



**West Gate House, Inc.
Financial Statements and
Supplementary Information
December 31, 2025 and 2024**

West Gate House, Inc.
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December 31, 2025 and 2024

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of West Gate House, Inc. (a Cooperative Housing Corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, stockholders' 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 West Gate House, Inc. as of December 31, 2025 and 2024, 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 West Gate House, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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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 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 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.

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
May 21, 2026

West Gate House, Inc.
Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 142,862	\$ 23,070
Accounts receivable from tenant-stockholders	21,235	27,905
Prepaid insurance	72,223	64,601
Fuel inventory and prepaid costs	13,000	11,900
Prepaid real estate taxes	116,838	-
Total current assets	366,158	127,476
Capital reserve funds	96,492	94,734
Common property		
Land, building, improvements and equipment	8,950,905	8,857,059
Accumulated depreciation	(4,602,382)	(4,386,480)
Net common property	4,348,523	4,470,579
Other assets		
Restricted cash – mortgage collateral security deposit	51,336	51,079
Total assets	\$ 4,862,509	\$ 4,743,868
Liabilities and stockholders' equity		
Current liabilities		
Mortgage payable – current portion	\$ 98,270	\$ 94,515
Accounts payable and accrued expenses	132,393	125,168
Building improvements payable	16,171	18,110
Deferred revenue	86,927	74,864
Due to tenant-stockholders – real estate tax abatements	44,845	50,153
Security deposits payable	10,700	16,355
Due to Sponsor – SCRIE	97,942	91,155
Total current liabilities	487,248	470,320
Long-term liabilities		
Mortgage payable – net of current portion	3,185,565	3,277,175
Line of credit payable	145,080	100,000
Total long-term liabilities	3,330,645	3,377,175
Total liabilities	3,817,893	3,847,495
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	4,341,764	4,242,734
Accumulated deficit	(3,306,647)	(3,355,860)
Total stockholders' equity	1,044,616	896,373
Total liabilities and stockholders' equity	\$ 4,862,509	\$ 4,743,868

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

West Gate House, Inc.
Statements of Operations
Years Ended December 31, 2025 and 2024

	2025	2024
Revenue		
Maintenance charges	\$ 1,736,659	\$ 1,685,371
Operating assessment – real estate tax abatement	153,543	148,108
Storage fees	12,803	9,790
Interest and dividends	3,715	11,816
Laundry	26,400	26,400
Sublet fees	7,335	6,821
Other revenue	2,207	4,725
Total revenue	1,942,662	1,893,031
Expenses		
Payroll and related expenses	361,702	386,773
Utilities	197,677	200,466
Water and sewer charges	66,022	62,541
Repairs and maintenance	255,192	235,077
Insurance	205,797	173,834
Legal and accounting	11,845	39,807
Management fees	49,636	48,190
Real estate taxes	560,791	537,059
Corporate taxes and miscellaneous	21,541	19,371
Mortgage and line of credit interest	151,923	142,624
Total expenses	1,882,126	1,845,742
Excess (deficit) of revenue over expenses before capital assessment and depreciation	60,536	47,289
Capital assessment, replenish reserve fund	204,579	100,203
Depreciation	(215,902)	(182,734)
Excess (deficit) of revenue over expenses	\$ 49,213	\$ (35,242)

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

West Gate House, Inc.
Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock		Additional Paid-in Capital in Excess of Par Value	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance – January 1, 2024	9,499	\$ 9,499	\$ 4,166,789	\$ (3,320,618)	\$ 855,670
Transfer fees	-	-	75,945	-	75,945
Excess of expenses over revenue	-	-	-	(35,242)	(35,242)
Balance – December 31, 2024	9,499	\$ 9,499	\$ 4,242,734	\$ (3,355,860)	896,373
Transfer fees	-	-	99,030	-	99,030
Excess of revenue over expenses	-	-	-	49,213	49,213
Balance – December 31, 2025	<u>9,499</u>	<u>\$ 9,499</u>	<u>\$ 4,341,764</u>	<u>\$ (3,306,647)</u>	<u>\$ 1,044,616</u>

