

**LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING COMPANY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2025 AND 2024

**LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING COMPANY)**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Balance Sheets	3
Statements of Revenues and Expenses	4
Statements of Changes in Shareholders' Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16
SUPPLEMENTARY INFORMATION:	
Schedule of Insurance	17
Schedule of Accounts Payable	18
Schedule of Certain Expenses	19-20



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Luna Park Housing Corporation
Brooklyn, New York

Opinion

We have audited the accompanying financial statements of Luna Park Housing Corporation, which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of revenues and expenses, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Luna Park Housing Corporation as of June 30, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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.

Emphasis of Matter

As discussed in Note 14, the financial statements for the year ended June 30, 2024, have been restated to account for unrecorded cash and capital contribution activity that occurred in prior years. The restatement increased previously reported cash and equity balances. Our opinion is not modified with respect to this matter.

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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a

200 Parkway Drive South, Suite 302, Hauppauge, NY 11788

Phone (631) 360-1700 Fax (631) 963-7522

Fort Lauderdale | Long Island | Miami | New York | Palm Beaches | Westchester

www.fuoco.com

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17 to 20 is presented for the purpose 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, such 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 supplementary information about 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.



Hauppauge, New York
November 13, 2025

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
BALANCE SHEETS

	As of June 30,	
	2025	2024 (Restated)
ASSETS		
Current assets:		
Cash - funds held by management agent	\$ 4,481,302	6,573,412
Restricted cash and cash equivalents:		
Cash - HPD capital repair and replacement reserve	6,425,137	5,683,828
Cash - FSCA reserve	3,732,097	3,052,318
Cash - operating reserve	2,152,522	2,061,987
Cash - tax escrow	1,818,450	1,552,452
Cash - insurance escrow	882,517	1,131,025
Cash - repair escrow	686,366	686,366
Cash - security	28,800	28,800
Total restricted cash and cash equivalents	15,725,889	14,196,776
Total cash, cash equivalents, and restricted cash	20,207,191	20,770,188
Tenant-shareholder receivable, net	2,681,679	2,895,609
Other receivables	219,226	214,927
Prepaid expenses	1,809,145	1,092,943
Total current assets	24,917,241	24,973,667
Property and equipment, net	67,927,547	70,156,364
Total assets	\$ 92,844,788	\$ 95,130,031
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 481,310	\$ 406,246
Accrued expenses	1,150,165	1,353,072
Maintenance received in advance	219,101	233,611
Security deposits payable	326,445	326,445
Deferred revenue	78,700	94,440
Equity and amortization deposits	2,109,097	2,149,776
Current portion of long-term debt	1,783,073	1,671,856
Total current liabilities	6,147,891	6,235,446
Long-term debt, net	58,770,741	60,516,091
Total liabilities	64,918,632	66,751,537
Shareholders' equity:		
Common stock; \$10 par value; 458,625 shares authorized;		
458,175 issued and outstanding	4,581,750	4,581,750
Paid-in-capital, mortgage amortization	36,518,246	34,846,390
Paid-in-capital, replacement reserve	9,340,184	9,111,147
Paid-in-capital, first sale capital assessment	3,732,097	3,052,318
Accumulated deficit	(26,246,121)	(23,213,111)
Total shareholders' equity	27,926,156	28,378,494
Total liabilities and shareholders' equity	\$ 92,844,788	\$ 95,130,031

See independent auditors' report and notes to financial statements

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30,	
	2025	2024 (Restated)
Revenues:		
Maintenance revenue	\$ 21,086,438	\$ 21,663,415
Less: portion applicable to mortgage amortization	(1,671,856)	(1,567,603)
Surcharges	608,520	532,164
Parking income	691,800	689,174
Air conditioning income	495,443	466,969
Commercial rent	226,638	223,069
Non rental charges to tenant shareholders	379,439	329,407
Laundry income	163,000	138,000
Investment income	267,838	287,641
Miscellaneous revenues	40,738	64,121
Total revenues	22,287,998	22,826,357
Expenses:		
Wages	3,077,994	2,919,173
Payroll taxes and benefits	1,697,616	1,619,581
Materials and supplies	808,442	581,349
Elevator maintenance and repairs	482,249	175,020
Repair and maintenance	2,376,708	2,047,143
Utilities	5,705,908	4,806,537
Administrative	248,410	168,425
Real estate taxes	1,390,448	1,341,365
Insurance	1,640,889	1,735,114
Security	865,283	943,148
Exterminating	63,284	66,251
Management fees	428,021	419,628
Legal fees	307,640	334,281
Consulting fees	194,181	105,531
Accounting fees	55,500	68,686
Telephone	33,202	29,148
Depreciation	2,574,813	2,558,479
Interest on mortgage	2,938,420	3,043,237
Interest on subordinate loan	49,337	32,891
Credit losses	84,844	76,316
Miscellaneous expenses	68,782	59,011
Total expenses	25,091,971	23,130,314
Deficiency of revenues over expenses	\$ (2,803,973)	\$ (303,957)

