

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Financial Statements and Audit Reports
And Supplementary Information
December 31, 2023

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Index to Financial Statements and Audit Reports
And Supplemental Information
December 31, 2023

	Page(s)
Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4-5
Statement of Activities	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8-9
Notes to Financial Statements	10 - 22
Supplementary Information	
Schedule of Expenditures of Federal Awards	Schedule 1 23
Statement of Activities as Required by HUD	Schedule 2 24 - 26
Statement of Cash Flows as Required by HUD	Schedule 3 27
Miscellaneous Revenue	Schedule 4 28
Miscellaneous Operating and Maintenance Expenses	Schedule 5 28
Changes in Fixed Assets	Schedule 6 29
Escrow Deposits	Schedule 7 30
Replacement Reserve	Schedule 8 30

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Index to Financial Statements and Audit Reports
And Supplemental Information
December 31, 2023

	Page(s)
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards	31-32
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required By the Uniform Guidance	33-35
Schedule of Prior Year Audit Findings for the Year Ended December 31, 2023	36
Schedule of Findings and Questioned Costs for the Year Ended December 31, 2023	37
Corrective Action Plan December 31, 2023	38
Certificate of Management Agent	39
Certificate of Board of Directors	40



Independent Auditor's Report

To the Board of Directors
Chinatown Apartments, Inc..

Opinion

We have audited the accompanying financial statements of Chinatown Apartments, Inc. (A Cooperative Housing Corporation) which comprise the Statement of Financial Position as of December 31, 2023, and the related Statements of Activities, Changes in Net Assets, and Cash flows for 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 Chinatown Apartments, Inc. as of December 31, 2023, and the Changes in Net Assets and Cash flows for the years then ended for them to be 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Chinatown Apartments, 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 the financial statements in accordance with U.S. generally accepted accounting principles, 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 Chinatown Apartments, Inc.'s ability to continue as a going concern for one year from the date the financial statements are 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. In performing an audit in accordance with GAAS and Government 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 Chinatown Apartments, 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 Chinatown Apartments, Inc.'s ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted information about the 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our Audit of the basic financial statements are not affected by this missing information.

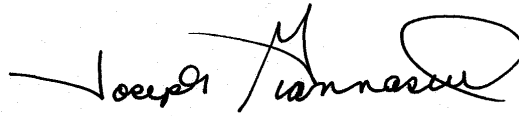
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 23 to 30 is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards shown on page 23, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information contained on pages 23 to 30 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2024, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph Giannasco", with a stylized flourish at the end.

JOSEPH GIANNASCO CPA, LLC
Certified Public Accountant

Jericho, New York
March 29, 2024

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Financial Position
December 31, 2023

ASSETS

CURRENT ASSETS:

1120	Cash and Cash Equivalents	\$ 421,202	
1130	Tenants' Accounts Receivable - net of provision for abatements of \$103,438	303,153	
1160	Accounts receivable - interest	44,641	
1200	Prepaid Insurance	743,446	
1200	Prepaid real estate taxes	237,813	
1200	Prepaid water and sewer	451,274	
1200	Prepaid ground rent	<u>15,833</u>	
1100T	TOTAL CURRENT ASSETS		\$ 2,217,362

DEPOSITS HELD IN TRUST - FUNDED:

1191	Tenants' security deposits held in trust	<u>311,244</u>	
	TOTAL DEPOSITS HELD IN TRUST - FUNDED		311,244
1310	Escrow Deposits	839,588	
1320	Replacement reserve	1,462,079	
1330	Other reserves	<u>3,722,174</u>	
1300T	TOTAL RESTRICTED DEPOSITS AND FUNDED RESERVES		6,023,841

FIXED ASSETS:

1420	Buildings and improvements	53,975,788	
1440	Building equipment	<u>830,021</u>	
1400T	TOTAL FIXED ASSETS	54,805,809	
1495	Less, accumulated depreciation	<u>(44,484,497)</u>	
1400N	NET BOOK VALUE		<u>10,321,312</u>
1000T	TOTAL ASSETS		<u>\$ 18,873,759</u>

The accompanying notes to the financial statements are an integral part of this statement.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Financial Position
December 31, 2023

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

2110	Accounts payable - operations	\$ 422,338	
2131	Accrued interest payable - first mortgage - HDC	28,012	
2170	Mortgage payable - first mortgage - HDC	962,910	
2190	Miscellaneous current liabilities - federal income taxes payable	-	
2190	Miscellaneous current liabilities - equity deposit payable	292,474	
2210	Prepaid Revenue	<u>79,113</u>	
2122T	TOTAL CURRENT LIABILITIES		\$ 1,784,847

DEPOSIT LIABILITIES:

2191	Tenants' Security deposits	<u>276,218</u>	
	TOTAL DEPOSIT LIABILITIES		276,218

LONG-TERM LIABILITIES:

2320	Mortgage Payable - first mortgage - HDC	5,578,202	
2322	Mortgage Payable - subordinate mortgage - HDC	2,848,501	
2340	Debt issuance costs - unamortized portion	(48,451)	
2390	Miscellaneous long-term liabilities - deferred revenue	<u>350,619</u>	
2300T	TOTAL LONG TERM LIABILITIES		<u>8,728,871</u>
2000T	TOTAL LIABILITIES		10,789,936

NET ASSETS:

4100	Net assets without donor restrictions (Co-ops)	<u>8,083,823</u>	
4000T	TOTAL NET ASSETS		<u>8,083,823</u>
2040T	TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 18,873,759</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Activities
For the Year Ended December 31, 2023