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

West Gate House, Inc.
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Excess (deficit) of revenue over expenses	\$ 49,213	\$ (35,242)
Adjustments to reconcile excess of expenses over revenue to net cash used in operating activities		
Depreciation	215,902	182,734
Interest expense – amortization of debt issuance costs	6,659	6,659
Changes in operating assets and liabilities		
Accounts receivable from tenant-stockholders	6,670	16,984
Prepaid insurance	(7,622)	(8,970)
Fuel inventory and prepaid costs	(1,100)	400
Prepaid real estate tax	(116,838)	-
Accounts payable and accrued expenses	7,225	9,831
Deferred revenue	12,063	65,418
Due to tenant-stockholders – real estate tax abatements	(5,308)	(305)
Security deposits payable	(5,655)	7,155
Due to Sponsor – SCRIE	6,787	14,554
Net cash used in operating activities	167,996	259,218
Cash flows from investing activities		
Expenditures for common property	(95,785)	(941,637)
Cash flows from financing activities		
Payments of mortgage principal	(94,514)	(90,535)
Drawings from line of credit	45,080	100,000
Transfer fees	99,030	75,945
Net cash used in financing activities	49,596	85,410
Net change in cash and cash equivalents	121,807	(597,009)
Cash, cash equivalents and restricted cash, beginning of year	168,883	765,892
Cash, cash equivalents and restricted cash, end of year	\$ 290,690	\$ 168,883
Cash, cash equivalents and restricted cash consists of		
Cash and cash equivalents	\$ 142,862	\$ 23,070
Capital reserve funds	96,492	94,734
Restricted cash – mortgage collateral security deposit	51,336	51,079
Cash, cash equivalents and restricted cash at end of year	\$ 290,690	\$ 168,883
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 143,913	\$ 134,493
Cash paid for corporate taxes	\$ 3,450	\$ 3,450
Non-Cash Transactions		
Acquisition of building improvements	\$ 16,171	\$ 18,110

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.

Restricted Cash – Mortgage Collateral Security Deposit

At December 31, 2025 and 2024, current assets include restricted cash in the amount of \$51,336 and \$51,079, respectively, which is being held in an account with the mortgage holder. The restricted cash balance consists of collateral security deposit. These amounts are included in alteration deposits payable in the accompanying balance sheets.

The Corporation follows FASB ASU 2016-18, *Statement of Cash Flows – Restricted Cash*, which requires that restricted cash be included in the statements of cash flows.

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 life 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.

Note 2 Summary of Significant Accounting Policies (continued)

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.

Revenue Recognition

The Corporation follows FASB ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. 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.

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. The maintenance charges are based on an annual budget as determined by the Board of Directors. Maintenance charges are based on the respective number of shares held by the owners. The Corporation's policy is to retain legal counsel and place liens on the shares of tenant-stockholders whose accounts are substantially delinquent. The Corporation writes off account balances when it has exhausted reasonable collection efforts and determined that the likelihood of collection is remote. These write-offs are charged against the allowance for credit losses. Based on the Corporation's analysis of its accounts receivable, it was determined that an allowance for credit losses was not required at December 31, 2025 and 2024. Any excess assessments at year end are retained by the Corporation for use in future years.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts receivable from tenant-stockholders	<u>\$ 21,235</u>	<u>\$ 27,905</u>	<u>\$ 25,231</u>

Note 2 Summary of Significant Accounting Policies (continued)

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 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 2025 and 2024.

Financial Instruments – Credit Losses

The Corporation follows FASB ASC 326. Financial assets held by the Corporation that are subject to the guidance in FASB ASC 326 were accounts receivable. The Corporation has estimated that no allowances are required for accounts receivable in 2025 and 2024.

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
NCB – Money Market Account	\$ 64,091	\$ 63,435
NCB – Certificate of Deposit	<u>32,401</u>	<u>31,299</u>
Total reserve funds	<u>\$ 96,492</u>	<u>\$ 94,734</u>

Note 4 Common Property

Land, buildings, improvements and equipment as of December 31, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 887,733	\$ 887,733
Building	2,282,742	2,282,742
Building improvements	5,569,650	5,475,804
Equipment, furniture and fixtures	<u>210,780</u>	<u>210,780</u>
	8,950,905	8,857,059
Accumulated depreciation	<u>(4,602,382)</u>	<u>(4,386,480)</u>
Net common property	<u><u>\$ 4,348,523</u></u>	<u><u>\$ 4,470,579</u></u>

During the year ended December 31, 2025, additions to common property totaled \$93,846 as follows: \$47,200 for superintendent apartment renovation; \$31,520 for heating equipment and \$15,126 for façade restoration.

During the year ended December 31, 2024, additions to common property totaled \$934,619 as follows: \$35,385 for gas piping; \$642,404 for façade restoration, \$21,869 for laundry room upgrades, and \$234,961 for superintendent apartment renovation.

For the years ended December 31, 2025 and 2024, depreciation expense amounted to \$215,902 and \$182,734, 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 amounted 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, 2025, the balance of this account was \$51,336. 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 SOFR. As of December 31, 2025 and 2024, the outstanding balance on the line of credit was \$145,080 and \$100,000, respectively. The mortgage and line of credit are secured by the land and building owned by the Corporation.

