

**HIGH MEADOW COOPERATIVE NO. 1, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022 AND 2021**

**HIGH MEADOW COOPERATIVE NO. 1, INC.**

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**BLOOM AND STREIT LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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

**INDEPENDENT AUDITORS' REPORT**

**To the Board**  
**HIGH MEADOW COOPERATIVE NO. 1, INC.**

***Opinion***

We have audited the accompanying financial statements of High Meadow Cooperative No. 1, Inc., which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of income, retained earnings (deficit) and cash flows for the years 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 High Meadow Cooperative No. 1, Inc., as of September 30, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We have conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 High Meadow Cooperative No. 1, 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.

***Emphasis of Matter***

As discussed in Note 12, the entity has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, 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. Our opinion on the basic financial statements is not affected by this missing information.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 High Meadow Cooperative No. 1, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 High Meadow Cooperative No. 1, 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 evaluating 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 High Meadow Cooperative No. 1, 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.

*Bloom and Streit LLP*

**BLOOM AND STREIT LLP**  
**Certified Public Accountants**  
**December 14, 2022**

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Balance Sheets

As of September 30,

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in Operating Account	63,276	7,504
Cash in Tax Escrow Account	105,414	107,450
Cash in Banks and Money Funds	235,671	751,627
Investments - Certificates of Deposit	1,454,083	1,300,786
Tenants' Accounts Receivable	42,034	12,975
Miscellaneous Accounts Receivable	25,652	20,546
Prepaid Expenses	286,191	320,083
<b>Total Current Assets</b>	<u>2,212,321</u>	<u>2,520,971</u>
<b>PROPERTY AND EQUIPMENT -</b>		
<b>Net Book Value</b>	<u>3,683,846</u>	<u>3,641,259</u>
<b>OTHER ASSETS</b>		
Investment - NCB Stock	7,561	7,561
<b>Total Other Assets</b>	<u>7,561</u>	<u>7,561</u>
<b>TOTAL ASSETS</b>	<u>5,903,728</u>	<u>6,169,791</u>

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	74,548	87,875
Accounts Payable - Capital Improvements	0	58,896
Accrued Interest on Mortgage	17,382	17,992
Rents Received in Advance	12,086	5,504
Security Deposits and Exchanges Payable	17,357	13,832
Due to Tenant Stockholders	109,833	124,912
Mortgage Payable - Amortization payments due within one year	<u>214,374</u>	<u>206,827</u>
<b>Total Current Liabilities</b>	<u>445,580</u>	<u>515,838</u>
<b>LONG-TERM LIABILITIES</b>		
Mortgage Payable (due after one year)	5,677,716	5,892,090
Less: Unamortized Debt Issuance Costs	<u>(32,641)</u>	<u>(40,803)</u>
<b>Total Long-Term Liabilities</b>	<u>5,645,075</u>	<u>5,851,287</u>
<b>STOCKHOLDERS' DEFICIT</b>		
Common Stock \$10.00 par value; 17,499 shares Authorized, Outstanding 17,264 in 2022 and 17,347 shares in 2021	174,990	174,990
Paid-in Capital	300,046	300,046
Retained Earnings (Deficit)	<u>(467,099)</u>	<u>(520,875)</u>
Total	7,937	(45,839)
Less: Treasury Stock; 235 shares and 152 shares respectively	<u>(194,864)</u>	<u>(151,495)</u>
<b>Total Stockholders' Deficit</b>	<u>(186,927)</u>	<u>(197,334)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u>5,903,728</u>	<u>6,169,791</u>

*See accompanying notes and auditors' report*

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Statements of Income

For the Years Ended September 30,

	<u>2022</u>	<u>2021</u>
<b>INCOME</b>		
Carrying Charges - Net of Vacancy Loss	2,556,680	2,494,315
Rental Income	6,275	6,000
Garage and Parking Income	32,750	33,276
Laundry Room Income	6,685	5,832
Transfer Fee Income	34,500	24,000
Interest and Dividend Income	23,588	19,950
Miscellaneous Income	15,579	13,204
<b>Total Income</b>	<u>2,676,057</u>	<u>2,596,577</u>
<b>EXPENSES</b>		
Administrative Expenses	101,437	101,139
Maintenance Expenses	501,747	554,707
Utilities Expenses	455,729	379,331
Taxes and Insurance Expenses	1,135,645	1,115,751
Financial Expenses	216,141	223,444
Interest - Debt Issuance Costs	8,162	8,162
<b>Total Expenses Before Depreciation</b>	<u>2,418,861</u>	<u>2,382,534</u>
<b>NET INCOME BEFORE DEPRECIATION</b>	257,196	214,043
Depreciation	<u>(203,420)</u>	<u>(193,179)</u>
<b>NET INCOME FOR THE YEAR</b>	<u>53,776</u>	<u>20,864</u>

