

**WASHINGTON SQUARE
SOUTHEAST APTS., INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

WASHINGTON SQUARE SOUTHEAST APTS., INC.

TABLE OF CONTENTS

DECEMBER 31, 2022 AND 2021

| | Page |
|---|-------------|
| ACCOUNTANTS' DISCLAIMER | 1 |
| Balance Sheets | 2 |
| Statements of Loss | 3 |
| Statements of Retained Earnings (Deficit) | 4 |
| Statements of Cash Flows | 5-6 |
| Schedule of Budget with Actual Operating Amounts | 7-8 |



BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

MARK COHEN, CPA
WILLIAM J. RANK, CPA, CFP
LORI B. LERMAN, CPA

ACCOUNTANTS' DISCLAIMER

To the Board
WASHINGTON SQUARE SOUTHEAST APTS., INC.

The accompanying financial statements of Washington Square Southeast Apts., Inc. as of and for the periods ended December 31, 2022 and 2021, were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Bloom and Streit, LLP

BLOOM AND STREIT LLP
Certified Public Accountants
June 30, 2023

WASHINGTON SQUARE SOUTHEAST APTS., INC.

Balance Sheets

As of December 31,

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash in Banks and on Hand | 575,527 | 583,861 |
| Cash in Operating Account | 275,545 | 721,785 |
| Tenants' Accounts Receivable | 386,539 | 411,860 |
| Allowance for Uncollectible Accounts | (294,162) | (300,143) |
| Miscellaneous Accounts Receivable | 4,672 | 21,662 |
| Mortgagee Escrow Deposits | 170,201 | 106,410 |
| Prepaid Expenses | 72,069 | 97,225 |
| Total Current Assets | <u>1,190,391</u> | <u>1,642,660</u> |
| FUNDS | | |
| Reserve for Replacements: | | |
| Investments - at cost | <u>1,510,504</u> | <u>2,067,582</u> |
| PROPERTY AND EQUIPMENT - | | |
| Net Book Value | <u>9,235,959</u> | <u>8,604,745</u> |
| TOTAL ASSETS | | |
| | <u>11,936,854</u> | <u>12,314,987</u> |

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|--------------------------|
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 435,947 | 425,249 |
| Accounts Payable - Improvements | 0 | 118,686 |
| Accrued Interest Payable | 37,552 | 38,204 |
| Rents Received in Advance | 31,850 | 41,380 |
| Deposits and Exchanges Payable | 282,405 | 196,781 |
| Mortgage and Loan Payable - Amortization payments due within one year | <u>162,972</u> | <u>153,511</u> |
| Total Current Liabilities | <u>950,726</u> | <u>973,811</u> |
| LONG-TERM LIABILITIES | | |
| Apartment Waiting List Deposits | 75,100 | 75,100 |
| First Mortgage Payable (due after one year) | 1,983,432 | 2,022,296 |
| Second Mortgage Payable (due after one year) | 2,911,458 | 2,967,404 |
| Third Mortgage Payable (due after one year) | 644,088 | 633,387 |
| Fourth Mortgage Payable (due after one year) | 2,430,779 | 2,430,779 |
| Improvement Loan Payable (due after one year) | 3,186,506 | 3,255,814 |
| Less: Unamortized Debt Issuance Costs | <u>(151,751)</u> | <u>(157,944)</u> |
| Total Long-Term Liabilities | <u>11,079,612</u> | <u>11,226,836</u> |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Common Stock \$100.00 par value; Authorized, Issued and Outstanding 5,843 1/2 Shares | 584,350 | 584,350 |
| Paid-in and Donated Capital | 1,406,079 | 1,376,519 |
| Retained Earnings (Deficit) | (3,594,417) | (3,914,111) |
| Appropriated Retained Earnings: | | |
| Reserve for Replacements | <u>1,510,504</u> | <u>2,067,582</u> |
| Total Stockholders' Equity (Deficit) | <u>(93,484)</u> | <u>114,340</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | <u><u>11,936,854</u></u> | <u><u>12,314,987</u></u> |

See accountants' disclaimer

Substantially all disclosures required by accounting principles generally accepted in the United States are not included

WASHINGTON SQUARE SOUTHEAST APTS., INC.