See independent auditors' report and notes to financial statements

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock	Paid-in Capital, Mortgage Amortization	Paid-in Capital, Replacement Reserve	Paid-in Capital First Sale Capital Assessment	Accumulated Deficit	Total Shareholders' Equity
Balance at July 1, 2023 - Restated	4,581,750	33,278,787	8,873,497	445,889	(22,671,504)	24,508,419
Mortgage amortization	-	1,567,603	-	-	-	1,567,603
Capital assessments	-	-	-	2,606,429	-	2,606,429
Deficiency of revenues over expenses	-	-	237,650	-	(541,607)	(303,957)
Balance at June 30, 2024 - Restated	4,581,750	34,846,390	9,111,147	3,052,318	(23,213,111)	28,378,494
Mortgage amortization	-	1,671,856	-	-	-	1,671,856
Capital assessments	-	-	-	679,779	-	679,779
Deficiency of revenues over expenses	-	-	229,037	-	(3,033,010)	(2,803,973)
Balance at June 30, 2025	\$ 4,581,750	\$ 36,518,246	\$ 9,340,184	\$ 3,732,097	\$ (26,246,121)	\$ 27,926,156

See independent auditors' report and notes to financial statements

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2025	2024 (Restated)
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (2,803,973)	\$ (303,957)
Adjustments to reconcile deficiency of revenues over expenses to net cash (used in) provided by operating activities		
Depreciation	2,574,813	2,558,479
Amortization of debt issue costs	37,722	37,722
Changes in assets and liabilities:		
Tenant-shareholder receivable	213,930	(636,842)
Other receivables	(4,299)	89,177
Prepaid expenses	(716,202)	84,849
Accounts payable	75,064	76,928
Accrued expenses	(202,907)	112,819
Maintenance received in advance	(14,510)	(43,093)
Deferred revenue	(15,740)	(15,740)
Net cash (used in) provided by operating activities	(856,102)	1,960,342
Cash flows from investing activities:		
Expenditures on building improvements	(345,996)	(1,278,187)
Net cash used in investing activities	(345,996)	(1,278,187)
Cash flows financing activities:		
Decrease in equity deposits	(40,679)	(316,185)
Capital contribution - FSCA	679,779	2,606,429
Capital contribution - mortgage amortization	1,671,856	1,567,603
Principal payments on mortgage payable	(1,671,855)	(1,567,603)
Net cash provided by financing activities	639,101	2,290,244
Net (decrease) increase in cash, cash equivalents, and restricted cash	(562,997)	2,972,399
Cash, cash equivalents, and restricted cash at beginning of year	20,770,188	17,797,789
Cash, cash equivalents, and restricted cash at end of year	\$ 20,207,191	\$ 20,770,188
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 2,947,417	\$ 3,051,669
Cash paid for income taxes	\$ -	\$ -

See independent auditors' report and notes to financial statements

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS

Luna Park Housing Corporation (the "Company") is a Mitchell-Lama housing development and contains 1,584 apartments (7,338 residential rooms). The development's books, records and financial reports are maintained and prepared pursuant to the rules and regulations of the governmental supervisory agency, the New York City Department of Housing Preservation and Development (HPD).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. The most significant assumptions and estimates relate to the recovery of tenant-shareholder receivable. Actual costs could differ from these estimates

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash include highly liquid investments with maturities of three months or less at the time of purchase. The Company's governing documents require funds to be accumulated for future major repairs and replacements.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported as of June 30:

