LUNA PARK HOUSING CORPORATION

Financial Statements and
Supplementary Information for the
Years Ended June 30, 2026 and 2025

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

LUNA PARK HOUSING CORPORATION

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PRISAND, MELLINA, UNTERLACK & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
LUNA PARK HOUSING CORPORATION
2879 West 12th Street,
Brooklyn, NY 11224

Opinion

We have audited the accompanying financial statements of LUNA PARK HOUSING CORPORATION, which comprise the balance sheet (with supporting schedules) as of June 30, 2026, and the related statements of revenues, expenses and comprehensive loss (with supporting schedules), changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LUNA PARK HOUSING CORPORATION as of June 30, 2026, 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 LUNA PARK HOUSING CORPORATION 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.

Other Matter

The financial statements of LUNA PARK HOUSING CORPORATION for the year ended June 30, 2025 were audited by another auditor, who expressed an unmodified opinion on those statements on November 13, 2025.

Emphasis of Matter

As part of our audit of the financial statements for the year ended June 30, 2026, we also audited the adjustments described in Note 2 that were applied to restate the financial statements for the year ended June 30, 2025. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the year ended June 30, 2025 financial statements of LUNA PARK HOUSING CORPORATION other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended June 30, 2025 as a whole.

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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 LUNA PARK HOUSING CORPORATION'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 LUNA PARK HOUSING CORPORATION'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 LUNA PARK HOUSING CORPORATION's ability to continue as a going concern for a reasonable period of time.

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

Omission of Required Supplementary Information about Future Major Repairs and Replacements

As discussed in Note 2, LUNA PARK HOUSING CORPORATION has omitted the supplementary information on future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Prisand, Mellina, Unterlack & Co., LLP

Plainview, New York
October 22, 2026

LUNA PARK HOUSING CORPORATION
BALANCE SHEETS
AS OF JUNE 30,

	2026	2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,838,987	$ 4,481,302
Accounts receivable	3,384,590	2,900,905
Prepaid expenses	2,223,339	1,809,145
Mortgage escrows (Note 3)	1,688,659	2,700,967
Total Current Assets	11,135,575	11,892,319
Funds: (Notes 2 and 4)		
Capital reserve fund	7,143,836	6,425,137
Double equity reserve fund	4,143,541	3,732,097
Operating reserve fund	2,217,831	2,152,523
Total Funds	13,505,208	12,309,757
Property and Improvements: (Notes 2 and 5)		
Land	1,451,374	1,451,374
Buildings	23,207,009	23,207,009
Building improvements and equipment	110,231,197	108,408,792
Total	134,889,580	133,067,175
Accumulated depreciation	(67,717,465)	(65,139,628)
Net Property and Improvements	67,172,115	67,927,547
Other Assets:		
Repair escrow (Note 6)	680,366	686,366
Cash - security deposits	14,776	16,800
Utility deposits	-	12,000
Total Other Assets	695,142	715,166
Total Assets	$ 92,508,040	$ 92,844,789

The accompanying notes are an integral part of this statement.

LUNA PARK HOUSING CORPORATION
BALANCE SHEETS
AS OF JUNE 30,

	2026	2025
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accrued mortgage interest	$ 227,958	$ 237,553
First mortgage payable - current portion (Note 6)	1,465,190	1,370,630
Second mortgage payable - current portion (Note 6)	436,532	412,443
Due to former cooperators - equity and amortization	2,024,016	2,109,097
Accounts payable and accrued expenses	1,116,317	575,442
Advance maintenance and commercial rent	287,681	297,801
Building improvements payable	183,592	-
Accrued wages and payroll taxes	90,997	78,020
Due to stockholders - STAR abatements	33,803	-
Total Current Liabilities	5,866,086	5,080,986
Long-Term and Other Liabilities:		
First mortgage payable - net of current portion (Note 6)	31,641,280	33,106,470
Second mortgage payable - net of current portion (Note 6)	8,713,853	9,150,385
Subordinate mortgage payable - HDC (Note 6)	4,933,664	4,933,664
Subordinate loans payable - HPD (Note 6)	12,333,199	12,147,240
Unamortized debt issuance costs (Note 2)	(529,298)	(567,020)
Net Long-Term Debt	57,092,698	58,770,739
Deferred mortgage interest payable (Note 6)	789,798	740,462
Application deposits payable	86,400	321,969
Security deposits payable	14,776	4,475
Net Long-Term and Other Liabilities	57,983,672	59,837,645
Total Liabilities	63,849,758	64,918,631
Stockholders' Equity:		
Common stock - $10 par value, 458,625 shares authorized and 458,175 issued and outstanding	4,581,750	4,581,750
Additional paid-in capital	49,330,115	47,918,671
Accumulated deficit	(25,252,926)	(24,574,263)
Accumulated other comprehensive loss (Notes 2 and 4)	(657)	-
Total Stockholders' Equity	28,658,282	27,926,158
Total Liabilities and Stockholders' Equity	$ 92,508,040	$ 92,844,789