Statements of Loss

For the Six Months Ended December 31,

| | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|
| INCOME | | |
| Carrying Charges - Net of Vacancies and Uncollectible Charges | 955,204 | 944,266 |
| Parking Income | 86,100 | 85,050 |
| Assessment Income | 86,453 | 86,354 |
| Professional Apartments | 95,728 | 92,940 |
| Laundry Room Income | 7,800 | 7,800 |
| Appliance Charges | 46,330 | 48,528 |
| Surcharge Income | 147,450 | 116,192 |
| Movie Production Income | 16,000 | 0 |
| Interest Income | 12,006 | 6,427 |
| Miscellaneous Income | 19,682 | 7,716 |
| Total Income | <u>1,472,753</u> | <u>1,395,273</u> |
| EXPENSES | | |
| Administrative Expenses | 97,910 | 95,547 |
| Maintenance Expenses | 463,946 | 409,009 |
| Utilities Expenses | 313,729 | 268,443 |
| Taxes, Insurance and Ground Rent | 299,014 | 257,702 |
| Financial Expenses | 266,145 | 235,014 |
| Interest Expense - Debt Issuance Costs | 3,096 | 3,096 |
| Total Expenses Before Depreciation | <u>1,443,840</u> | <u>1,268,811</u> |
| NET INCOME BEFORE DEPRECIATION | 28,913 | 126,462 |
| Depreciation | <u>(215,277)</u> | <u>(196,320)</u> |
| NET LOSS FOR THE PERIOD | <u>(186,364)</u> | <u>(69,858)</u> |

See accountants' disclaimer

Substantially all disclosures required by accounting principles generally accepted in the United States are not included

WASHINGTON SQUARE SOUTHEAST APTS., INC.

Statements of Retained Earnings (Deficit)

For the Six Months Ended December 31,

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|--------------------|
| RETAINED EARNINGS (DEFICIT) - Beginning of Year | (3,853,746) | (4,225,360) |
| Net Loss for the Period | (186,364) | (69,858) |
| Change in Reserve for Replacements | <u>445,693</u> | <u>381,107</u> |
| RETAINED EARNINGS (DEFICIT) - End of Period | <u>(3,594,417)</u> | <u>(3,914,111)</u> |

See accountants' disclaimer

Substantially all disclosures required by accounting principles generally accepted in the United States are not included

WASHINGTON SQUARE SOUTHEAST APTS., INC.

Statements of Cash Flows

For the Six Months Ended December 31,

| | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|
| Cash Flows From Operating Activities | | |
| Net Loss | (186,364) | (69,858) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation | 215,277 | 196,320 |
| Interest Expense - Debt Issuance Costs | 3,096 | 3,096 |
| Revenue allocated to financing activities | (39,522) | (37,201) |
| Decrease (Increase) in operating assets: | | |
| Tenants' Accounts Receivable - Net Allowance | (4,512) | (40,424) |
| Miscellaneous Accounts Receivable | (2,664) | (1,828) |
| Mortgagee Escrow Deposits | (120,832) | (49,140) |
| Prepaid Expenses | 128,092 | 44,382 |
| (Decrease) Increase in operating liabilities: | | |
| Accounts Payable | 157,659 | 108,397 |
| Accrued Interest Payable | (329) | (312) |
| Rents Received in Advance | 6,245 | 31,674 |
| Exchanges Payable | 28,285 | 20,617 |
| Apartment Deposits | 0 | 0 |
| Net cash provided by operating activities | <u>184,431</u> | <u>205,723</u> |
| Cash Flows from Investing Activities | | |
| Purchase of Property and Equipment | (777,661) | (581,315) |
| Net cash used by investing activities | <u>(777,661)</u> | <u>(581,315)</u> |
| Cash Flows From Financing Activities | | |
| Increase in Reserve Funds | 445,693 | 381,107 |
| Amortization of First Mortgage | (18,193) | (17,203) |
| Amortization of Second Mortgage | (26,705) | (25,254) |
| Amortization of Third Mortgage | 5,376 | 5,256 |
| Amortization of Improvement Loan | (33,431) | (31,900) |
| Additions to Paid-In Capital | 19,932 | 0 |
| Portion of Carrying Charges applied to Amortization of Mortgages | <u>39,522</u> | <u>37,201</u> |
| Net cash provided by financing activities | <u>432,194</u> | <u>349,207</u> |
| Decrease in Cash and Cash Equivalents (carryforward) | (161,036) | (26,385) |