	2025	2024
Cash - funds held by management agent	\$ 4,481,302	\$ 6,573,412
Restricted cash and cash equivalents:		
Cash - HPD capital repair and replacement reserve	6,425,137	5,683,828
Cash - FSCA reserve	3,732,097	3,052,318
Cash - operating reserve	2,152,522	2,061,987
Cash - tax escrow	1,818,450	1,552,452
Cash - insurance escrow	882,517	1,131,025
Cash - repair escrow	686,366	686,366
Cash - security	28,800	28,800
Total restricted cash and cash equivalents	15,725,889	14,196,776
Total cash, cash equivalents and restricted cash	\$ 20,207,191	\$ 20,770,188

Concentrations of Credit Risk

The Company maintains accounts with financial institutions. At times, cash balances may exceed the maximum coverage provided by the Federal Deposit Insurance Company on insured depositor accounts. The Company believes it mitigates risk by investing its cash and cash equivalents with major financial institutions. The Company has not experienced any losses with respect to its cash balances.

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HPD Capital Repair and Replacement Reserve

HPD requires the establishment of a capital repair and replacement reserve account. Based on HPD Rules and Regulations, the required annual reserve funding is \$300 per dwelling unit in equal monthly installments. If the account balance does not equal or exceed the greater of \$1,000 per dwelling unit or 25% of the housing company's rent roll the housing company must deposit 3% of its rent roll on a monthly basis. In accordance with the above requirements, the Company has deposited \$600,000 annually for the years ended June 30, 2025 and 2024.

Repair Escrow

In connection with obtaining a second mortgage loan, a Repair Reserve Fund of \$700,350 was established to fund the performance of specific repairs identified in the Repair Schedule of Work. The funds are to be released upon evidence of completion of the work via submission of a Repair Disbursement Request. As of June 30, 2025 and 2024, there remained \$686,366 in the fund for both years.

Tenant-Shareholder Receivable

Tenant-shareholder receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Company's policy is to retain legal counsel and place liens on the properties of shareholders whose receivable balances are delinquent. At December 31, 2025 and 2024, tenant-shareholder receivable represents the maintenance due from the Company's shareholders as follows:

The following table provides a reconciliation of tenant-shareholder receivable reported as of June 30:

	2025	2024
Tenant-shareholder receivable	\$ 3,124,444	\$ 3,253,529
Less: allowance for credit losses	(442,765)	(357,920)
Tenant-shareholder receivable, net	\$ 2,681,679	\$ 2,895,609

The Company treats uncollectible tenant-shareholder receivables as credit losses. Methods, inputs, and assumptions used to evaluate when tenant-shareholder receivables are considered uncollectible include closely monitoring of outstanding tenant-shareholder receivables balances by management, tenant-shareholder payment history of outstanding tenant-shareholder receivables balances, and susceptibility to factors outside the Company's control. Tenant-shareholder receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The Company had the following activity for its allowance for credit losses for tenant-shareholder's receivable for the years ended December 31:

	2025	2024
Allowance for credit losses, at July 1,	\$ 357,920	\$ 288,357
Provision for expected credit losses	84,844	76,316
Write-offs	-	(6,753)
Allowance for credit losses, at June 30,	\$ 442,764	\$ 357,920

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using straight-line methods over the estimated useful lives of the assets.

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amounts, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2025.

Deferred Financing

Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis which approximates the effective interest method, over the terms of the related indebtedness. Unamortized debt issuance costs are reported as an offset to the related indebtedness on the balance sheet.

Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). The guidance affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within scope of other standards. For purposes of this Company, the definition of customers includes the Company's shareholders.

The tenant shareholders are subject to monthly assessments to provide funds for the Company's operating expenses. Such amounts are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Company's performance obligations related to its shareholder assessments and operating assessments are satisfied over time on a daily pro-rata basis. Special assessments, if any, provide funds for the Company's major repairs and replacements and to replenish the working capital account. The performance obligations related to special assessments are satisfied when the funds are expended for their designated purpose.

Special Assessment

Special Assessments are board imposed amounts that are billed in accordance with the budget.

Income Taxes

The Company generally is taxed only on non-membership income, such as interest income and earnings from commercial operations. Earnings from tenant-shareholders, if any, may be excluded from taxation if certain elections are made.