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net rental revenue	\$ 9,945,828
Financial Revenue	228,456
Other Revenue	<u>933,931</u>

TOTAL REVENUE	<u>11,108,215</u>
---------------	-------------------

OPERATING EXPENSES:

Program services	10,268,049
Management and general	<u>476,069</u>

TOTAL OPERATING EXPENSES	<u>10,744,118</u>
--------------------------	-------------------

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE CORPORATE EXPENSES	364,097
--	---------

Corporate expenses - federal, state and other income taxes	<u>154,502</u>
--	----------------

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 209,595</u>
---	-------------------

The accompanying notes to the financial statements are an integral part of this statement.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Changes in Net Assets
For the Year Ended December 31, 2023

S1100-200	Previous year net assets without donor restrictions	\$ 7,874,232
S1100-205	Change in net assets without donor restrictions	<u>209,591</u>
4100	Net assets without donor restrictions (Co-ops)	<u>\$ 8,083,823</u>
S1100-180	Total net assets (Co-ops) - beginning balance	\$ 7,874,232
S1100-185	Total net assets (Co-ops) - Change	<u>209,591</u>
4000T	Total net assets (Co-ops)	<u>\$ 8,083,823</u>
S110-110	Certificates of initial capital value (Co-ops) - beginning balance	<u>\$ 1,919,400</u>
4020	Certificates of initial capital value (Co-ops)	<u>\$ 1,919,400</u>
S1100-120	Surplus/(deficiency) from operations (Co-ops) - beginning balance	\$ 5,954,832
S1100-125	Surplus/(deficiency) from operations (Co-ops) - change	<u>209,591</u>
4030	Surplus/(deficiency) from operations (Co-ops)	<u>\$ 6,164,423</u>

The accompanying notes to the financial statements are an integral part of this statement.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities:

Rental receipts	\$ 9,876,262
Interest receipts	191,765
Unrealized Gain	3,728
Other receipts - interest reduction payments revenue in excess of interest expense paid	274,916
Other operating receipts	<u>187,612</u>
Total receipts	\$ 10,534,283

Expenses:

Administrative	(429,903)
Management fee	(231,651)
Utilities	(3,442,186)
Salaries and wages	(1,199,845)
Operating and maintenance	(2,110,762)
Real estate taxes	(499,975)
Property insurance	(729,032)
Miscellaneous taxes and insurance	(579,878)
Corporate expenses - income tax	<u>(227,285)</u>
Total disbursements	(9,450,517)

Security Deposits	<u>(53,401)</u>
	<u>(53,401)</u>

Net cash provided by operating activities	1,030,365
---	-----------

Cash flows from investing activities:

Net Purchase of fixed assets	<u>(381,034)</u>
Net cash (used in) investing activities	(381,034)

Cash flows from financing activities:

Mortgage (or bond) principal payments - HDC	(902,470)
Other financing activities - change in miscellaneous current liabilities - payable to Tudor Realty Services Corp.	
Other financing activities - change in equity deposits payable	<u>41,895</u>
Net cash (used in) financing activities	<u>(860,575)</u>

Net increase in cash and cash equivalents, and restricted cash	(211,244)
--	-----------

Cash and cash equivalents, and restricted cash:

Beginning of year	<u>6,967,531</u>
End of year	<u><u>\$ 6,756,287</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Cash Flows
For the Year Ended December 31, 2023

Reconciliation of cash and cash equivalents, and restricted cash:

Cash and cash equivalents	\$ 421,202
Restricted deposits	6,023,841
Tenants' security deposits held in trust	<u>311,244</u>
Cash and cash equivalents, and restricted cash - end of year	<u><u>\$ 6,756,287</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

1- ORGANIZATION OF THE CORPORATION

Chinatown Apartments, Inc. (a cooperative housing corporation) (the "Corporation") was organized as a cooperative housing corporation to acquire a leasehold interest in real property located in New York, New York, and to construct and operate thereon an apartment complex of 762 units, pursuant to the Limited Profit Housing Companies Law (the "Project"). This Project was regulated by the United States Department of Housing and Urban Development ("HUD") as to rent charges and operating methods.

On September 23, 2005, the Corporation refinanced its insured first mortgage and existing subordinate mortgage with new loans from the New York City Housing Development Corporation ("HDC") under the Loan Restructuring Commitment and Agreement ("Loan Restructuring"). Once the insured mortgage is paid off, the Project is no longer subject to the HUD Regulatory Agreement. Effective September 23, 2005, HDC is monitoring the Project as to rent charges and operating methods.

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. As of December 31, 2023, all net assets of the Corporation are without donor restrictions. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. The Corporation has not received any contributions with donor restrictions.

Functional Expenses and Allocation

Information is required to segregate program service expenses from support expenses. The cost of providing program and other activities has been summarized on a functional basis in Note 14 of the accompanying financial statements. When financial statement expense categories exist that are attributable to more than one program or supporting function, these expenses require allocation on a reasonable basis that is consistently applied.

As of December 31, 2023, the Corporation's sole program is to provide affordable/subsidized housing and, hence, there are no substantive financial statement expense categories that are attributable to more than one program or supporting function which require allocation. Those that do require allocation are based on direct expenses related to the program or supporting function and, accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis using the nature of expense and usage.

Payroll, payroll taxes, workmen's compensation, and employee benefits are allocated based on respective employee roles and responsibilities/function. Insurance is allocated based on activities benefited.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's ongoing affordable/subsidized housing program. Nonoperating activities are limited to resources and other activities considered to be of a more unusual or nonrecurring nature.