The accompanying notes are an integral part of this statement.

LUNA PARK HOUSING CORPORATION
SUPPORTING SCHEDULES - BALANCE SHEETS
AS OF JUNE 30,

	2026	2025
Cash and Cash Equivalents:		
Operating accounts	$ 1,814,971	$ 2,871,208
Equity account	2,024,016	1,610,094
Total Cash and Cash Equivalents	$ 3,838,987	$ 4,481,302
Accounts Receivable:		
Maintenance - Apartments (net of allowance for credit losses of $611,421 in 2026 and $442,764 in 2025) (Note 2)	$ 3,100,435	$ 2,479,794
Due from NYC - real estate tax	215,657	381,458
Commercial and professional rent (net of allowance for credit losses of $8,463 in 2026 and $0 in 2025) (Notes 2 and 7)	45,498	36,084
Laundry income	23,000	-
Other	-	3,569
Total Accounts Receivable	$ 3,384,590	$ 2,900,905
Prepaid Expenses:		
Insurance	$ 1,921,064	$ 924,751
Shelter rent real estate tax (Note 9)	247,819	490,894
Fuel	54,456	-
Water and sewer	-	393,500
Total Prepaid Expenses	$ 2,223,339	$ 1,809,145
Mortgage Escrows: (Note 3)		
New York City shelter rent tax and water and sewer	$ 1,556,718	$ 1,818,450
Insurance	131,941	882,517
Total Mortgage Escrows	$ 1,688,659	$ 2,700,967

The accompanying notes are an integral part of this statement.

LUNA PARK HOUSING CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30,

	2026	2025
REVENUES		
Maintenance - Apartments (Note 13)	$ 21,583,822	$ 21,583,822
Vacancy loss	(255,417)	(502,779)
Parking income	695,940	691,800
Surcharges	669,896	608,520
Air conditioners	552,591	495,443
Commercial rents (Note 7)	285,611	226,638
Interest and dividends	224,160	267,838
Administrative, late and other stockholder fees	178,720	185,981
Laundry income	163,000	163,000
Total Revenues	24,098,323	23,720,263
EXPENSES		
Administrative expenses	937,195	998,928
Operating expenses	15,245,953	13,180,311
Repairs and maintenance	2,247,740	3,634,127
Financial expenses	2,826,602	2,938,420
New York City shelter rent real estate tax (Note 9)	706,279	1,391,600
Total Expenses	21,963,769	22,143,386
Operating income before other items and depreciation expense	2,134,554	1,576,877
Credit losses (Note 2)	(177,120)	(84,844)
Deferred mortgage interest (Note 6)	(49,336)	(49,337)
Prior year's accrual adjustments	(8,924)	-
INCOME BEFORE DEPRECIATION EXPENSE	1,899,174	1,442,696
Depreciation expense	(2,577,837)	(2,574,813)
Net Loss For The Year	(678,663)	(1,132,117)
OTHER COMPREHENSIVE LOSS		
Unrealized loss on marketable securities (Notes 2 and 4)	(657)	-
Comprehensive Loss For The Year	$ (679,320)	$ (1,132,117)

The accompanying notes are an integral part of this statement.

LUNA PARK HOUSING CORPORATION
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES, EXPENSES AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30,

	2026	2025
Administrative Expenses:		
Management fee (Note 12)	$ 440,861	$ 428,021
Professional fees	290,253	337,768
Other administrative	160,271	199,937
Telephone and communications	45,810	33,202
Total Administrative Expenses	$ 937,195	$ 998,928
Operating Expenses:		
Utilities		
Electricity and gas	$ 2,848,201	$ 2,641,383
Gas - heat and fuel	1,928,715	1,429,643
Water and sewer	1,708,480	1,634,883
	6,485,396	5,705,909
Payroll		
Wages	3,292,146	3,096,411
Union benefits (Note 8)	1,478,503	1,415,343
Payroll taxes	290,128	282,273
Workers' compensation and disability	107,572	117,554
	5,168,349	4,911,581
Other		
Insurance	2,476,555	1,523,335
Security	953,961	865,283
Cable service	104,542	113,531
Permits and miscellaneous operating	57,150	60,672
	3,592,208	2,562,821
Total Operating Expenses	$ 15,245,953	$ 13,180,311

The accompanying notes are an integral part of this statement.