See accountants' disclaimer

Substantially all disclosures required by accounting principles generally accepted in the United States are not included

WASHINGTON SQUARE SOUTHEAST APTS., INC.

Statements of Cash Flows

For the Six Months Ended December 31,

| | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|
| Decrease in Cash and Cash Equivalents (brought forward) | (161,036) | (26,385) |
| Cash and Cash Equivalents at Beginning of Year | <u>1,012,108</u> | <u>1,332,031</u> |
| Cash and Cash Equivalents at End of Period (see below) | <u>851,072</u> | <u>1,305,646</u> |
| Represented by: | | |
| Cash in Banks and On Hand | 575,527 | 583,861 |
| Cash in Operating Account | <u>275,545</u> | <u>721,785</u> |
| Cash and Cash Equivalents (as above) | <u>851,072</u> | <u>1,305,646</u> |
| Supplemental Disclosure: | | |
| Interest Paid | <u>218,199</u> | <u>222,188</u> |

See accountants' disclaimer

Substantially all disclosures required by accounting principles generally accepted in the United States are not included

WASHINGTON SQUARE SOUTHEAST APTS., INC.

Schedule of Budget with Actual Operating Amounts

| | Budget Year Ended <u>June 30, 2023</u> | Budget Six Months <u>Dec. 31, 2022</u> | Actual Six Months <u>Dec. 31, 2022</u> | Variance Favorable <u>(Unfavorable)</u> |
|--------------------------------------|---|---|---|--|
| RECEIPTS | | | | |
| Carrying Charges | 1,918,038 | 959,018 | 959,018 | 0 |
| Vacancies & Uncollectible Charges | (12,000) | (6,000) | (3,814) | 2,186 |
| Equity Assessment | 170,000 | 85,000 | 86,453 | 1,453 |
| Parking Income | 172,000 | 86,000 | 86,100 | 100 |
| Professional Apartments | 190,000 | 95,000 | 95,728 | 728 |
| Laundry Room Income | 15,600 | 7,800 | 7,800 | 0 |
| Appliance Charges | 98,000 | 49,000 | 46,330 | (2,670) |
| Surcharge Income | 290,000 | 145,000 | 147,450 | 2,450 |
| Movie Production Income | 16,000 | 16,000 | 16,000 | 0 |
| Interest Income | 20,000 | 10,000 | 12,006 | 2,006 |
| Miscellaneous Income | 32,000 | 16,000 | 19,682 | 3,682 |
| Total Receipts | <u>2,909,638</u> | <u>1,462,818</u> | <u>1,472,753</u> | <u>9,935</u> |
| EXPENDITURES | | | | |
| ADMINISTRATIVE EXPENSES | | | | |
| Management Fee | 76,500 | 38,250 | 39,780 | (1,530) |
| Legal Expense | 72,000 | 36,000 | 34,860 | 1,140 |
| Auditing | 16,800 | 8,400 | 8,400 | 0 |
| Telephone Services | 10,000 | 5,000 | 2,669 | 2,331 |
| Office and Administrative Expenses | 25,557 | 12,779 | 12,201 | 578 |
| Total Administrative Expenses | <u>200,857</u> | <u>100,429</u> | <u>97,910</u> | <u>2,519</u> |
| MAINTENANCE EXPENSES | | | | |
| Superintendent's Payroll | 103,500 | 51,750 | 51,421 | 329 |
| Maintenance Payroll | 290,000 | 145,000 | 150,538 | (5,538) |
| Supplies | 54,000 | 27,000 | 26,346 | 654 |
| Architects/Consultants/Engineers | 0 | 0 | 100 | (100) |
| Repairs and Maintenance | 170,000 | 85,000 | 86,809 | (1,809) |
| Elevator Maintenance | 24,000 | 12,000 | 10,686 | 1,314 |
| Protection Service | 172,000 | 86,000 | 84,730 | 1,270 |
| Grounds and Landscaping | 30,000 | 27,500 | 27,388 | 112 |
| Exterminating | 48,000 | 24,000 | 25,928 | (1,928) |
| Total Maintenance Expenses | <u>891,500</u> | <u>458,250</u> | <u>463,946</u> | <u>(5,696)</u> |