Fixed Assets

Fixed assets are stated at cost for financial statement reporting purposes. Depreciation on assets acquired prior to 1987 is primarily calculated using the straight-line (SL) method over the useful lives of the assets. Assets acquired after December 31, 1986 are depreciated primarily using the SL and accelerated methods.

Major additions and improvements are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently for accounting and income tax purposes.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, the Corporation considers all highly liquid financial instruments with a maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash primarily consists of security deposits held on behalf of the Corporation's commercial tenants, as well as other restricted deposits and funded reserves, required under the loan agreements.

Tenants Accounts Receivable

Tenant accounts receivable consist of receivables from tenants for rent charges, recorded according to the terms of their leases. Tenant accounts receivable do not bear interest, although late charges sometimes will be billed to tenants with receivables that are past due.

The Corporation makes judgments as to the collectability of tenant accounts receivable based on historical trends and future expectations. Management estimates an allowance for doubtful accounts which represents the collectability of tenant accounts receivable. This allowance adjusts gross tenant accounts receivable downward to its estimated net realizable value. To determine the allowance for doubtful accounts, management reviews specific tenant risks and the Corporation's tenant accounts receivable aging. Management considers accounts past due on a tenant-by-tenant basis.

Management has determined a provision for abatements of \$103,438 for its commercial tenant arrears at December 31, 2023.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Corporation to concentration of credit risk consist principally of cash and cash equivalents maintained with several financial institutions located in New York, New York. Deposits were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. The Corporation at times exceeds amounts covered by insurance provided by the FDIC.

The other reserve balances are invested in cash and certificates of deposit with several financial institutions which are subject to similar FDIC limits, as described above.

The Corporation has funded escrow deposits with HDC which are held in a combination of checking and money market accounts, wherein the balances are also subject to similar FDIC limits, as described above.

Impairment

Management reviews real estate assets for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Preparation of estimated future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

Through December 31, 2023, management believes no indicators of impairment exist.

Income Taxes

The Corporation files a Form 1120-C, "U.S. Income Tax Return for Cooperative Associations," with the Internal Revenue Service (IRS). As a corporation operating on a cooperative basis under Internal Revenue Code (IRC) Section 1381, the tax liability is calculated based on the allocation of income and deductions between patronage and nonpatronage business activities. The Corporation is not subject to New York State or City taxes.

Accounting principles generally accepted in the United States of America require evaluation of the tax positions taken or expected to be taken in the course of preparing the Corporation's tax returns to determine whether the tax positions are more likely than not sustainable upon examination by the applicable taxing authorities, based on the technical merits of the tax positions, and then recognizing the tax benefit that is more likely than not realizable. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management believes any such positions would be immaterial to the overall financial statements.

The Corporation's federal income tax returns are generally subject to examination by the relevant taxing authorities for a period of three years from when the tax returns are filed.

In evaluating the Corporation's tax provisions and accruals, the Corporation believes that its estimates are appropriate based on current facts and circumstances.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue Recognition

Rental revenue on tenant leases and interest reduction payments revenue and retained excess income under Section 236 have been recognized in accordance with the terms of the respective agreements as earned.

Debt Issuance Costs

Debt issuance costs are amortized over the term of the respective loan and reported net of accumulated amortization as of December 31, 2023, as a reduction from total long-term liabilities on the balance sheet.

Recent Accounting Pronouncements

In March 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-01, "Leases (Topic 842): Codification Improvements," which addressed issues lessors sometimes encounter.

Specifically, the ASU addresses issues related to: (1) determining the fair value of the underlying asset by the lessor that are not manufacturers or dealers (generally financial institutions and captive finance companies), and (2) lessors that are depository and lending institutions, which should classify principal and payments received under sales type and direct financing leases within investing activities in the cash flow statement.

The ASU also exempts both lessees and lessors from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard.

In June 2020, the FASB issued ASU 2020-05, "Revenue from Contracts with Customers (Topic 606)" and "Leases (Topic 842) Effective Dates for Certain Entities," which delays the effective date of ASU 2019-01 for certain entities. This ASU is effective for the Company beginning on January 1, 2022. The Company is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Subsequent Events

The Corporation has evaluated subsequent events after December 31, 2023 through March 29, 2024, the date that the financial statements were available to be issued.

3- FIXED ASSETS AND DEPRECIATION

Depreciation is computed to amortize the cost of the assets over their useful lives, as follows:

Buildings and improvements	27.5 - 50 years - SL
Buildings and equipment	5 - 15 years - SL/accelerated

The costs of maintenance and repairs of the property and equipment are charged to expense as incurred.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

4- MORTGAGE NOTES PAYABLE

Upon restructuring, on September 23, 2005, the Corporation is subject to the following two mortgages:

(a) Mortgage Payable - First Mortgage – HDC

(b)

The first mortgage, dated September 23, 2005, in the original principal amount of \$28,663,900, is held by HDC (also referred to herein as "Mortgagee") and matures on October 1, 2035. The mortgage bears interest at 6.5% per annum and is payable in monthly installments that began with \$231,905, including principal and interest, and is currently \$113,311. The interest reduction contract was amended to provide for an annual subsidy payment not to exceed \$2,155,305 per annum through maturity.

The interest charged to expense on this mortgage for the year ended December 31, 2023 was \$459,860, including \$4,123 of amortized debt issuance costs, while the accrued and unpaid interest at that date was \$28,012.

The current portion of unamortized debt issuance costs attributed to this note amounted to \$4,123.

Prepayment on the first mortgage is not permitted until September 1, 2020. Thereafter, it may be repaid in full without premium, with 30 days' written notice of any intended prepayment. The Corporation will be required to pay all costs and expenses resulting from such prepayment.