*See accompanying notes and auditors' report*



**HIGH MEADOW COOPERATIVE NO. 1, INC.**

**Statements of Retained Earnings (Deficit)**

**For the Years Ended September 30,**

	<u>2022</u>	<u>2021</u>
<b>RETAINED EARNINGS (DEFICIT) - Beginning of Year</b>	(520,875)	(541,739)
Net Income for the Year	<u>53,776</u>	<u>20,864</u>
<b>RETAINED EARNINGS (DEFICIT) - End of Year</b>	<u>(467,099)</u>	<u>(520,875)</u>

*See accompanying notes and auditors' report*

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Statements of Cash Flows

For the Years Ended September 30,

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Net Income	53,776	20,864
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	203,420	193,179
Interest Expense - Debt Issuance Costs	8,162	8,162
Revenue allocated to financing activities	(206,827)	(199,546)
Tenants' Accounts Receivable	(29,059)	(3,009)
Other Receivables	(5,106)	(1,934)
Prepaid Expenses	33,892	(30,969)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(13,327)	22,926
Accrued Interest Payable	(610)	(588)
Rents Received in Advance	6,582	(6,874)
Due to Tenant Stockholders	(15,079)	(1,954)
Security Deposits and Exchanges Payable	3,525	(1,500)
<b>Net cash provided (used) by operating activities</b>	<u>39,349</u>	<u>(1,243)</u>
<b>Cash Flows From Investing Activities</b>		
Investment Purchases	(153,297)	654,003
Purchase of Property and Equipment	(304,903)	(302,203)
<b>Net cash (used) provided by investing activities</b>	<u>(458,200)</u>	<u>351,800</u>
<b>Cash Flows From Financing Activities</b>		
Portion of Carrying Charges applied to Amortization of Mortgage	206,827	199,546
Amortization of Mortgage	(206,827)	(199,546)
Purchase of Treasury Stock	(43,369)	0
<b>Net cash used by financing activities</b>	<u>(43,369)</u>	<u>0</u>
<b>(Decrease) Increase in Cash and Cash Equivalents (carryforward)</b>	(462,220)	350,557

*See accompanying notes and auditors' report*

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Statements of Cash Flows

For the Years Ended September 30,

	<u>2022</u>	<u>2021</u>
<b>(Decrease) Increase in Cash and Cash Equivalents (brought forward)</b>	(462,220)	350,557
Cash and Cash Equivalents at Beginning of Year	<u>866,581</u>	<u>516,024</u>
<b>Cash and Cash Equivalents at End of Year (see below)</b>	<u><u>404,361</u></u>	<u><u>866,581</u></u>
<b>Represented by:</b>		
Cash in Operating Account	63,276	7,504
Cash in Tax Escrow Account	105,414	107,450
Cash in Banks and Money Funds	<u>235,671</u>	<u>751,627</u>
<b>Cash and Cash Equivalents (as above)</b>	<u><u>404,361</u></u>	<u><u>866,581</u></u>
<b>Supplemental Disclosure:</b>		
Interest Paid	<u>215,501</u>	<u>222,782</u>
Taxes Paid	<u>2,500</u>	<u>4,500</u>

*See accompanying notes and auditors' report*

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

### Note 1

#### **Organization**

Pursuant to a Plan to Convert to Cooperative Ownership, title to the land and building located at Charter Circle, South Highland Avenue and Geneva Road in Ossining, New York, was incorporated in the State of New York in 1961. The cooperative consists of 183 residential units. The primary purpose of the cooperative is to manage the operations of the building and maintain the common elements.

### Note 2

#### **Summary of Significant Accounting Policies**

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of income.

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The cooperative has investments in marketable equity securities which are classified as "available for sale" securities. Available for sale securities are reported at fair value and include securities not classified as held to maturity or trading securities. Securities classified as "available for sale" are carried in the financial statements at fair value. Realized gains and losses, determined using the first-in, first out (FIFO) method, are included in earnings; unrealized gains and losses are reported in other comprehensive income (loss). Realized gains and losses are reported as a component of the statements of operations.

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is being carried at cost. Depreciation of the building is being computed by the straight-line method over its estimated useful life of fifty years. Maintenance equipment, building equipment and improvements are being depreciated in accordance with the accelerated cost recovery system using a recovery period from five to twenty seven and one-half years.

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

### Note 2

#### Summary of Significant Accounting Policies - continued

Costs incurred in obtaining long-term financing, included under mortgage payable on the balance sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreement. The amortization of these costs is being recognized as interest expense-debt issuance costs on the statements of income.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

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

Effective January 1, 2020 the cooperative adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. The topic requires the recognition of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects consideration to which an entity expects to be entitled to in exchange for those goods or services. For purposes of this cooperative, the definition of customers includes the tenant-stockholders.

The new standard became effective beginning January 1, 2019. The guidance permitted two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). Adoption of this standard had no impact on the cooperative's financial position, results of operations or cash flows.

