

West Gate House, Inc.
Financial Statements and Supplementary Information
December 31, 2022 and 2021

PragerMetis

Independent Auditor's Report

To the Board of Directors and Stockholders of
West Gate House, Inc.

Opinion

Prager Metis CPAs, LLC

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We have audited the accompanying financial statements of West Gate House, Inc. (a Cooperative Housing Corporation), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, stockholders' equity, and cash flows for the year 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 West Gate House, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 West Gate House, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements as of December 31, 2021 were audited by Nussbaum Berg Klein & Wolpow, CPAs LLP, whose report dated May 11, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 West Gate House, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 West Gate House, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Gate House, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2022 detail of selected expenses on page 18 is presented for purposes of additional analysis and is 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 audit 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.

The 2021 detail of selected expenses on page 18 was subjected to the auditing procedures applied in the 2021 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2021 financial statements as a whole.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, 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.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
New York, New York
June 9, 2023

West Gate House, Inc.
Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	**$ 45,253**	$ 87,736
Accounts receivable from tenant-stockholders	**22,963**	17,153
Prepaid insurance	**40,893**	43,222
Fuel inventory and prepaid costs	**9,000**	15,203
Prepaid real estate and corporate taxes	**94,005**	81,161
Total current assets	**212,114**	244,475
Capital reserve funds	**1,185,826**	1,305,620
Common property		
Land, building, improvements and equipment	**7,690,042**	7,625,532
Accumulated depreciation	**(4,174,820)**	(3,988,330)
Net common property	**3,515,222**	3,637,202
Other assets		
Restricted cash – mortgage collateral security deposit	**50,409**	50,313
Total assets	**$ 4,963,571**	$ 5,237,610
Liabilities and stockholders' equity		
Current liabilities		
Mortgage payable – current portion	**$ 87,441**	$ 84,099
Accounts payable and accrued expenses	**140,791**	91,633
Deferred revenue	**34,500**	44,947
Due to tenant-stockholders – real estate tax abatements	**51,742**	49,988
Security deposits payable	**10,300**	11,560
Due to Sponsor – DRIE /SCRIE	**69,820**	56,225
Total current liabilities	**394,594**	338,452
Long-term liabilities:		
Mortgage payable – net of current portion	**3,448,908**	3,529,690
Total liabilities	**3,843,502**	3,868,142
Stockholders' equity		
Common stock – $1.00 par value, 20,000 shares authorized, 9,499 shares issued and outstanding	**9,499**	9,499
Additional paid-in capital in excess of par value	**4,114,739**	4,066,739
Accumulated deficit	**(3,004,169)**	(2,706,770)
Total stockholders' equity	**1,120,069**	1,369,468
Total liabilities and stockholders' equity	**$ 4,963,571**	$ 5,237,610

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

	2022	2021
Revenue		
Maintenance charges	**$ 1,458,685**	$ 1,416,125
Operating assessment – real estate tax abatement	**122,440**	123,929
Storage fees	**9,464**	8,684
Interest and dividends	**18,870**	16,200
Laundry	**26,400**	26,400
Sublet fees	**3,932**	3,356
Other revenue	**1,881**	283
Total revenue	**1,641,672**	1,594,977
Expenses		
Payroll and related expenses	**330,736**	318,173
Utilities	**241,231**	160,553
Water and sewer charges	**59,671**	58,853
Repairs and maintenance	**315,172**	398,361
Insurance	**114,028**	103,489
Legal and accounting	**18,269**	14,494
Management fees	**46,786**	45,423
Real estates taxes	**462,633**	444,113
Corporate taxes and miscellaneous	**15,496**	12,352
Mortgage and line of credit interest	**148,559**	151,784
Total expenses	**1,752,581**	1,707,595
Excess of expenses over revenue before depreciation	**(110,909)**	(112,618)
Depreciation	**(186,490)**	(186,058)
Excess of expenses over revenue	**$ (297,399)**	$ (298,676)