Principal maturities on the first mortgage through maturity are as follows:

2023	\$	962,910
2024		962,910
2025		1,027,398
2026		341,816
2027		364,708
Thereafter		<u>2,881,370</u>
Total	\$	<u>6,541,112</u>

(c) Mortgage Payable - Subordinate Mortgage – HDC

The subordinate mortgage, dated September 23, 2005, in the original principal amount of \$2,848,501, is also held by HDC and matures on January 1, 2036. The subordinate mortgage is noninterest bearing and has no monthly payments. A balloon payment is due on the maturity date. The subordinate mortgage carries the same prepayment terms as that of the first mortgage.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

4- MORTGAGE NOTES PAYABLE - (Continued)

Fixed assets, with a cost of \$54,805,809 and a net book value of \$10,321,312, are pledged as collateral for the above mortgages at December 31, 2023.

The mortgages are nonrecourse obligations with the sole and exclusive remedy of the holders being limited to the real and personal property of the Corporation. No personal liability is assumed by any of the members for the payment of principal or interest under the mortgage notes.

5- GROUND RENT AND REAL ESTATE TAXES

On July 26, 1973, the Corporation entered into a ground lease with the New York City Education Construction Fund for a period of 75 years. For the period commencing with the date of issuance of a Temporary Certificate of Occupancy for the property (November 19, 1975 for Phase I and March 31, 1977 for Phase II building), the Corporation shall pay an annual ground rent of \$190,000, plus a sum equal to the real estate tax equivalency based on the higher of the following:

(i) Assessed valuation of the property at the time of acquisition of \$1,013,700 at the current tax rate, or

(ii) 10% of shelter rents.

As of December 31, 2023, the future ground rentals required to be paid under the ground lease are summarized as follows:

2024	\$ 190,000
2025	190,000
2026	190,000
2027	190,000
2028	190,000
Thereafter ~	<u>3,717,225</u>
	\$ 4,667,225

Annual ground rent of \$190,000 for the current year is included with real estate tax expenses \$570,651 in the accompanying statement of activities.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

6- RESTRICTED DEPOSITS AND FUNDED RESERVES

Escrow Deposits

Pursuant to the terms of the restructuring, the Corporation is required to make monthly deposits with the Mortgagee for payments of water and sewer, property insurance, real estate taxes and ground rent so that a sufficient amount is on deposit with the Mortgagee when actual payment of such expense is due.

At December 31, 2023, the escrow balance of \$839,588 is held by HDC in a combination of checking and money market accounts.

Replacement Reserve

Pursuant to the terms of the loan restructuring with HDC, the Corporation is required to deposit the sum of \$9,457 every month to the replacement reserve account.

During the year 2023, there were no withdrawals from this account, however, interest income earned and accrued in the current year of \$55,693, was added to the account balance, which aggregated \$1,462,079 at December 31, 2023, and is held by HDC in interest-bearing accounts.

Other Reserves

Funds held in other reserves of \$3,722,174 at December 31, 2023, represent the balance of retained Excess Income (Note 13) that will be utilized for project improvements and operating expenses in the future years.

These funds are predominantly invested in cash and certificates of deposit with several financial institutions and are stated at cost, which approximates market value.

7- MANAGEMENT CONTRACT

The Corporation entered into a management contract with FirstService Residential. The contract, which is for a one-year term, at a fixed monthly rate of \$18,915, expired on June 30, 2024 and is further extended, at the same fixed monthly rate of \$18,915, until June 30, 2024. These annual extensions of the management contract and revisions to the fixed monthly rates are subject to approval of the Assistant Commissioner of Housing Supervision which are awaited as of the date of issuance of these financial statements.

Management fee expense aggregated \$231,651 for the year ended December 31, 2023.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

8- 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 participating 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 December 31, 2023, the Company's participation in the multiemployer plan is outlined below:

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

Employer Identification Number: 13-1879376

Plan Number: 001

Collective Bargaining Agreement Expiration Date: April 20, 2022

Pension Protection Act Zone Status:

Year Ended June 30, 2022 - Red

Year Ended June 30, 2023 - Red

Year Ended June 30, 2024 - Yellow

Funding Improvement Plan/Rehabilitation Plan Status: Implemented

Surcharges Paid to Plan: None

Minimum Required Pension Contributions (per week/per employee):

Year Ended April 20, 2023 \$ 126.75

Year Ended April 20, 2024 \$ 130.75

Year Ended April 20, 2025 \$ 134.75

Year Ended April 20, 2026 \$ 138.75

The information provided above is from the Plan's most current annual report for the year ended June 30, 2022. 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. Pension plans in the "red zone" are generally less than 65% funded, plans in the "yellow zone" are 65%-85% funded and plans in the "green zone" are at least 85% funded. 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 ending December 31, 2023. In addition, under the Collective Bargaining Agreement ("Agreement"), certain retired employees are eligible for health benefits as defined in the Agreement. In addition, under the Collective Bargaining Agreement ("Agreement"), certain retired employees are eligible for health benefits as defined in the Agreement.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

9- DEBT ISSUANCE COSTS

Debt issuance costs are amortized over the term of the respective mortgage payable and reported, net of accumulated amortization as of December 31, 2023, as a reduction from total long-term liabilities on the balance sheet as follows:

<u>Item</u>	<u>Amortization Period</u>	<u>Amount</u>
Debt Issuance Costs	Term of Mortgage (360 months)	\$ 123,702
Accumulated Amortization		(75,251)
Net Book Value		<u>\$ 48,451 *</u>

*Including \$4,123 of current year amortization included in interest expense on mortgage payable - first mortgage.