Note 5 Mortgage Payable (continued)

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, 2025 and 2024 is \$1,700 and \$1,668, 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, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Mortgage payable	\$ 3,292,158	\$ 3,386,672
Unamortized debt issuance costs	<u>(8,323)</u>	<u>(14,982)</u>
	3,283,835	3,371,690
Current portion	<u>(98,270)</u>	<u>(94,515)</u>
Mortgage payable, net of current portion	<u>\$ 3,185,565</u>	<u>\$ 3,277,175</u>

Principal maturities of the mortgage are as follows:

<u>Year Ending December 31,</u>	
2026	\$ 98,270
2027 (including maturity)	<u>3,193,888</u>
	<u>\$ 3,292,158</u>

Mortgage interest expense was \$130,200 and \$134,193 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, the Corporation received credits of \$103,070 and \$103,100, 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, 2025 and 2024, credits totaling \$44,845 and \$50,153, 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 2025 and 2024 of \$6,787 and \$14,554, 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, 2025 and 2024, DRIE and SCRIE credits payable to the Sponsor were \$97,942 and \$91,155, 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, 2025 and 2024, the additions to additional paid-in capital for income tax purposes were as follows:

	<u>2025</u>	<u>2024</u>
Mortgage amortization	<u>\$ 94,514</u>	<u>\$ 90,535</u>
Capital assessment	<u>\$ 204,579</u>	<u>\$ 100,203</u>

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 reserve accounts 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 2025 and 2024, six and four apartments, respectively, were sold, which generated \$99,030 and \$75,945, respectively, as an increase to additional paid-in capital.

Note 9 Assessments

Operating Assessment

The Board of Directors approved an operating assessment that approximated the Co-op abatement tax credits in years ended December 31, 2025 and 2024. These assessments amounted to \$153,543 and \$148,108, respectively, and were used to help cover rising operating expenses.

Capital Assessment

The Board of Directors approved a capital assessment in the amount of \$600,000 to fund a portion of the capital projects and replenish the reserve fund. This assessment will commence on July 1, 2024 and continue for 36 months, at the rate of \$1.76 per share per month.

Note 10 Management Agreement

The Corporation has an agreement with Siren Management Inc. on a monthly basis for the management of the building currently at the fee of \$49,636 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, 2025 and 2024, is outlined below. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2025 and 2024 is for the plan's year-end at June 30, 2025 and 2024, 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, 2024
Zone Status:	July 1, 2024 – Green
Zone Status:	July 1, 2025 – Green
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, 2024 – \$530,276,969
Plan Year End Date	June 30, 2025 – \$442,771,393
Total Number of Employers Contributing More Than 5%:	
During Plan Year:	June 30, 2024 – 1
During Plan Year:	June 30, 2025 – 1

The Corporation's contributions to the multi-employer pension plan for the years ended December 31, 2025 and 2024 were \$25,916 and \$21,652, respectively, and are included as a component of payroll and related expenses on the statements of operations. The Corporation's contributions for both 2025 and 2024 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 2025 and 2024 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, 2025 and 2024 there was no federal income tax.

Note 12 Income Taxes (continued)

As of December 31, 2025, the Corporation had approximately \$717,000 of operating loss carryforwards for Federal income tax purposes, which will expire in various years through 2034. The Corporation also has approximately \$1,919,000 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, 2025 and 2024, total NYS and NYC taxes were \$3,450 and \$3,450, respectively, which have been included as a component of corporate taxes and miscellaneous on the statements of operations.

The Corporation has evaluated its exposure resulting from uncertain tax positions and determined that the exposure is not material to the financial statements; therefore, these financial statements do not include a liability for unrecognized tax positions. In the event that the Corporation concludes that it is subject to interest and/or penalties arising from uncertain tax positions, the Corporation will present interest as a component of interest expense and penalties as a component of provision for income taxes. 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, 2022.

Note 13 Related Party Transactions

As of December 31, 2025 and 2024, 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 \$286,546 and \$278,200 for 2025 and 2024, respectively, with no arrears due at December 31, 2025 and 2024.

Note 14 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 May 21, 2026, 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, 2025 and 2024

	2025	2024
Payroll and related		
Salaries and bonuses	\$ 223,711	\$ 214,391
Payroll taxes	21,139	19,427
Employee benefits	107,547	101,848
Workers' compensation and disability insurance	6,183	8,099
Payroll service fees	3,122	4,703
Superintendent's housing expenses	-	38,305
Total payroll and related	\$ 361,702	\$ 386,773
Utilities		
Electricity and cooking gas	\$ 29,366	\$ 27,370
Fuel oil	168,311	173,096
Total utilities	\$ 197,677	\$ 200,466
Repairs and maintenance		
Exterminating	\$ 4,550	\$ 4,768
Elevator	35,132	44,627
Janitorial supplies	18,643	16,753
Plumbing, heating and boiler	89,685	80,746
Sprinkler and fire safety	2,438	2,319
Windows	21,393	12,009
Consulting fees	20,227	5,015
Doors and locks	8,358	13,283
Apartment repairs	24,850	10,278
Landscaping	8,820	2,343
Security and intercom	6,653	10,484
Electrical	3,458	9,052
Exterior	1,909	-
Cleaning	1,002	947
Violations	421	1,250
Air conditioning	11,439	-
Water damages	-	21,750
Repairs charged back to shareholders	(3,786)	(547)
Total repairs and maintenance	\$ 255,192	\$ 235,077
Corporate taxes and miscellaneous		
Corporate taxes	\$ 3,450	\$ 3,450
Telephone and cable	5,862	6,808
Miscellaneous and administrative	11,993	6,992
License, fees and permits	236	2,121
Total corporate taxes and miscellaneous	\$ 21,541	\$ 19,371