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

	Common Stock		Additional Paid-in Capital in Excess of	Accumulated	Total Stockholders'
	Shares	Amount	Par Value	Deficit	Equity
Balance – January 1, 2021	9,499	$ 9,499	$ 3,925,364	$ (2,408,094)	$ 1,526,769
Transfer fees	-	-	141,375	-	141,375
Excess of expenses over revenue	-	-	-	(298,676)	(298,676)
Balance – December 31, 2021	9,499	$ 9,499	$ 4,066,739	$ (2,706,770)	1,369,468
Transfer fees	**-**	**-**	**48,000**	**-**	**48,000**
Excess of expenses over revenue	**-**	**-**	**-**	**(297,399)**	**(297,399)**
Balance – December 31, 2022	**9,499**	**$ 9,499**	**$ 4,114,739**	**$ (3,004,169)**	**$ 1,120,069**

West Gate House, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Excess of expenses over revenue	**$ (297,399)**	$ (298,676)
Adjustments to reconcile excess of expenses over revenue to net cash used in operating activities		
Depreciation	**186,490**	186,058
Interest expense – amortization of debt issuance costs	**6,659**	6,659
Changes in operating assets and liabilities		
Accounts receivable from tenant-stockholders	**(5,810)**	8,078
Prepaid expenses and fuel inventory	**(4,312)**	(11,139)
Accounts payable and accrued expenses	**49,158**	31,538
Deferred revenue	**(10,447)**	874
Due to tenant-stockholders – real estate tax abatements	**1,754**	(1,098)
Security deposits payable	**(1,260)**	(13,967)
Due to Sponsor – SCRIE	**13,595**	15,844
Net cash used in operating activities	**(61,572)**	(75,829)
Cash flows from investing activities		
Expenditures for common property	**(64,510)**	(56,760)
Cash flows from financing activities		
Payments of mortgage principal	**(84,099)**	(80,885)
Transfer fees	**48,000**	141,375
Net cash (used in) provided by financing activities	**(36,099)**	60,490
Net decrease in cash and cash equivalents	**(162,181)**	(72,099)
Cash, cash equivalents and restricted cash, beginning of year	**1,443,669**	1,515,768
Cash, cash equivalents and restricted cash, end of year	**$ 1,281,488**	$ 1,443,669
Cash, cash equivalents and restriced cash consists of		
Cash and cash equivalents	**$ 45,253**	$ 87,736
Capital reserve funds	**1,185,826**	1,305,620
Restricted cash – mortgage collateral security deposit	**50,409**	50,313
Cash, cash equivalents and restricted cash at end of year	**$ 1,281,488**	$ 1,443,669
Supplemental disclosures of cash flow information		
Cash paid for interest	**$ 140,929**	$ 144,143
Cash paid (refunded) for corporate taxes	**$ (1,535)**	$ 4,964

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

Note 1 Organization

West Gate House, Inc. (the "Corporation") was incorporated in June 1983 under the laws of the State of New York and qualifies under the Internal Revenue Code Section 216(b)(1) as a Cooperative Housing Corporation. The Corporation owns the land and buildings located at 860-870 West 181st Street, New York, New York. The property consists of two buildings which contain 126 residential units. The Corporation's primary purpose is to manage the operations of the property and maintain the common elements.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation
The Corporation prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents
Cash and cash equivalents include cash in bank, money market instruments and other investments having maturities of three months or less at the date of acquisition unless they are held in the reserve fund. Cash equivalents are stated at cost, which approximates fair value.

Concentrations of Credit Risk
From time to time, cash accounts at financial institutions may exceed the Federal Deposit Insurance Corporation insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk to its cash and cash equivalents.

Common Property
Common property consists of land, buildings, improvements and equipment and is stated at cost. The buildings have been fully depreciated. Building improvements and equipment are depreciated on the straight-line method over the estimated useful lives of the related asset which range from 7 to 27.5 years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Debt Issuance Costs
The Corporation follows Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") *Interest – Imputation of Interest (Subtopic 835 – 30), Simplifying the Presentation of Debt Issuance Costs*, which requires that unamortized refinancing costs be presented as a deduction from the carrying amount of the mortgage payable. In addition, this ASU requires that the amortization of these refinancing costs be reported as a component of mortgage interest expense. Debt issuance costs incurred in connection with the issuance of long-term debt are amortized to interest expense over the term of the debt using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the balance sheet.