10- TENANT LEASES

The commercial space and garage space in the Project are rented to various tenants under noncancelable operating leases which have initial terms of five years to ten years. Lease agreements do not provide for contingent rentals. Rent revenue - stores and commercial aggregated \$1,308,910 for the year ended December 31, 2023. The commercial space and garage space in the Project are rented to various tenants under noncancelable operating leases which have initial terms of five years to 10 years. Lease agreements do not provide for contingent rentals. Rent revenue - stores and commercial aggregated \$1,308,910 for the year ended December 31, 2023.

As of December 31, 2023, future minimum base rentals required to be paid by the tenant under the noncancelable portion of its commercial lease are summarized as follows:

2024	\$ 864,944
2025	627,661
2026	513,275
2027	203,631
2028	<u>15,468</u>
	\$ 2,224,979

The garage space was operated by a third-party vendor under an operating lease of 10 years which expired on July 31, 2013. Currently, the garage is operated by the same vendor on a month-to-month basis and the Corporation is in negotiations for a long-term lease.

The garage income of \$1,034,377, as reflected in the accompanying financial statements at December 31, 2023, is computed at the monthly fixed amount of \$86,198.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

11- FUTURE REPAIRS AND REPLACEMENTS

The Corporation has not estimated the remaining lives and future costs of major repairs and replacements of common property which are required to supplement, although not required to be a part of, the basic financial statements, in accordance with GAAP. However, the Corporation is depositing \$9,457 every month into a replacement reserve for future major repairs and replacement of common property.

At December 31, 2023, such amounts in the replacement reserve account aggregated \$1,462,079.

The Corporation has also retained Excess Income for such purposes (Notes 12). The Corporation believes that funds in the replacement reserve account and retained Excess Income are sufficient to meet requirements for future major repairs and replacements. However, if additional funds are needed, the Corporation has the right, subject to membership approval and approval of the regulatory agency, to increase monthly assessments or pass special assessments.

12- EXCESS INCOME DUE TO HUD

The Project is required to remit excess income collected from the tenants ("Excess Income") to HUD on a monthly basis. However, in anticipation of major capital improvements, and to cover operating deficit, the Project has received approval from HUD to retain Excess Income as follows:

Period Amount

October 1, 2005 - September 30, 2007	\$ 3661,114
October 1, 2007 - September 30, 2009	\$ 3,176,100
October 1, 2007 - September 30, 2009 (additional retroactive)	\$ 609,786
October 1, 2009 - September 30, 2010	\$ 2,110,300
October 1, 2010 - September 30, 2011	\$ 2,215,000
October 1, 2011 - September 30, 2012	\$ 2,310,000
October 1, 2012 - September 30, 2013	\$ 2,290,000
October 1, 2013 - September 30, 2014	\$ 2,390,000
October 1, 2014 - September 30, 2015	\$ 2,490,000
October 1, 2015 - September 30, 2016	\$ 2,500,000
October 1, 2016 - September 30, 2017	\$ 2,600,000
October 1, 2017- September 30, 2018	\$ 2,600,000
October 1, 2018 - September 30, 2019	\$ 2,850,000
October 1, 2019 - September 30, 2020	\$ 2,600,000
October 1, 2020 - September 30, 2021	\$ 2,655,000
October 1, 2021 - September 30, 2022	\$ 2,820,000
October 1, 2022 - September 30, 2023	\$ 2,840,000
October 1, 2022 - September 30, 2023	\$ -

During the current year, the Project has retained Excess Income in the amount of \$3,012,877 which is recognized as such in the accompanying financial statements.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

12- EXCESS INCOME DUE TO HUD - (Continued)

The Project has requested permission from HUD to withhold Excess Income for the period from October 1 2023 to September 30, 2024, and continues to retain Excess Income by filing the monthly Excess Income reports with HUD while awaiting formal approval.

13- INCOME TAXES

The Corporation's tax liability is calculated based on the allocation of income and deductions between patronage and nonpatronage business activities. Accordingly, an estimated provision of \$145,000 has been included in the accompanying financial statements for the year ended December 31, 2023, for federal income taxes. At December 31, 2023, the Corporation had no net operating loss carryforwards for regular income tax purposes and is not subject to New York State or New York City taxes.

14- FUNCTIONAL EXPENSES

The costs of providing various programs and other activities are summarized on a functional basis as follows:

	2023		
	Program Services Housing	Support Services Administrative	Total Expenses
Office salaries	\$ -	\$ 90,532	\$ 90,532
Office expenses	-	90,161	90,161
Management fees	-	231,651	231,651
Manager or superintendent salaries	159,982	-	159,982
Legal expense - Project	137,525	-	137,525
Audit expense	-	41,358	41,358
Miscellaneous administrative expenses	36,916	1,475	38,391
Electricity	2,043,772	-	2,043,772
Water	345,615	-	345,615
Gas	300,930	-	300,930
Sewer	549,815	-	549,815
Payroll	1,109,313	-	1,109,313
Supplies	10,334	-	10,334
Contracts	49,640	-	49,640
Garbage and trash removal	584	-	584
Security payroll/contract	832,247	-	832,247
Heating/cooling repairs and maintenance	97,789	-	97,789
Miscellaneous operating and maintenance expenses	1,137,803	-	1,137,803
Real estate taxes	570,651	-	570,651
Payroll taxes (Project's share)	90,445	-	90,445
Property and liability insurance (hazard)	543,378	20,892	564,270
Workmen's compensation	22,788	-	22,788
Health insurance and other employee benefits	487,553	-	487,553
Interest on mortgage payable	459,860	-	459,860
Depreciation expenses	1,281,109	-	1,281,109
	<u>\$ 10,268,049</u>	<u>\$ 476,069</u>	<u>\$ 10,744,118</u>

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

15- DEFERRED REVENUE

On September 23, 2005 and January 10, 2006, as a result of restructuring the mortgage, HDC refunded \$2,017,734 and \$1,400,744, respectively, as a grant to the Project to be used for future capital improvements and operating shortfalls, which are being amortized over the life of the mortgage using the interest method. The grant proceeds were deposited into the replacement reserve account.