LUNA PARK HOUSING CORPORATION
SUPPORTING SCHEDULES - STATEMENTS OF REVENUES, EXPENSES AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30,

	2026	2025
Repairs and Maintenance:		
Plumbing	$ 656,200	$ 1,047,112
Materials and supplies	507,055	780,845
Grounds	287,022	261,208
Elevator maintenance and repairs	228,440	482,249
Heating and water treatment service	188,990	158,391
Electrical and equipment	159,993	454,010
Intercom and antenna	70,728	120,124
Exterminating	57,949	63,284
Doors, locks, windows and screens	56,384	179,059
Painting, plastering and flooring	47,974	93,000
Uniforms	15,536	14,313
Stockholder reimbursements	(28,531)	(19,468)
Total Repairs and Maintenance	$ 2,247,740	$ 3,634,127
Financial Expenses:		
First mortgage interest (Note 6)	$ 2,257,356	$ 2,346,306
Second mortgage interest (Note 6)	531,524	554,392
Amortization of debt issuance costs (Note 2)	37,722	37,722
Total Financial Expenses	$ 2,826,602	$ 2,938,420
Depreciation Expense:		
Building improvements and equipment	$ 2,577,837	$ 2,574,813

The accompanying notes are an integral part of this statement.

LUNA PARK HOUSING CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30,

	2026	2025
COMMON STOCK		
Balance - Beginning of Year	$ 4,581,750	$ 4,581,750
Transactions during the year	-	-
Balance - June 30,	$ 4,581,750	$ 4,581,750
ADDITIONAL PAID-IN CAPITAL		
Balance - Beginning of Year	$ 47,918,671	$ 47,238,892
Contributed capital - double equity (Note 4)	1,411,444	679,779
Balance - June 30,	$ 49,330,115	$ 47,918,671
ACCUMULATED DEFICIT		
Balance - Beginning of Year	$ (24,574,263)	$ (23,442,146)
Net loss for the year	(678,663)	(1,132,117)
Balance - June 30,	$ (25,252,926)	$ (24,574,263)
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance - Beginning of Year	$ -	$ -
Unrealized loss on marketable securities	(657)	-
Balance - June 30,	$ (657)	$ -

The accompanying notes are an integral part of this statement.

LUNA PARK HOUSING CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (678,663)	$ (1,132,117)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation expense	2,577,837	2,574,813
Amortization of debt issuance costs	37,722	37,722
Deferred mortgage interest	49,336	49,337
(Increase) decrease in accounts receivable	(483,685)	176,208
(Increase) in prepaid expenses	(414,194)	(716,203)
Decrease (increase) in mortgage escrows	1,012,308	(17,490)
Decrease in repair escrow	6,000	-
Increase (decrease) in accounts payable and accrued expenses	540,875	(171,095)
(Decrease) in other current liabilities	(58,016)	(43,590)
Net change in security and utility deposits transactions	(211,244)	-
Total Adjustments	3,056,939	1,889,702
Cash Provided By Operating Activities	2,378,276	757,585
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in reserve funds - at cost	(1,196,108)	(1,511,623)
(Increase) in building improvements and equipment	(1,822,405)	(345,995)
Increase in building improvements payable	183,592	-
Cash (Used) By Investing Activities	(2,834,921)	(1,857,618)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amortization of first mortgage payable	(1,370,630)	(1,282,173)
Amortization of second mortgage payable	(412,443)	(389,682)
Adjustment of subordinate loans payable	185,959	-
Increase in additional paid-in capital - double equity	1,411,444	679,779
Cash (Used) By Financing Activities	(185,670)	(992,076)
Net (decrease) in cash and cash equivalents	(642,315)	(2,092,109)
Cash and cash equivalents at beginning of year	4,481,302	6,573,411
Cash and Cash Equivalents at End of Year	$ 3,838,987	$ 4,481,302
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 2,798,476	$ 2,947,417
Income taxes paid - net of refunds	$ -	$ -
NON-CASH TRANSACTIONS		
Unrealized loss on marketable securities	$ (657)	$ -

The accompanying notes are an integral part of this statement.