The Company has not taken any unsubstantiated tax positions that would require provision of a liability under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 (formerly FIN Interpretation No. 48), "Accounting for Uncertainty in Income Taxes". Under ASC 740-10, the Company must recognize tax benefits associated with tax positions taken for tax return purposes when it is more-likely-than-not that the positions will be sustained. The Company does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liabilities for unrecognized tax benefits.

At June 30, 2025, the Company has net operating loss carryforwards of \$20,465,000 expiring in various years through 2045, available to reduce future federal taxable income.

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Leases

The Company accounts for leases in accordance with ASC Topic 842, Leases.

Leases arise from contractual obligations that convey the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. At the inception of the contract, the Company determines if an arrangement contains a lease based on whether there is an identified asset and whether the Company controls the use of the identified asset. The Company also determines whether the lease is an operating or financing lease at the commencement date.

A right-of-use asset represents the Company's right to use an underlying asset and a lease liability represents the Company's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at the commencement in the amount of the lease liability amount. Lease liabilities are recorded at the present value of future lease payments over the lease term at commencement. The implicit rates for the Company's leases are not readily determinable, therefore the Company generally uses its incremental borrowing rate as the discount rate for the lease liability.

The Company has elected to exclude leases with terms of 12 months or less from the balance sheets. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease. The Company does not believe there are any material operating leases and, accordingly, has not recognized a right-of-use asset or lease liability.

Fair Value Measurements

Under the provisions of Financial Instruments Topic 825 of the FASB Accounting Standards Codification, the Corporation is required to disclose the fair value of certain financial instruments. The carrying amounts shown on the financial statements for cash, tenant-shareholder receivable, accounts payable and accrued expenses, and current portions of long term debt approximate their fair value because of the short term nature of these instruments.

NOTE 3 – PREPAID EXPENSES

The following table provides a reconciliation of prepaid expenses reported as of June 30:

	2025	2024
Prepaid insurance	\$ 924,751	\$ 626,116
Prepaid real estate taxes	490,894	466,827
Prepaid water and sewer	393,500	-
Prepaid expenses	\$ 1,809,145	\$ 1,092,943

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT

The following table provides a reconciliation of property and equipment reported as of June 30:

	2025	2024	Useful Lives (Years)
Land	\$ 1,451,374	\$ 1,451,374	N/A
Building and improvements	131,318,714	130,991,011	15 - 27.5
Equipment	297,087	278,794	5 - 20
Total property and equipment	133,067,175	132,721,179	
Less: accumulated depreciation	(65,139,628)	(62,564,815)	
Property and equipment, net	\$ 67,927,547	\$ 70,156,364	

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$2,574,813 and \$2,558,479, respectively.

NOTE 5 – LONG-TERM DEBT

The following table provides a reconciliation of long-term debt reported as of June 30:

	2025	2024
First mortgage note payable	\$ 34,477,102	\$ 35,759,275
Second mortgage note payable	9,562,828	9,952,510
Subordinate note payable - HDC	4,933,664	4,933,664
Subordinate notes payable - 8A loans	12,147,240	12,147,240
Total debt	61,120,834	62,792,689
Less: unamortized deferred financing costs	(567,020)	(604,742)
Less: current portion of long-term debt	(1,783,073)	(1,671,856)
Long-term debt, net	\$ 58,770,741	\$ 60,516,091

Multifamily Note – First Mortgage Note Payable

On June 28, 2010 the Company borrowed \$47,000,000 from Wells Fargo Bank, National Association. The loan requires fixed self-amortizing monthly payments of \$302,969 including interest at 6.69% per annum commencing August 1, 2010 over a period of 30 years, and is due July 1, 2040.

Multifamily Note – Second Mortgage Note Payable

The Company borrowed \$13,000,000 from Wells Fargo Bank, National Association on August 23, 2013. The loan requires fixed self amortizing monthly payments of \$78,827 including interest at 5.69% per annum from October 1, 2013 through July 1, 2040. The terms of the note require the imposition of a prepayment penalty for early payments of principal for periods up to 3-months prior to the maturity date.

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – LONG-TERM DEBT (CONTINUED)

NYC “HDC Subordinate Mortgage - \$4,933,664

The Company refinanced its' existing first and subordinate mortgages on June 28, 2010. A new subordinate mortgage in the amount of \$4,933,664 was entered into with New York City Housing Development Company (HDC). This loan is for a period of 30 years and bears interest at 1% per annum with no monthly payments required. Interest will accrue and is due upon maturity. If on its thirtieth anniversary there is no default under the Regulatory Agreement and the Mortgage, then the unpaid principal amount shall be reduced to zero and deemed paid.