See accountants' disclaimer

Substantially all disclosures required by accounting principles generally accepted in the United States are not included

WASHINGTON SQUARE SOUTHEAST APTS., INC.

Schedule of Budget with Actual Operating Amounts

| | Budget Year Ended June 30, 2023 | Budget Six Months Dec. 31, 2022 | Actual Six Months Dec. 31, 2022 | Variance Favorable (Unfavorable) |
|---|--|--|--|---|
| UTILITIES EXPENSES | | | | |
| Steam | 178,000 | 69,000 | 71,007 | (2,007) |
| Electricity | 304,000 | 209,000 | 214,139 | (5,139) |
| Water | 130,000 | 65,000 | 66,081 | (1,081) |
| Water - Prior Year Credit | (44,000) | (44,000) | (43,500) | (500) |
| Gas | 10,000 | 5,000 | 6,002 | (1,002) |
| Total Utilities Expenses | <u>578,000</u> | <u>304,000</u> | <u>313,729</u> | <u>(9,729)</u> |
| TAXES, INSURANCE AND GROUND RENT | | | | |
| Real Estate Taxes | 205,000 | 102,500 | 104,148 | (1,648) |
| Payroll Taxes | 32,000 | 16,000 | 16,139 | (139) |
| Licenses and Permits | 5,000 | 2,500 | 2,584 | (84) |
| Insurance | 166,000 | 83,000 | 84,341 | (1,341) |
| Ground Rent | 35,400 | 17,700 | 17,700 | 0 |
| Union Welfare and Pension Fund | 140,000 | 70,000 | 74,102 | (4,102) |
| Total Taxes, Insurance and Ground Rent | <u>583,400</u> | <u>291,700</u> | <u>299,014</u> | <u>(7,314)</u> |
| FINANCIAL EXPENSES | | | | |
| Interest on Mortgage | 113,106 | 56,812 | 56,812 | 0 |
| Interest on Second Mortgage | 166,282 | 83,396 | 83,396 | 0 |
| Interest on Third Mortgage | 16,620 | 8,275 | 8,275 | 0 |
| Interest on Improvement Loan | 187,011 | 117,662 | 117,662 | 0 |
| Total Financial Expenses | <u>483,019</u> | <u>266,145</u> | <u>266,145</u> | <u>0</u> |
| CONTRIBUTIONS TO EQUITY AND RESERVES | | | | |
| Amortization of Mortgage | 36,729 | 18,193 | 18,193 | 0 |
| Amortization of Second Mortgage | 53,663 | 26,705 | 26,705 | 0 |
| Reverse Amortization Third Mortgage | (10,843) | (5,376) | (5,376) | 0 |
| Amortization of Improvement Loan | 67,701 | 33,431 | 33,431 | 0 |
| Reserve for Replacements | 25,612 | 12,804 | 12,804 | 0 |
| Total Contributions to Equity and Reserves | <u>172,862</u> | <u>85,757</u> | <u>85,757</u> | <u>0</u> |
| Total Expenditures | <u>2,909,638</u> | <u>1,506,281</u> | <u>1,526,501</u> | <u>(20,220)</u> |
| NET DEFICIT FOR THE PERIOD | | | | |
| | <u>0</u> | <u>(43,463)</u> | <u>(53,748)</u> | <u>(10,285)</u> |

See accountants' disclaimer

Substantially all disclosures required by accounting principles generally accepted in the United States are not included