Notes to Financial Statements

Note 1 - ORGANIZATION

LUNA PARK HOUSING CORPORATION (the "Corporation") began operations in March 1961 pursuant to the New York State Private Housing Finance Law, Article 2 (the "Mitchell-Lama Program"). The Corporation is a Mitchell-Lama cooperative housing entity, which is governed by the New York City Department of Housing Preservation and Development ("HPD"). The Property is comprised of five residential buildings located at 2879 West 12th Street, Brooklyn, New York, which contain 1,574 residential units, outdoor parking, and seventeen commercial units. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle and Reclassification of Accounts

Effective July 1, 2025, the Corporation changed its method of accounting for any portion of maintenance charges used for mortgage amortization to a more preferable method permitted under generally accepted accounting principles. For financial reporting purposes, the current method recognizes any portion of maintenance charges used for mortgage amortization as revenue. Previously, such amounts had been reported as contributions to additional paid-in capital. This change has been retrospectively applied to the Corporation's financial statements for the year ended June 30, 2025, resulting in a $1,671,856 increase in operating income before depreciation expense with an offsetting decrease to additional paid-in capital. There was no net effect on the Corporation's total stockholders' equity from the aforementioned transaction. The change in accounting principle did not affect the Corporation's reporting for income tax purposes.

Certain accounts in the financial statements for the year ended June 30, 2025 have been reclassified to conform to the report presentation for the year ended June 30, 2026. Such reclassifications had no effect on the previously reported net loss for the year.

Investments

The Corporation's investments in U.S. Treasury securities are classified as held to maturity and stated at amortized cost, which approximates fair value.

Fair Value Measurements

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ASC 820, *Fair Value Measurements and Disclosures*, the Corporation has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs when market prices are not readily available or are unreliable (Level 3). Generally accepted accounting principles define fair value as the exit price, or the amount 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.

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

Fair Value Measurements (continued)

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 inputs to the valuation methodology include quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets for identical assets or liabilities, or other significant observable inputs.

Level 3 inputs to the valuation methodology are unobservable inputs for the asset or liability which reflect management's assumptions about the factors market participants would use in determining fair value and are based on the best information available.

As of June 30, 2026 and 2025, $2,191,878 and $2,146,539, respectively, of the Corporation's investments in a money fund and a U.S. Treasury Bill, respectively, were valued using Level 1 inputs.

Property and Improvements

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

Future Major Repairs and Replacements

The Corporation's governing documents do not require the accumulation of funds in advance of actual need to finance estimated future major repairs and replacements. The Corporation previously engaged an engineer to examine the components of the building and identify future major repairs and replacements that may be required. However, consistent with general practice in New York City, the Corporation has not promulgated the results of the engineer's report as part of the audited financial statements. When funds are required for major repairs and replacements, the Corporation (with HPD approval) has the right to utilize available cash reserves and/or borrow, increase maintenance, implement special assessments, or delay repairs and replacements until funds are available.

Debt Issuance Costs

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

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

Revenue Recognition and Accounts Receivable

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

Stockholders are subject to monthly maintenance and operating assessments based on their respective share ownership in order to provide funds for the Corporation's operating expenses. Such amounts are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Corporation's performance obligations related to its maintenance and operating assessments are satisfied over time on a daily pro-rata basis. Capital assessments, if any, provide funds for the Corporation's capital improvements and to replenish the capital reserve fund. The performance obligations related to capital assessments are satisfied when the funds are expended for their designated purpose.

Maintenance and assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the stockholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are unreasonably delinquent. Any excess assessments at year end are retained by the Corporation for use in future years. As of June 30, 2026 and 2025, the Corporation's accounts receivable from stockholders of $3,100,435 and $2,479,794, respectively, were stated net of an allowance for credit losses of $611,421 and $442,764, respectively, primarily related to former stockholders.

Commercial and Professional Rents and Accounts Receivable

Accounts receivable at the balance sheet date represent past due amounts from commercial and professional tenants. As of June 30, 2026 and 2025, the Corporation's accounts receivable from commercial and professional tenants of $45,498 and $36,084, respectively, were stated net of an allowance for credit losses of $8,463 and $0, respectively.