Accrued interest on the subordinate mortgage as of June 30, 2025 and 2024 was \$740,462 and \$691,125, respectively.

Subordinate Note Payable – The City of New York Article 8A Loan - \$9,000,000

This Note for \$9,000,000 was entered into on June 28, 2010 with HPD. This loan, which is for a period of 20 years and thereby due June 28, 2030, bears interest at 1% per annum with no monthly debt service payments required. Interest shall accrue until maturity. If on the maturity date the premises have 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, then the entire principal amount and accrued interest shall be forgiven.

Subordinate Note Payable – The City of New York Article 8A Loan - \$4,000,000

This Note for \$4,000,000 was entered into on June 28, 2013 with HPD. This loan, which is for a period of 20 years and thereby due June 28, 2033, bears interest at 1% per annum with no monthly debt service payments required.

Principal payments due on the mortgage notes payable for the next five years and thereafter are as follows:

2026	1,783,073
2027	1,901,722
2028	2,028,302
2029	2,163,345
2030	2,307,419
Thereafter	50,936,973
	<u>\$ 61,120,834</u>

NOTE 6 – DEFERRED FINANCING COSTS

Deferred financing costs consisted of the following at June 30:

	2025	2024
Deferred financing costs	\$ 1,107,087	\$ 1,107,087
Less: accumulated amortization	(540,066)	(502,344)
Unamortized deferred financing costs	\$ 567,021	\$ 604,743

Amortization expense for each of the years ended June 30, 2025 and 2024 was \$37,722 and is included as a component of interest on mortgage on the statement of revenues and expenses.

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – COMMERCIAL LEASES

Space	Expiration Date	Current Annual Amount	Next Base Rent Increase
Laundry License Agreement (1)	12/1/2023	\$ 138,000	-
Dvora, Inc.	10/31/2033	\$ 47,742	11/1/2025
Luxe Travel Hub, Inc.	4/30/2030	\$ 7,500	-
TUH Innovations	4/30/2030	\$ 7,200	-
JASA (1)	-	\$ 33,600	-
Luna Park Cleaners	6/30/2026	\$ 18,000	7/1/2025
Wolfson's Martial Arts Inc.	5/31/2026	\$ 18,725	-
SK Salon & Spa	12/31/2025	\$ 16,344	-
NY Fire Department (1)	-	\$ 4,512	-
Genandi Rabinovich	9/30/2027	\$ 10,166	-
The Center for Artistic Development (1)	-	\$ 16,800	-
NY Association of Holocaust Survivors	1/31/2030	\$ 12,000	-
Reliable Business Partner	8/31/2029	\$ 14,400	-
KA Way, Inc.	11/30/2027	\$ 9,600	-
Gekon Construction	1/31/2026	\$ 17,136	2/1/2025

(1) Billings are month to month

NOTE 8 – REAL ESTATE TAXES

The Company's real estate tax is based on 10% of the shelter rent, as defined in Section 33 of the Private Housing Finance Law. The estimated shelter rent expense for the period 7/1/2024 – 6/30/2025 is \$1,820,004, which is calculated as follows:

Estimated shelter rent	<u>\$ 18,292,454</u>
10% of estimated shelter rent	<u>\$ 1,820,004</u>

The Company received a Temporary Certificate of Eligibility for the J-51 program, for capital improvements made to the buildings, commencing July 1, 2012. The temporary J-51 abatement was \$226,975 annually. On October 20, 2020, the Company received the final Certificate of Eligibility, which included a revised annual abatement of \$487,880. Since the J-51 abatement commenced July 1, 2012, it is anticipated that the abatement will expire June 30, 2026.