Note 2 Summary of Significant Accounting Policies (continued)

Maintenance Charges

Tenant-stockholders are subject to monthly maintenance charges and operating assessments based on their respective share ownership within the Corporation to provide funds for the Corporation's operating expenses. Such amounts are recognized as the related performance obligations are satisfied at transaction amounts which are 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. Accounts receivable from tenants at the balance sheet date represent maintenance and other charges due from tenant-stockholders. The Corporation considers all tenant-stockholder's accounts receivable at December 31, 2022 and 2021 to be collectible. Accordingly, no allowance for doubtful accounts is required. Tenant-stockholders in considerable arrears are pursued by all legal means to speed collection. Any excess maintenance assessments at year end are retained by the Corporation for use in the future years.

Accounts receivable from tenant-stockholders amounted to the following at December 31:

	2022	2021	2020
Accounts receivable from tenant-stockholders	**$ 22,963**	$ 17,153	$ 25,231

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Impairment

In accordance with FASB Accounting Standards Codification ("ASC") 360, *Property, Plant and Equipment*, long-lived assets, including property and equipment, are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future undiscounted cash flows. The amount of the impairment loss is the excess of the carrying amount of the impaired assets over the fair value of the assets based upon discounted future cash flows. The Corporation has not identified any such losses in 2022 and 2021.

Note 2 Summary of Significant Accounting Policies (continued)

New Accounting Standard

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance in *Topic 840, Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities on the balance sheet for operating leases.

The Corporation adopted the leasing standard effective January 1, 2022, using the modified retrospective approach with January 1, 2022 as the initial date of application. The Corporation elected to use all available practical expedients provided in the transition guidance. These allowed the Corporation to not reassess, under the new standard its prior conclusions about lease identification, lease classification and initial direct costs of lessor agreements and to exclude all short-term leases, with terms of less than one year, from adoption. As of January 1, 2022, adoption of Topic 842 did not result in any material adjustments to balance sheet accounts related to lessor accounting.

Laundry Income

The Corporation receives license fees from a third party ("licensee") which installed and services laundry equipment on the premises of the Corporation. The agreement provides for a monthly fee of $2,200 plus 75% of all gross receipts collected in excess of $62,000 per year. This fee may be reduced if prescribed minimum collections are not realized. The agreement expires in October 2024. For the years ended December 31, 2022 and 2021, laundry income amounted to $26,400 for both years, and is included as a component of other income on the statements of operations.

Note 3 Capital Reserve Funds

The Corporation has a cash management program which provides for the investment of excess cash balances in highly rated (low risk) financial instruments. These investments are designated as Reserve Funds and are to be used for capital improvements or major repairs. The Reserve Funds consists of the following as of December 31, 2022 and 2021:

	2022	2021
NCB - Money Market Account	**$ 179,914**	$ 178,990
NCB - Certificate of Deposit	**28,832**	28,771
Signature Bank - Money Market Account	**548,463**	671,318
Signature Bank - Certificate of Deposit	**428,617**	426,541
Total reserve funds	**$ 1,185,826**	$ 1,305,620

Note 4 Common Property

Land, buildings, improvements and equipment as of December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Land	**$ 887,733**	$ 887,733
Building	**2,282,742**	2,282,742
Building improvements	**4,308,787**	4,244,277
Equipment, furniture and fixtures	**210,780**	210,780
	7,690,042	7,625,532
Accumulated depreciation	**(4,174,820)**	(3,988,330)
Net common property	**$ 3,515,222**	$ 3,637,202

During the year ended December 31, 2022 additions to common property totaled $64,510 as follows: $28,714 for door locking systems; $18,846 for intercom system, and $16,950 for façade inspections.

During the year ended December 31, 2021 the Corporation incurred total costs of $56,760 for common property additions for sidewalk replacement.

For the years ended December 31, 2022 and 2021, depreciation expense amounted to $186,490 and $186,058, respectively.