Income Taxes

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

Other Comprehensive Loss

Other comprehensive loss includes items that are not the result of the Corporation's financial performance and are recorded directly in stockholders' equity. Such items include unrealized gains and losses on the Corporation's investments in marketable securities.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Corporation considers all highly liquid investments (not allocated to the reserve funds or the mortgage escrow accounts) with a maturity of three months or less at the date of purchase to be cash equivalents.

Note 3 - MORTGAGE ESCROWS

The Corporation deposits a prorated monthly sum into escrow accounts maintained by Wells Fargo Multifamily Capital for the payment of shelter rent tax, water and sewer expense, and insurance. As of June 30, 2026 and 2025, the balance in the escrow accounts was $1,688,659 and $2,700,967, respectively.

Note 4 - FUNDS

Capital Reserve Fund

During the years ended June 30, 2026 and 2025, the following transactions have taken place in the Corporation's capital reserve fund.

	2026	2025
Balance - Beginning of Year	$ 6,425,137	$ 5,683,828
Reserve funding	600,000	600,000
Interest and dividends (net of bank charges)	118,699	141,309
Balance - June 30,	$ 7,143,836	$ 6,425,137

The capital reserve fund is held in a JPMorgan Chase Bank Money Market Account.

Double Equity Reserve Fund

The Board of Directors, stockholders and HPD have previously approved a "double equity program", which is utilized to provide funds to increase the Corporation's reserves. In connection with this program, all incoming stockholders are required to pay double the equity and amortization of the outgoing stockholder.

During the years ended June 30, 2026 and 2025, the following transactions have taken place in the Corporation's double equity reserve fund.

	2026	2025
Balance - Beginning of Year	$ 3,732,097	$ 3,052,318
Double equity contributions	1,411,444	679,779
Net transfers (to) operations to pay for building improvements	(1,000,000)	-
Balance - June 30,	$ 4,143,541	$ 3,732,097

The double equity reserve fund is held in a JPMorgan Chase Bank Commercial Checking Account.

Note 4 - **FUNDS** (continued)

Operating Reserve Fund

During the years ended June 30, 2026 and 2025, the following transactions have taken place in the Corporation's operating reserve fund.

	2026	2025
Balance - Beginning of Year	$ 2,152,523	$ 2,061,987
Interest and dividends (net of bank charges)	65,965	90,536
Balance - June 30, (before allowance for unrealized loss due to temporary market fluctuations)	$ 2,218,488	$ 2,152,523
The operating reserve fund is invested as follows:		
BLF - TempCash Fund	$ 2,192,535	$ -
Merrill Lynch - Bank Deposit Program	25,953	5,984
Merrill Lynch - U.S. Treasury Bill	-	2,146,539
Balance - June 30,	2,218,488	2,152,523
Unrealized loss on marketable securities	(657)	-
Operating reserve fund, net of unrealized loss - June 30,	$ 2,217,831	$ 2,152,523

Note 5 - **PROPERTY AND IMPROVEMENTS**

During the years ended June 30, 2026, the Corporation capitalized the following building improvements and equipment.

	2026
Elevator modernization	$ 1,171,656
Facade restoration	430,103
Boiler upgrades	74,035
Concrete replacements	54,721
Electrical upgrades	41,850
Playground improvements	28,640
Natural gas alarms	21,400
Total	$ 1,822,405

During the year ended June 30, 2027, the Corporation anticipates spending approximately $4,254,000 to complete the elevator modernization project. This project is subject to change orders and professional fees as the work progresses. It will be paid for with proceeds from the capital reserve fund (Note 4).

Note 6 - LONG-TERM DEBT

First Mortgage Payable

The first mortgage payable, in the original principal amount of $47,000,000, is held by Wells Fargo Multifamily Capital ("Wells Fargo"). It requires equal monthly payments of $302,969, applied first to interest at a rate of 6.69% per annum with the balance as a reduction of principal based on a thirty year amortization schedule. The loan is secured by the land and building owned by the Corporation. It has a thirty-year term, which is scheduled to mature on July 1, 2040.

At closing, Wells Fargo required the Corporation to establish a repair escrow of $44,491,295. Such funds have been used to pay for portions of the Corporation's building improvements and equipment. As of June 30, 2026 and 2025, the repair escrow had a balance of $680,366.