Deferred revenue of \$68,673 was recognized and included in miscellaneous revenue in 2023.

At December 31, 2023, the remaining balance of this deferred revenue was \$350,619.

16- LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation has \$421,202 of cash and cash equivalents as of the statement of financial position date of December 31, 2023 to meet cash needs for general expenditures. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure.

The Corporation manages liquidity needed for operations primarily through its policy to budget monthly cash inflows and outflows. Cash inflows can be easily predicted since they are comprised mostly of rental income, both residential and commercial. Cash outflows are planned accordingly so as not to exceed those expected inflows. There is adequate excess cash on hand in the event of unexpected outflows.

In addition, the Corporation maintains funds in a replacement reserve for planned property improvements to reduce operating deficits or to pay certain expenses of the Project which may be used only with the approval of HUD. At December 31, 2023, the balance in replacements reserve was \$1,462,079.

In addition, the Corporation has aggregated \$3,722,174 at December 31, 2023 in other reserves (Note 7 (c)) to finance future major repairs and replacement items not budgeted during the normal operating cycle.

17- COMMITMENTS AND CONTINGENCIES

There are various actions which the Corporation's insurers are defending. The board of directors cannot predict the outcome of these actions or estimate any amount of loss that may result. In the opinion of the board of directors, after consulting with counsel to the Corporation, and in consideration of its insurance coverage, the Corporation will either prevail or there will be sufficient insurance to cover any possible adverse judgments.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Notes to Financial Statements

18- CURRENT VULNERABILITY

The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. 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.

At December 31, 2023, the Corporation's tenants' arrears balance aggregated \$303,153, of which \$93,369 was for residential tenants, and \$209,784 was for commercial tenants. Management has determined a provision for abatements of \$103,438 for its commercial tenant arrears (including garage operator) at December 31, 2023.

SUPPLEMENTARY INFORMATION

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	FEDERAL EXPENDITURES
United States Department of Housing and Urban Development:		
Interest Reduction Payments from HUD (Section, 236 Subsidy) - including retained excess income of \$3,012,877	14.103	\$ 3,745,054
Total Awards Expended		\$ 3,745,054

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Chinatown Apartments, Inc., FHA #012-11073, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chinatown Apartments, Inc., it is not intended to and does not present the financial position as of December 31, 2023, and the related statements of activities, changes in net assets, and cash flows of Chinatown Apartments, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Chinatown Apartments, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Activities as Required by HUD
For the Year Ended December 31, 2023

RENTAL REVENUE:

5120	Rent revenue - gross potential	\$ 4,064,133	
5140	Rent revenue - stores and commercial	1,308,910	
5170	Garage and parking spaces	1,034,377	
5190	Miscellaneous rent revenue - storage rentals	28,835	
5191	Excess rent	614,001	
5194	Retained excess income	<u>3,012,877</u>	
5100T	TOTAL RENTAL REVENUE		\$ 10,063,133

VACANCIES:

5220	Apartments	<u>(117,305)</u>	
5200T	TOTAL VACANCIES		<u>(117,305)</u>
5152N	NET RENTAL REVENUE		9,945,828

FINANCIAL REVENUE:

5410	Financial revenue - project operations	1,700	
5440	Revenue from investments - replacement reserve	-	
5490	Revenue from investment - miscellaneous	<u>226,756</u>	
5400T	TOTAL FINANCIAL REVENUE		228,456

OTHER REVENUE:

5910	Laundry and vending revenue	75,600	
5920	Tenenat charges	15,396	
5945	Interest reduction payments revenue	732,177	
5990	Miscellaneous revenue (Schedule 4)	<u>110,758</u>	
5900T	TOTAL OTHER REVENUE		<u>933,931</u>
5000T	TOTAL REVENUE		<u>11,108,215</u>

ADMINISTRATIVE EXPENSES:

6310	Office salaries	90,532	
6311	Office expenses	90,161	
6320	Management fees	231,651	
6330	Manager or superintendent salaries	159,982	
6340	Legal expense - Project	137,525	
6350	Audit expense	41,358	
6390	Miscellaneous administrative expenses	<u>38,391</u>	
6263T	TOTAL ADMINISTRATIVE EXPENSES		789,600

The accompanying notes to the financial statements and independent auditor's report should be
read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Activities as Required by HUD
For the Year Ended December 31, 2023

UTILITIES EXPENSE:

6450	Electricity	2,043,772	
6451	Water	345,615	
6452	Gas	300,930	
6453	Sewer	<u>549,815</u>	
6400T	TOTAL UTILITY EXPENSE		3,240,132

OPERATING AND MAINTENANCE EXPENSES:

6510	Payroll	1,109,313	
6515	Supplies	10,334	
6520	Contracts	49,640	
6525	Garbage and trash removal	584	
6530	Security payroll/contract	832,247	
6546	Heating/cooling repairs and maintenance	97,789	
6590	Miscellaneous operating and maintenance expenses (Schedule 5)	<u>1,137,803</u>	
6500T	TOTAL OPERATING AND MAINTENANCE EXPENSES		3,237,710