Note 5 Mortgage Payable

On March 28, 2017, the Corporation refinanced its mortgage and line of credit with National Consumer Cooperative Bank ("NCB"). The mortgage was in the amount of $4,000,000. The mortgage is for a ten-year period and matures on April 1, 2027, at which time, all unpaid principal and accrued interest thereon become due and payable. The mortgage calls for monthly payments of $18,752 to be applied to interest at the annual rate of 3.85%, which approximates the effective interest rate, with the balance to principal based on a 30-year amortization. The mortgage may be prepaid in whole only subject to a prepayment penalty. Costs associated with obtaining the mortgage amounts to $66,589 and are being amortized to interest expense over the term of the mortgage. A $50,000 collateral security deposit was required by the bank and was set up at the closing. As of December 31, 2022, the balance of this account was $50,409. Additionally, the Corporation obtained a $500,000 revolving line of credit, the term of which is concurrent with the mortgage. The interest rate on the line of credit shall be the greater of 3.90% or 3.75% plus LIBOR. As of December 31, 2022 and 2021, no funds have been drawn from the line of credit. The mortgage and line of credit are secured by the land and building owned by the Corporation.

In connection with obtaining its mortgage from NCB, the Corporation was required to purchase shares of NCB Class B1 stock. NCB subsequently repurchased these shares. The bank pays patronage dividends and issues refunds on this stock. Included in interest and dividends for the years ended December 31, 2022 and 2021 is $11,568 and $11,167, respectively, of dividends received from NCB. The portion of the dividends not paid in cash was distributed in the form of shares of Class B2 stock. Class B2 stock is currently non-transferable and non-redeemable. This stock has been assigned a zero value since it has no value other than reducing future investment requirements.

Mortgage payable as of December 31, 2022 and 2021 consists of the following:

	2022	2021
Mortgage payable	**$ 3,564,649**	$ 3,648,748
Unamortized debt issuance costs	**(28,300)**	(34,959)
	3,536,349	3,613,789
Current potion	**(87,441)**	(84,099)
Long-term debt	**$ 3,448,908**	$ 3,529,690

Principal maturities of the mortgage are as follows:

Year ending December 31,	
2023	$ 87,441
2024	90,535
2025	94,514
2026	98,270
2027 (including maturity)	3,193,889
	$ 3,564,649

Mortgage interest expense was $140,650 and $143,875 for the years ended December 31, 2022 and 2021, respectively.

Note 6 Due to Stockholders – Real Estate Tax Abatements

As a result of revisions to Section 467(a) of the New York State Real Property Tax Law, certain stockholders of the cooperative units are eligible for partial abatements of their real estate taxes. In 1997, the New York State School Tax Relief Program ("STAR") was authorized by Section 425 of the Real Property Tax Law. The STAR Program provides an exemption from school property taxes for owner occupied, primary residences.

Note 6 Due to Stockholders – Real Estate Tax Abatements (continued)

During the years ended December 31, 2022 and 2021, the Corporation received credits of $98,001 and $99,285, respectively, on its real estate tax bills, which represents the Co-op abatement, STAR and other credits for the calendar years. These amounts are due to individual stockholders who qualify under these programs. At December 31, 2022 and 2021, credits totaling $51,742 and $49,988, respectively had not yet been credited to the stockholders' accounts.

The Corporation also received Senior Citizens Rent Increase Exemption ("SCRIE") credits against its real estate tax bills in 2022 and 2021 of $13,594 and $15,844, respectively. These credits are due to the Sponsor because the apartments are rented to senior citizens who qualify for rent increase exemptions. At December 31, 2022 and 2021, SCRIE credits payable to the Sponsor were $69,820 and $56,225, respectively.