The loan may be prepaid in whole, subject to a prepayment penalty as defined in the loan documents.

During the next five years ending June 30, the following principal payments are required.

Year Ended June 30,	Amount
2027	$ 1,465,190
2028	1,566,273
2029	1,674,330
2030	1,789,842
2031	1,913,323

Second Mortgage Payable

The second mortgage payable, in the original principal amount of $13,000,000, is held by Wells Fargo. It requires equal monthly payments of $78,827, applied first to interest at a rate of 5.69% per annum with the balance as a reduction in principal based on a twenty-seven year amortization schedule. The loan is secured by the land and building owned by the Corporation. It has a twenty-seven-year term, which is scheduled to mature on July 1, 2040.

The loan may be prepaid in whole, subject to a prepayment penalty as defined in the loan documents.

During the next five years ending June 30, the following principal payments are required.

Year Ended June 30,	Amount
2027	$ 436,532
2028	462,029
2029	489,015
2030	517,577
2031	547,808

Note 6 - **LONG-TERM DEBT** (continued)

Subordinate Mortgage Payable - HDC

On June 28, 2010, the Corporation entered into a subordinate mortgage payable, in a maximum principal amount of $4,933,664, which is held by the New York City Housing Development Corporation ("HDC"). Interest on the subordinate mortgage payable at a fixed rate of 1.00% per annum is being deferred. The deferred interest is accruing on a compounding basis until maturity. The subordinate mortgage payable is scheduled to mature on July 1, 2040. At maturity, the loan principal and deferred interest shall be forgiven if there is no default under the Regulatory Agreement and the mortgage documents.

Subordinate Loans Payable - HPD

On June 28, 2010, the Corporation entered into a subordinate loan payable (Capital 8A Loan), in the original principal amount of $9,000,000, which is held by HPD. Interest on the subordinate loan payable at a fixed rate of 1.00% per annum is being deferred. The deferred interest is accruing on a compounding basis until maturity. The subordinate loan payable is scheduled to mature on June 28, 2030. As of June 30, 2026, the loan's outstanding balance was $8,333,199.

On June 28, 2013, the Corporation entered into a subordinate loan payable (Capital 8A Loan), in the maximum principal amount of $2,000,000, which is held by HPD. Interest on the subordinate loan payable at a fixed rate of 1.00% per annum is being deferred. The deferred interest is accruing on a compounding basis until maturity. The subordinate loan payable is scheduled to mature on June 28, 2033. As of June 30, 2026, the loan's outstanding balance was $2,000,000.

On June 28, 2013, the Corporation entered into a subordinate loan payable (Capital 8A Loan), in the maximum principal amount of $2,000,000, which is held by HPD. The loan has a fixed interest rate of 0.00% per annum. The subordinate loan payable is scheduled to mature on June 28, 2033. As of June 30, 2026, the loan's outstanding balance was $2,000,000.

At maturity, the subordinated loan principal and deferred interest shall be forgiven if the premises has been operated in full compliance with the provisions of Article II of the New York State Private Housing Finance Law, and the Regulatory Agreement, and there is no default under the loan documents.

Note 7 - **COMMERCIAL RENTS**

As of June 30, 2026, a portion of the Corporation's property was leased to ten commercial tenants (including stores and offices) under leases which are due to expire between September 30, 2027 and October 31, 2033. In addition, there are several commercial tenants renting on a month to month basis. During the next five years ending June 30, the minimum contractual rental income from the commercial tenants (excluding month-to-month tenants) was as follows:

Year Ended June 30,	Amount
2027	$ 197,817
2028	189,730
2029	166,267
2030	117,114
2031	59,727

Note 8 - UNION BENEFITS

Substantially all of the Corporation's employees are members of the Service Employees International Union ("SEIU") Local 32BJ and covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan (the "Plan"). The union agreement expires on April 20, 2030. The Corporation makes contributions to the Plan based on the number of weeks worked by each employee covered under the union contract. During the years ended June 30, 2026 and 2025, the Corporation contributed $1,478,503 and $1,415,343, respectively, to the Plan of which $317,167 and $306,183, respectively, was for pension expense. The Corporation's contributions to the Plan were less than 5% of the Plan's total contributions.