TAXES AND INSURANCE:

6710	Real estate taxes	570,651	
6711	Payroll taxes (Project's share)	90,445	
6720	Property and liability insurance (hazard)	564,270	
6722	Workmen's compensation	22,788	
6723	Health insurance and other employee benefits	<u>487,553</u>	
6700T	TOTAL OPERATING AND MAINTENANCE EXPENSES		1,735,707

FINANCIAL EXPENSES:

6820	Interest on mortgage payable	<u>459,860</u>	
6800T	TOTAL FINANCIAL EXPENSES		<u>459,860</u>
6000T	TOTAL COST OF OPERATIONS BEFORE DEPRECIATION		<u>9,463,009</u>

OPERATING RESULTS:

5060T	PROFIT BEFORE DEPRECIATION		1,645,206
6600	Depreciation expenses		<u>1,281,109</u>
5060N	OPERATING (LOSS)		364,097

CORPORATE AND ENTITY EXPENSES:

7130	Federal, state and other income taxes	<u>154,502</u>	
7100T	TOTAL CORPORATE AND ENTITY EXPENSES		<u>154,502</u>
3250	NET (LOSS) (CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS)		<u>\$ 209,595</u>

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Activities as Required by HUD
For the Year Ended December 31, 2023

PART II

S1000-010	Total mortgage (or bond) principal payments required during the audit year (12 monthly payments). This applies to all direct loans and HUD-held and fully insured first mortgages	<u>\$ 902,470</u>
S1000-020	Total of 12 monthly deposits in the audit year into the Replacement Reserve account, as required by the Regulatory Agreement even if payments may be temporarily suspended or reduced.	<u>\$ 113,483</u>
S1000-030	Replacement Reserves or Residual Receipts and Releases which are included as expense items on this profit and loss statement.	<u>\$ -</u>
S1000-040	Project improvement reserve releases under the Flexible Subsidy Program that are included as expense items on this profit and loss statement	<u>\$ -</u>

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Statement of Cash Flows as Required by HUD
For the Year Ended December 31, 2023

Cash flows from operating activities:

S1200-010	Rental receipts	\$ 9,876,262	
S1200-020	Interest receipts	1,700	
	Other receipts - interest reduction payments revenue in excess of interest		
S1200-030	expense paid	274,916	
S1200-030	Other operating receipts	<u>187,612</u>	
S1200-040	Total receipts		\$ 10,340,490
Expenses:	Expenses:		
S1200-050	Administrative	(429,900)	
S1200-070	Management fee	(231,651)	
S1200-090	Utilities	(3,492,869)	
S1200-100	Salaries and wages	(1,199,845)	
S1200-110	Operating and maintenance	(2,110,762)	
S1200-120	Real estate taxes	(534,622)	
S1200-140	Property insurance	(795,577)	
S1200-150	Miscellaneous taxes and insurance	(579,877)	
S1200-225	Corporate expenses - income tax	<u>(227,285)</u>	
S1200-230	Total disbursements		(9,602,388)
	Security Deposits	<u>(35,026)</u>	
			<u>(35,026)</u>
S1200-240	Net cash provided by operating activities		703,076

Cash flows from investing activities:

S1200-250	Reserve Deposits	(113,483)	
S1200-330	Net Purchase of fixed assets	<u>(381,034)</u>	
S1200-350	Net cash (used in) investing activities		(494,517)

Cash flows from financing activities:

S1200-360	Mortgage (or bond) principal payments - HDC	(902,470)	
S1200-365	Proceeds from other loans - PPP loan		
S1200-450	Other financing activities - change in equity deposits payable	<u>41,895</u>	
S1200-460	Net cash (used in) financing activities		(860,575)
S1200-470	Net increase in cash and cash equivalents, and restricted cash		(652,016)

Cash and cash equivalents, and restricted cash:

S1200-480	Beginning of year		1,073,218
S1200T	End of year		<u>\$ 421,202</u>

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Supplemental Information
For the Year Ended December 31, 2023

Schedule 4

MISCELLANEOUS REVENUE

Deferred revenue	\$ 68,673
Other miscellaneous income	42,085
	<hr/>
	\$ 110,758
	<hr/> <hr/>

Schedule 5

**MISCELLANEOUS OPERATING AND
MAINTENANCE EXPENSES**

Exterminating	\$ 50,550
Groundskeeping	70,479
Fire alarm service	31,259
Elevator service	202,831
Compactor repairs	24,826
Electrical repairs	32,535
Elevator repairs	69,979
Painting and decorating	74,347
Plumbing repairs	93,322
Tenant repairs	39,115
Other repairs	178,604
Repair - Materials and supplies	256,937
Engineering fees	235
Other Professional Fees	483
Other consulting services	11,651
Other building expenses	650
	<hr/>
	\$ 1,137,803
	<hr/> <hr/>

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Supplemental Information
For the Year Ended December 31, 2023