Note 7 Stockholders' Equity

The Corporation treats special assessments for capital improvements and maintenance charges used to pay mortgage amortization as contributions to additional paid-in capital for income tax reporting purposes only. For the years ended December 31, 2022 and 2021, the additions to additional paid-in capital for income tax purposes were as follows:

	2022	2021
Mortgage amortization	**$ 84,099**	$ 80,885

Note 8 Transfer Fees

The Amended and Restated Proprietary Lease contains a provision for the payment of transfer fees equal to 3% of the gross consideration received by a stockholder for the sale or transfer of any interest in the shares and lease held by the stockholder, except for the transfer of shares by the holder of unsold shares (Sponsor) and for assignment of the right to purchase shares and leases to a third-party/assignees. Transfer fees are deposited into the Corporation's Signature Bank reserve account and designated to be used for future capital projects. As such, they are not considered income, but additions to the additional paid in capital of the Corporation. In 2022 and 2021, three and eight apartments, respectively, were sold, which generated $48,000 and $141,375, respectively, as an increase to additional paid-in capital.

Note 9 Operating Assessments

The Board of Directors approved an operating assessment that approximated the Co-op abatement tax credits in years ended December 31, 2022 and 2021. These assessments amounted to $122,440 and $123,929, respectively, and were used to help cover rising operating expenses.

Note 10 Management Agreement

The Corporation has an agreement with Siren Management Inc. for the management of the building currently at the fee of $46,786 per annum. The agreement provides for the management agent to be in charge of: (a) collecting all rents and other charges, (b) maintaining the building premises adequately, (c) entering into building contracts, (d) purchasing of supplies, (e) keeping all books and records of the Corporation, (f) managing all building personnel, and (g) procuring insurance.

Note 11 Pension Plan

The Corporation contributes to a multi-employer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees. The risks of participating in this multi-employer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of 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.

- Pursuant to the Employee Retirement Income Security Act, as amended, an employer upon withdrawing from a multi-employer plan is required to pay its share of the plan's unfunded vested benefits. The Corporation has no intention of withdrawing from the plan.

The Corporation's participation in the plan for the years ended December 31, 2022 and 2021 is outlined below. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2022 and 2021 is for the plan's year-end at June 30, 2022 and 2021, respectively. The zone status is based on information that the Corporation received from the plan and is certified by the plan's actuary.

Note 11 Pension Plan (continued)

Legal Name of Pension Plan:	Building Service 32BJ Pension Fund
Employer Identification Number (EIN):	13-1879376
Plan Number:	001
Type of Plan:	Defined Benefit Pension Plan
Most Current Annual Report for Plan Year End Date:	June 30, 2022
Zone Status:	July 1, 2021 – Red
Zone Status:	July 1, 2022 – Red
Has the Rehabilitation Plan been implemented?	Yes
Expiration Date of the Collective-Bargaining Agreement to which the Plan is Subject:	April 20, 2026
Surcharges paid to Plan:	None
Total Contributions Received from all Employers by:	
Plan Year End Date	June 30, 2021 – $290,141,113
Plan Year End Date	June 30, 2022 – $305,658,743
Total Number of Employers Contributing More Than 5%:	
During Plan Year:	June 30, 2021 – 1
During Plan Year:	June 30, 2022 – 1

The Corporation's contributions to the multi-employer pension plan for the years ended December 31, 2022 and 2021 were $79,485 and $89,154, respectively, and are included as a component of payroll and related on the statements of operations. The Corporation's contributions for both 2022 and 2021 represent less than 5 percent of the total contributions made to the plan by all contributing employers. There have been no significant changes that affect the comparability of 2022 and 2021 contributions.

Note 12 Income Taxes

The Corporation is subject to federal, state and local income taxes.

For Federal tax purposes, the Corporation's taxes are filed pursuant to Subchapter T of the Internal Revenue Code. Subchapter T Corporations divide their income and expenses between patronage and non-patronage sources. Income is considered patronage sourced if it is derived from an activity that is characterized as directly related to and inseparable from the Co-op's principal business activity and business purpose. Consequently, income from non-patronage sources (non-tenant-stockholder) such as commercial rent, professional apartment rental, etc., in excess of expenses properly attributable thereto, may be subject to Federal tax. For the years ended December 31, 2022 and 2021 there was no federal income tax.

Note 12 Income Taxes (continued)

As of December 31, 2022, the Corporation had approximately $1,121,000 of operating loss carryforwards for Federal income tax purposes, which will expire in various years through 2037. The Corporation also has approximately $1,063,000 of operating loss carryforwards, which may be carried forward indefinitely. Such loss carryforwards are deductible against future taxable income and are limited to 80% of the taxable income in any one tax period. Since the future utilization of these tax carryforward losses is uncertain, no related deferred tax assets have been recognized in the accompanying financial statements.