Contributions to the Building Service 32BJ Pension Fund (Employer Identification Number 13-1879376, Plan 001) (the "Fund") are not segregated or otherwise restricted to provide benefits only to the Corporation's employees. The risks of participating in a multiemployer pension plan are different from a single-employer pension plan in the following aspects: 1) assets contributed to a multiemployer pension plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) if the Corporation chooses to stop participating in its multiemployer pension plan, the Corporation may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

In accordance with the Pension Protection Act of 2006, the Fund receives an annual certified zone status from its actuary, which summarizes its funding status. Plans in the "red zone" are generally less than 65% funded, plans in the "yellow zone" are 65% to 80% funded, and plans in the "green zone" are at least 80% funded. The Fund was considered to be in endangered status ("yellow zone") for the plan year beginning July 1, 2023. As part of the Fund's efforts to improve its funding situation, the Trustees of the Fund previously adopted a rehabilitation plan, which was incorporated into the collective bargaining agreement between the Realty Advisory Board On Labor Relations, Inc. and the SEIU Local 32BJ. As of July 1, 2024, the Fund emerged from endangered status and is currently in neither critical nor endangered status. Its most recently available certified zone status is "green". Information as to the Corporation's portion of the unfunded vested benefits and Plan assets has not been determined. The Corporation has no intention of withdrawing from the Plan.

Note 9 - NEW YORK CITY SHELTER RENT TAX

The Board of Estimate of the City of New York has granted the Corporation a partial abatement of real estate tax. The Corporation is required to pay real estate tax based on the "shelter rent formula" as defined. During June 2025, the New York State Senate passed legislation to reduce the New York City shelter rent tax rate from 10% to 5% for Mitchell-Lama housing entities commencing with the fiscal year ending June 30, 2026.

The Corporation was also the recipient of three real estate tax abatements under the New York City Tax Incentive and Abatement Program (referred to as the J-51 program). Final benefits of $63,646 were recognized during the tax year 2025/26.

Note 10 - INCOME TAXES

In accordance with ASC 740, *Income Taxes*, the Corporation is required to disclose and recognize any material tax provisions resulting from uncertain tax positions.

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, a Cooperative is required to classify its income and expenses as patronage or non-patronage sourced. Income is patronage sourced if it is derived from an activity that is so closely intertwined with the main cooperative effort that it may be characterized as directly related to, and inseparable from, the Cooperative's principal business activity, and thus facilitates the accomplishment of the Cooperative's business purpose. Income from non-patronage sources in excess of allocable expenses may be subject to tax. The Corporation believes that all of its income is effectively patronage sourced and if this position is subjected to examination and settlement by a taxing authority, there will not be a significant change in the Corporation's financial position or results of operations.

For the year ended June 30, 2026, the Corporation sustained an operating loss and will not be liable for Federal income tax. As of June 30, 2026, the Corporation had approximately $14,689,400 of operating loss carryforwards for Federal income tax purposes, which will expire in various years through the year ending June 30, 2038 and approximately $8,989,200 of operating loss carryforwards, which may be carried forward indefinitely until the loss is fully recovered. Such loss carryforwards are limited to 80% of the Corporation's taxable income in any one tax period. Since the future utilization of these tax carryforward losses is uncertain, no related deferred tax assets have been recognized in the accompanying financial statements.

The Corporation is organized as a Mitchell-Lama housing cooperative and is exempt from New York State Franchise Tax and New York City Corporation tax.

The Corporation's tax returns for all years since the year ended June 30, 2023 remain open to examination. There are currently no tax examinations in progress.

Note 11 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Corporation's primary asset is a 1,574 unit apartment development. The Corporation's operations are concentrated in the multifamily real estate market, which is a heavily regulated environment subject to the administrative directives, rules and regulations of HPD. Such administrative directives, rules and regulations are subject to change by HPD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 12 - MANAGEMENT SERVICES

The Corporation has engaged Metro Management Development, Inc. to provide customary management services for the entity. During the years ended June 30, 2026 and 2025, the Corporation incurred management fees of $440,861 and $428,021, respectively.

Note 13 - OTHER MATTERS - MAINTENANCE INCREASES

The Board of Directors has applied for a series of maintenance increases over the next three years. As of the date of issuance of the accompanying financial statements, the increases had not been finalized and HPD was reviewing the Corporation's application.