Real estate tax expense consisted of the following for the year ended June 30:

	2025	2024
Shelter rent expense	\$ 1,820,004	\$ 1,829,245
J-51 abatement	(429,556)	(487,880)
Real estate tax expense	\$ 1,390,448	\$ 1,341,365

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – REAL ESTATE TAXES (CONTINUED)

Real estate taxes receivable - estimated at June 30 is computed as follows:

	07/01/2024 - 06/30/2025	07/01/2023 - 06/30/2024
Estimated cumulative receivable - beginning	\$ (211,358)	\$ (300,535)
Shelter rent tax expense - estimated	1,820,004	1,829,245
J-51 abatement	(429,556)	(487,880)
	1,390,448	1,341,365
Less: applicable payments	(1,394,747)	(1,252,188)
Current (overpayment)/underpayment	(4,299)	89,177
Estimated cumulative receivable - ending	\$ (215,657)	\$ (211,358)

NOTE 9 – MULTIEMPLOYER UNION PENSION PLAN

The Company contributes to a multiemployer defined benefit pension plan under the terms of a collective bargaining agreement that covers its union-represented employees. The risks of participation in a multiemployer plan differ from those of a single-employer plan in the following respects: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (c) if the Company chooses to stop participating in the multiemployer plan, it may be required to pay the plan an amount based on the unfunded status of the plan, which is referred to as the withdrawal liability.

For the years ended June 30, 2024 and 2023, the Company's participation in the multiemployer plan is outlined below:

Legal Name: Building Service 32BJ Pension Fund ("Plan")

Plan Employer Identification Number: 13-1879376

Plan Number: 001

Collective Bargaining Agreement Expiration Date: April 20, 2026

Pension Protection Act Zone Status:

Year Beginning July 1, 2024 - Yellow (less than 80% funded)

Year Beginning July 1, 2023 - Yellow (less than 80% funded)

Funding Improvement Plan/Rehabilitation Plan Status: Implemented

Surcharges Paid to Plan: None

Company Contributions:

Year-ended June 30, 2025 - \$306,183

Year-ended June 30, 2024 - \$298,591

LUNA PARK HOUSING CORPORATION

(A COOPERATIVE HOUSING CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – MULTIEMPLOYER UNION PENSION PLAN (CONTINUED)

The information provided above is from the Plan's most current annual report for the year ended June 30, 2024. The Pension Protection Act Zone Status is the most recent zone status available, was provided to the Company by the Plan, and is certified by the Plan's actuary. The Company's contributions to the Plan are less than 5% of all employers' contributions to the Plan, and there have been no significant changes that would affect the comparability of the contributions for the years ended June 30, 2024 and 2023. In addition, under the Collective Bargaining Agreement ("Agreement") certain retired employees are eligible for health benefits as defined in the Agreement.

NOTE 10 – MANAGEMENT FEE

The management fee formula for all HPD supervised developments is based on a monthly fixed fee. Metro Management Development Inc. was retained as Managing Agent for the period commencing October 1, 2015 through June 30, 2017 at the HPD approved monthly rate of \$30,000. This contract has been extended to June 30, 2025 at the HPD approved monthly rate of \$35,668.

NOTE 11 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Company has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The Company has been accumulating funds which are held in separate bank accounts and are not available for expenditures for normal operations. When funds are required to meet future needs for major repairs and replacements, the Company could consider borrowing, increasing maintenance assessments, or delaying repairs and replacements until funds are available. The effect on future assessments if any, for funding these needs, has not been determined.

NOTE 12 – CONTINGENCIES

Various actions and/or lawsuits submitted to the Company's insurance carriers are pending. No determination can be made as to any possible loss to the Company in excess of insurance policy limits. Accordingly, the financial statements do not reflect any adjustments which may result from this uncertainty.

NOTE 13 – TAX ESCROW-REIMBURSEMENT

On September 20, 2024, the Company received a reimbursement of \$2,139,788 from Wells Fargo, deposited directly into its operating account. As detailed in Note 7, the Company obtained additional real estate tax credits following the completion of the J-51 abatement. Consequently, the tax escrow account managed by Wells Fargo for real estate tax and water and sewer payments became overfunded, resulting in the issuance of this reimbursement.

NOTE 14 – RESTATEMENT OF OPENING CAPITAL AND CASH BALANCES

During the fiscal year ended June 30, 2024, management identified that First Sale Capital Assessment ("FSCA") deposits were recorded in a separate bank account and were not included in the Company's general ledger. As a result, certain capital-related cash transactions were excluded from the previously reported financial position. To correct this error, the opening cash and capital balances as of July 1, 2023 and July 1, 2022 were restated to include these FSCA deposits.

**LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 – RESTATEMENT OF OPENING CAPITAL AND CASH BALANCES

The adjustments increased beginning cash and capital as follows:

Period of Assessment Deposits	Amount
July 1, 2022 - June 30, 2023	\$ 445,888
July 1, 2023 - June 30, 2024	\$ 2,606,429

These restatements reflect the proper inclusion of capital assessment receipts that were previously omitted. The correction had no impact on reported deficiency of revenues over expenses for the current period. Comparative prior-period financial statements have been adjusted accordingly.

NOTE 15 – SUBSEQUENT EVENTS

The Company's management has considered subsequent events through November 13, 2025 which is the date the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure under ASC 855.

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
SCHEDULE OF INSURANCE
YEAR ENDED JUNE 30, 2025

Company	Policy Number	Type/Description	Amount/Limits	Term	Annual Premium	Prepaid Insurance July 1, 2024	Additions July 1, 2024 June 30, 2025	Expense July 1, 2024 June 30, 2025	Prepaid Insurance June 30, 2025
Liberty Mutual Insurance	YAC-L9L-475531-014	Property	\$250,000,000	01/15/24-01/15/25 01/15/25-01/15/26	\$ 755,952 \$ 787,191	\$ 440,972 -	\$ - 787,191	\$ 440,972 327,996	\$ - 459,195
Markel Insurance Company	3C40539-0	General Liability	\$2,000,000	08/16/23-08/16/24 08/16/24-10/21/25	\$ 514,796 \$ 673,852	73,200 -	- 673,852	73,200 410,311	- 263,541
Great American Alliance Ins. Co.	UM30184361	Umbrella	\$40,000,000	08/16/23-08/16/24 08/16/24-10/21/25	\$ 191,602 \$ 250,802	15,100 -	- 250,802	15,100 152,715	- 98,087
Landmark American Insurance Company	LPP685368 LPP708777	Directors & Officers	\$3,000,000	01/15/24-01/15/25 01/15/24-01/15/25	\$ 25,835 25,835	15,070 -	- 25,835	15,070 10,765	- 15,070
Hiscox Insurance Company Inc.	UC24351169.20 UC24351169.24	Crime	\$6,000,000	01/15/24-01/15/25 01/15/24-01/15/25	\$ 16,327 \$ 16,327	9,524 -	- 16,327	9,524 6,803	- 9,524
Great American Insurance Co.	XSC16709081000 XSC16709081400	Excess Crime	\$7,000,000 Limit (excess of \$3M)	01/15/24-01/15/25 01/15/24-01/15/25	\$ 17,510 \$ 17,682	10,214 -	- 17,682	10,214 7,368	- 10,315
Axis Insurance Company	P-001-000765805-01	Cyber E&O	\$1,000,000	01/15/24-01/15/25	\$ 5,609	3,272	-	3,272	-
Houston Casualty Company	H23NGP221891-01			01/15/24-01/15/25	\$ 5,280	-	5,280	2,200	3,080
Tokio Marine Specialty	PPK2371913	Environmental	\$2,000,000	01/15/24-01/15/25	\$ 23,703	13,827	-	13,827	-
Westchester Surplus Line Ins Co.	G47384655 001			01/15/24-01/15/25	\$ 23,703	-	23,703	9,876	13,827
Great American Insurance Co.	XSC16709081000	Auto	\$2,000,000	08/07/22-08/07/23	\$ 2,680	223	-	223	-
State Farm Ins Co	238 8886-B07-3			08/07/23-08/07/24	\$ 3,708	-	3,708	3,399	309
American Bankers Insurance Co.	75060530672024	Flood	\$600,000	01/15/24-01/15/25	\$ 9,550	3,106	-	3,106	-
	75060718522024	Flood	\$600,000	07/11/24-07/11/25	\$ 6,110	6,110	-	6,110	-
	75060530682025	Flood	\$600,000	07/11/24-07/11/25	\$ 4,256	-	4,256	4,255	-
	75060623392025	Flood	\$600,000	07/11/25-07/11/26	\$ 8,087	-	8,087	-	8,087
	75060718522025	Flood	\$600,000	01/15/25-01/15/26	\$ 5,250	-	5,250	2,188	3,062
Duman Group	946 024-7	Worker's Comp	Safety Group	03/29/23-03/29/24 03/29/24-03/29/25	\$ 15,830 \$ 21,577	11,872 -	- 21,577	11,872 5,394	- 16,183
State Insurance Fund	WWC3445411	Worker's Comp	Statutory	03/29/23-03/29/24	\$ 119,214	23,626	65,855	89,481	-
			Dividend	03/29/23-03/29/24	\$ (31,030)	-	(31,030)	(31,030)	-
			Statutory	03/29/24-03/29/25	\$ 146,712	-	61,150	36,678	24,472
Totals						\$ 626,116	\$ 1,939,524	\$ 1,640,889	\$ 924,751