Changes in Fixed Assets

	ASSETS				ACCUMULATED DEPRECIATION			NET BOOK
	BALANCE - JANUARY 1, 2023	ADDITIONS	TRANSFERS	BALANCE - DECEMBER 31, 2023	BALANCE - JANUARY 1, 2023	CURRENT PROVISIONS	BALANCE - DECEMBER 31, 2023	VALUE BALANCE - DECEMBER 31, 2023
Buildings and improvements	\$ 53,594,754	\$ 381,034	\$ -	\$ 53,975,788	\$ 42,373,368	\$ 1,281,108	\$ 43,654,476	\$ 10,321,312
Building equipment	830,021	-	-	830,021	830,021	-	830,021	-
Miscellaneous other assets - renovation-in-progress	-	-	-	-	-	-	-	-
	<u>\$ 54,424,775</u>	<u>\$ 381,034</u>	<u>\$ -</u>	<u>\$ 54,805,809</u>	<u>\$ 43,203,389</u>	<u>\$ 1,281,108</u>	<u>\$ 44,484,497</u>	<u>\$ 10,321,312</u>

*DETAILS OF ADDITIONS

Garage Overhaul	\$ 99,320
Tree Plantings	18,393
Elevator Hoists	29,682
HVAC/Plumbing Upgrades	191,191
Façade	42,448
	<u>\$ 381,034</u>

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Supplemental Information
For the Year Ended December 31, 2023

Schedule 7

ESCROW DEPOSITS

Estimated amount required as of December 31, 2023 for future payment of:

Water and sewer	\$ 451,274
Real estate taxes	31,667
Property insurance	<u>57,705</u>
Total	<u><u>\$ 540,646</u></u>
Total confirmed by Mortgagee	<u><u>\$ 839,588</u></u>
Amount of deposit in excess of estimated requirements	<u><u>\$ 298,942</u></u>

Schedule 8

REPLACEMENT RESERVE

In accordance with the provisions of the Regulatory Agreement, restricted cash is held by the mortgagee to be used for replacement of property with the approval of HDC, as follows:

Balance - beginning of year	\$ 1,292,902
Add, deposits (\$9,457 x 12)	113,483
interest income added to fund	<u>55,693</u>
Balance - end of year	<u><u>\$ 1,462,078</u></u>
Balance - end of year (confirmed by mortgagee)	<u><u>\$ 1,462,079</u></u>

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Chinatown Apartments, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Chinatown Apartments, Inc. (a cooperative housing corporation), FHA #012-11073 (the "Corporation"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

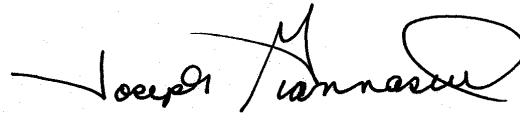
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph Giannasco", with a stylized flourish at the end.

JOSEPH GIANNASCO CPA, LLC
Certified Public Accountant

Jericho, New York
March 29, 2024

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Chinatown Apartments, Inc.

Report on Compliance for the Major Federal Program

We have audited Chinatown Apartments, Inc.'s (a cooperative housing corporation), FHA #012-11073 (the "Corporation"), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2023. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Interest Reduction Payments Revenue (Section 236 ~subsidy) from HUD - Assistance Listing 14.103, for the year ended December 31, 2023.

Basis for Qualified Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

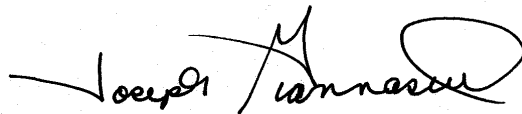
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph Giannasco", with a stylized flourish at the end.

JOSEPH GIANNASCO CPA, LLC
Certified Public Accountant

Jericho, New York
March 29, 2024

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2023

-NONE-

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Chinatown Apartments, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Chinatown Apartments, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for Chinatown Apartments, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) for Chinatown Apartments, Inc. are: None.
7. The program tested as a major program included Interest Reduction Payments Revenue (Section 236 subsidy) from HUD - Assistance Listing 14.103.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Chinatown Apartments, Inc. does not qualify as a low-risk auditee.

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

Corrective Action Plan
For the Year Ended December 31, 2023

-None-

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

CERTIFICATE OF MANAGEMENT AGENT

March 29, 2024

I hereby certify that I have examined the accompanying financial statements and supplemental information of Chinatown Apartments, Inc. (a cooperative housing corporation) and, to the best of my knowledge and belief, the same is complete and accurate as of December 31, 2023.

FirstService Residential

Federal ID # 13-3197430

By: _____

Managing Director

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.

Chinatown Apartments, Inc.
(A Cooperative Housing Corporation)
FHA #012-11073

**SUPPORTING DATA REQUIRED BY HUD
FOR THE YEAR ENDED DECEMBER 31, 2023**

CERTIFICATE OF BOARD OF DIRECTORS

March 29, 2024

HUD Field Office Director and
New York City Housing Development Corporation
New York, New York

Ladies and Gentlemen:

I am an officer of Chinatown Apartments, Inc. (a cooperative housing corporation) and I am familiar with the financial operation of the Corporation. In this connection, I state the following:

- (a) The Books of Account are being maintained in accordance with the Uniform System of Accounts for Cooperative Housing Corporations as required by the U.S. Department of Housing and Urban Development.
- (b) The Board of Directors has been receiving and reviewing the required monthly reports for the year ended December 31, 2023.
- (c) I hereby certify that I have examined the foregoing financial statements and supplemental data of Chinatown Apartments, Inc. and, to the best of my knowledge and belief, the same is a true statement of the financial condition of said Corporation as at December 31, 2023.

I hereby certify that I have examined the accompanying financial statements and supplemental data of Chinatown Apartments, Inc. (a cooperative housing corporation) and, to the best of my knowledge and belief, the same is complete and accurate as of December 31, 2023.

Chinatown Apartments, Inc.

Federal ID# 13-2759128

By: _____
Thomas Lo, Vice President

The accompanying notes to the financial statements and independent auditor's report should be read in conjunction with this supplementary schedule.