Note 14 - CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash in bank deposits at financial institutions which, at times, may exceed federally insured limits. As of June 30, 2026, the Corporation held approximately $17,125,600 of cash in excess of federally insured limits. The Corporation's investment in the BLF TermpCash Fund is not FDIC insured, but is insured by the Securities Investor Protection Corporation ("SIPC"), which protects the Corporation's investments up to a maximum of $500,000, including $250,000 of cash. The BLF TempCash Fund invests in a broad range of U.S. dollar-denominated money market instruments, including government, U.S. and foreign banks, and commercial obligations and repurchase agreements. Under normal market conditions, at least 25% and normally a substantial portion of the Fund's total assets are invested in obligations of issuers in the financial services industry and repurchase agreements secured by such obligations. The Corporation has not experienced any losses due to concentration of credit risk in such accounts.

Note 15 - CLAIMS OR LITIGATION

From time to time, claims or matters of litigation may arise in the ordinary conduct of the Corporation's business. In the opinion of management, claims or litigation outstanding against the Corporation at June 30, 2026 are either without merit or the ultimate losses, if any, would not have a material adverse effect on the financial position or results of operations of the Corporation.

Note 16 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 22, 2026, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PRISAND, MELLINA, UNTERLACK & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders of
LUNA PARK HOUSING CORPORATION
2879 West 12th Street,
Brooklyn, NY 11224

We have audited the financial statements of LUNA PARK HOUSING CORPORATION as of and for the year ended June 30, 2026, and our report thereon dated October 22, 2026, which expressed an unmodified opinion on those financial statements, appears on Pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The financial statements for the year ended June 30, 2025 were audited by other auditors whose report, dated November 13, 2025, expressed an unmodified opinion on those statements. The accompanying Comparative Schedule of Revenues and Expenditures - Budget and Historical on Page 23, which is the responsibility of LUNA PARK HOUSING CORPORATION 's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Prisand, Mellina, Unterlack & Co., LLP

Plainview, New York
October 22, 2026 for Historical Statements

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LUNA PARK HOUSING CORPORATION

Comparative Schedule of Revenues and Expenditures - Budget and Historical

	For The Year July 1, 2025 - June 30, 2026		Prior Year July 1, 2024 - June 30, 2025
	Budget (Unaudited)	Actual	Actual
REVENUES			
Maintenance - Apartments	$ 21,678,700	$ 21,583,822	$ 21,583,822
Vacancy loss	(15,300)	(255,417)	(502,779)
Parking income	731,100	695,940	691,800
Surcharges	600,000	669,896	608,520
Air conditioners	495,400	552,591	495,443
Commercial rents	236,700	285,611	226,638
Interest and dividends	280,000	224,160	267,838
Administrative, late and other stockholder fees	180,000	178,720	185,981
Laundry income	163,000	163,000	163,000
TOTAL REVENUES	24,349,600	24,098,323	23,720,263
EXPENDITURES			
Management fee	445,200	440,861	428,021
Professional fees	300,000	290,253	337,768
Other administrative and telephone	222,300	206,081	233,139
Electricity and gas	2,800,000	2,848,201	2,641,383
Gas - heat and fuel	1,500,000	1,928,715	1,429,643
Water and sewer	1,700,000	1,708,480	1,634,883
Wages and related costs	5,200,000	5,168,349	4,911,581
Insurance	2,000,000	2,476,555	1,523,335
Security	1,000,600	953,961	865,283
Cable service	105,000	104,542	113,531
Permits and miscellaneous operating	60,000	57,150	60,672
Repairs and maintenance	3,044,500	2,247,740	3,634,127
First mortgage interest and amortization	3,628,000	3,627,986	3,628,479
Second mortgage interest and amortization	944,000	943,967	944,074
New York City shelter rent real estate tax	800,000	706,279	1,391,600
Capital reserve funding	600,000	600,000	600,000
TOTAL EXPENDITURES	24,349,600	24,309,120	24,377,519
Budgeted Surplus	$ -		
LOSS FROM OPERATIONS		(210,797)	(657,256)
First mortgage amortization		1,370,630	1,282,173
Capital reserve funding		600,000	600,000
Second mortgage amortization		412,443	389,682
Credit losses		(177,120)	(84,844)
Deferred mortgage interest		(49,336)	(49,337)
Amortization of debt issuance costs		(37,722)	(37,722)
Prior year's accrual adjustments		(8,924)	-
INCOME BEFORE DEPRECIATION EXPENSE		$ 1,899,174	$ 1,442,696

See Independent Auditor's Report on Supplementary Information.