See independent auditors' report

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
SCHEDULE OF ACCOUNTS PAYABLE

	As of June 30,	
	2025	2024
		(Restated)
Employee benefits	\$ 121,436	\$ 116,575
Repairs & maintenance - supplies	73,892	505
Repairs & maintenance	58,819	13,545
Accounting	51,000	51,000
Repairs - heating & plumbing	41,665	73,227
Elevator maintenance and repairs	30,904	-
Electric and gas	28,510	-
Administrative expense	27,720	-
Legal fees	27,199	77,743
Architect, engineer & consultants	18,532	-
Security	1,633	73,651
Total accounts payable	\$ 481,310	\$ 406,246

See independent auditors' report

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
SCHEDULE OF CERTAIN EXPENSES

	Year ended June 30,	
	2025	2024 (Restated)
Wages:		
Super payroll	\$ 221,355	\$ 219,600
Landscaping payroll	139,459	163,466
Janitorial payroll	1,063,370	1,124,359
Maintenance payroll	1,164,589	1,079,158
Painting payroll	489,221	332,590
Total wages	\$ 3,077,994	\$ 2,919,173
Payroll taxes and benefits:		
Payroll taxes	\$ 282,273	\$ 265,812
Pension	306,183	298,591
Profit sharing	25,581	23,980
Health welfare benefits	1,071,416	1,023,022
Other benefits	12,163	8,176
Total payroll taxes and benefits	\$ 1,697,616	\$ 1,619,581
Materials and supplies:		
Repairs and maintenance supplies	\$ 546,279	\$ 307,993
Janitorial supplies	114,354	117,504
Compactor supplies	61,534	62,034
Plumbing supplies	54,861	56,653
Uniform expense	14,313	10,732
Miscellaneous supplies	17,101	26,433
Total materials and supplies	\$ 808,442	\$ 581,349
Elevator maintenance and repairs:		
Elevator repairs	\$ 188,784	\$ 17,325
Elevator contract	293,465	157,695
Total elevator maintenance and repairs	\$ 482,249	\$ 175,020

See independent auditors' report

LUNA PARK HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)
SCHEDULE OF CERTAIN EXPENSES

	Year ended June 30,	
	2025	2024
		(Restated)
Repairs and Maintenance:		
Dispatcher	\$ 70,239	\$ 64,288
Electric	22,714	18,928
Contracts	209,460	141,401
Compactor repairs	84,011	77,258
Plumbing	1,047,112	854,388
Contract - Cable	113,531	77,817
Pumps	19,205	55,346
Doors/locks	179,059	38,838
Boiler	95,556	45,637
Sprinklers	20,875	18,407
Ground supplies/contract	256,467	94,456
Heat	17,778	31,519
Water treatment contract	14,209	48,129
Flooring	46,500	36,825
Fire protection	11,576	1,300
Boiler inspection and filings	15,880	1,330
Boiler tube cleaning	11,944	18,694
Mailboxes	0	132,560
Miscellaneous repairs and maintenance	140,592	290,022
Total repairs and maintenance	\$ 2,376,708	\$ 2,047,143
Utilities:		
Water and sewer	\$ 1,634,883	\$ 1,472,595
Electricity	2,163,466	2,158,617
Gas and oil	1,907,559	1,175,325
Total utilities	\$ 5,705,908	\$ 4,806,537
Administrative:		
Postage	\$ 26,272	\$ 21,499
Office expenses	37,111	33,125
Holiday bonus	37,724	35,274
Payroll processing	17,912	-
Credit check expense	1,742	4,322
Board annual meeting	30,087	36,636
Miscellaneous administrative	89,662	37,569
Total administrative	\$ 248,410	\$ 168,425

See independent auditors' report