In addition to income taxes, New York State ("NYS") and New York City ("NYC") have alternative tax bases. Corporation taxes reflected in the Statements of Operations represent NYS and NYC taxes calculated at the higher of tax based on the Corporation's net taxable income, capital base or prescribed minimum amounts. For the years ended December 31, 2022 and 2021, total NYS and city taxes were $429 and $1,750, respectively, which have been included as a component of corporate taxes and miscellaneous on the statements of operations.

The Corporation applies ASC Topic 740, the provision pertaining to uncertain tax positions, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, the Corporation is no longer subject to federal and state income tax examinations by tax authorities for tax years ended before December 31, 2019.

Note 13 Related Party Transactions

As of December 31, 2022 and 2021, the holder of unsold shares, 860-870 Realty, LLC and affiliates, held 1,549 shares allocated to 22 apartments of the Corporation that represent approximately 16% of the total outstanding shares. The total maintenance charges on these apartments were $240,743 and $233,729 for 2022 and 2021, respectively, with no arrears due at December 31, 2022 and 2021.

Note 14 Uncertainties

The COVID-19 outbreak has adversely affected, and may continue to adversely affect economic activity globally, nationally, and locally. At this point, the extent to which COVID-19 may impact the Corporation's financial condition or results of operations is uncertain.

Note 15 Future Major Repairs and Replacements

The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. Although the Board of Directors has segregated funds for future major repairs and replacements, these funds are Board designated. The Board of Directors has not developed a formal plan to fund those needs. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation may have to borrow, utilize available cash, increase maintenance charges, pass special assessments or delay repairs and replacements until the funds are available. The Corporation has a line of credit in the amount of $500,000, that is intended for any unexpected major repairs and replacements. The effect on future carrying charges or assessments has not been determined at this time.

Note 16 Subsequent Events

In preparing the financial statements the Corporation has evaluated events and transactions for potential recognition or disclosure through June 9, 2023, the date that the financial statements were available to be issued.

Supplementary Information

West Gate House, Inc.
Detail of Selected Expenses
Years Ended December 31, 2022 and 2021

	2022	2021
Payroll and related		
Salaries and bonuses	**$ 221,308**	$ 202,899
Payroll taxes	**18,377**	16,783
Employee benefits	**79,485**	89,154
Workers' compensation and disability insurance	**8,672**	6,736
Payroll service fees	**2,894**	2,601
Total payroll and related	**$ 330,736**	$ 318,173
Utilities		
Electricity and cooking gas	**$ 17,727**	$ 21,133
Fuel oil	**223,504**	139,420
Total utilities	**$ 241,231**	$ 160,553
Repairs and maintenance		
Exterminating	**$ 7,241**	$ 4,928
Elevator	**22,364**	24,624
Janitorial supplies	**10,234**	11,171
Plumbing, heating and boiler	**72,039**	94,836
Painting and plastering	**11,654**	25,937
Sprinkler and fire safety	**1,753**	2,063
Windows	**18,621**	28,105
Consulting fees	**12,882**	20,694
Doors and locks	**6,355**	10,832
Apartment repairs	**12,595**	56,105
Landscaping	**7,363**	8,710
Other repairs and maintenance	**3,357**	11,662
Security and intercom	**2,400**	6,213
Electrical	**5,510**	3,336
Exterior	**-**	17,645
Cleaning	**1,842**	-
Water damages	**39,950**	71,500
Security guards	**58,588**	-
Fire escape painting	**19,851**	-
Repairs chargedback to shareholders	**573**	-
Total repairs and maintenance	**$ 315,172**	$ 398,361
Corporate taxes and miscellaneous		
Corporate taxes	**$ 2,179**	$ 1,250
Telephone and cable	**6,233**	6,481
Miscellaneous and administrative	**5,857**	4,270
License, fees and permits	**1,227**	351
Total corporate taxes and miscellaneous	**$ 15,496**	$ 12,352