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

**Note 3** Concentration of Credit Risk

The cooperative maintains various bank and money market accounts that at times may exceed insured credit limits. The cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances.

**Note 4** Investments

Investments are stated at fair value and consisted of the following at September 30th:

	<u>2022</u>	<u>2021</u>
Certificates of Deposit	1,454,083	1,300,786

The cooperative values its investments at fair value, based on prices provided to it by its custodian. In determining fair value, the highest priority is given to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) for identical investments in active markets
- Level 2: Other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)
- Level 3: Significant unobservable inputs

The following is a summary of the inputs used in valuing the cooperative's investments at December 31:

	<u>2022</u>	<u>2021</u>
Level 1	1,454,083	1,300,786
Level 2	-0-	-0-
Level 3	-0-	-0-
Total	<u>1,454,083</u>	<u>1,300,786</u>

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

### Note 4 Investments - continued

The cooperative invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the cooperative's balance sheet.

### Note 5 Property and Equipment

Property and Equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Land	153,817	153,817
Building	2,238,876	2,238,876
Building Improvements/ Equipment	<u>6,735,351</u>	<u>6,489,344</u>
	9,128,044	8,882,037
Less: accumulated depreciation	<u>5,444,198</u>	<u>5,240,778</u>
Total Property and Equipment	<u>3,683,846</u>	<u>3,641,259</u>

Depreciation expense for the years ended September 30, 2022 and 2021 is \$203,420 and \$193,179, respectively.

### Note 6 Mortgage Payable

In November, 2006, the cooperative refinanced its then existing mortgage with the National Cooperative Bank. This new mortgage, in the amount of \$5,500,000 matured on December 1, 2016. Constant monthly payments of \$31,401 included interest at 5.55% per annum and reduction of principal based on a thirty year amortization schedule. This mortgage was scheduled to have a balloon payment of approximately \$4,612,000 due in December 2016.

On October 26, 2016, the cooperative refinanced its existing first mortgage with the National Cooperative Bank (NCB). The new mortgage, in the amount of \$7,000,000, matures on November 1, 2026. Commencing December 1, 2016, constant monthly payments of \$35,194 are due and will include interest at 3.547% per annum and a reduction of principal based on a 25 year amortization schedule. The new mortgage will have a balloon payment of approximately \$4,947,000 due in November 2026. In addition, the cooperative secured a line of credit with NCB in the amount of \$500,000. For the year ended September 30, 2022, the line of credit was not utilized.

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

### Note 6

#### Mortgage Payable - continued

Principal maturities of the existing mortgage are as follows as of September 30:

2023	214,374
2024	221,637
2025	230,283
2026	238,686
2027	247,395
Thereafter	4,739,715

Costs incurred with connection of the mortgage refinancings are being amortized over the life of the mortgage. As a requirement of obtaining the loans, the cooperative was required to purchase shares of NCB Class B Capital Stock.

### Note 7

#### Treasury Stock

On August 31, 2022, the cooperative purchased Apartment 192CC located at 192 Charter Circle for \$61,839 net of fees and other expenses representing 83 additional shares of treasury stock.

### Note 8

#### Carrying Charges

At a meeting of the Board of Directors in August 2019, the cooperative approved a 1.0% increase in carrying charges effective October 1, 2019.

At a meeting of the Board of Directors in August 2020, the cooperative approved a 1.0% increase in carrying charges effective October 1, 2020.

At a meeting of the Board of Directors in August 2021, the cooperative approved a 2.5% increase in carrying charges effective October 1, 2021.

At a meeting of the Board of Directors in August 2022, the cooperative approved a 4.5% increase in carrying charges effective October 1, 2022.

All the increases were required in order to present a balanced budget that includes an increase in operating expenses and reduction in revenues due to the allocation transfer fees and interest to the reserve fund.



# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

### Note 9

#### **Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended September 30, 2022 and 2021. The cooperative participated in this multi-employer plan, for the years ended September 30, 2022 and 2021 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2022 and the cooperative has no intention of withdrawing from the plan.

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end beginning January 1, 2020 and 2019. The certified zone status for the plan for 2020 and 2019 was green and red, respectively. A rehabilitation plan was implemented for 2019 which involved a surcharge to the cooperative.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended September 30, 2022 and 2021. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

**Note 9** Benefits - continued

The cooperative made the following contributions to the plans:

	<u>2022</u>	<u>2021</u>
Pension Contributions	14,731	13,764
Health Contributions	61,920	59,256

The cooperative's contributions to the plan were not greater than 5% of the plan's total contributions.

**Note 10** Income Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. New York State Franchise taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

Losses incurred in years prior to September 30, 2018, may be carried forward for twenty years from the year incurred and may be used to offset 100% of taxable income. Due to a change in the tax law, federal net operating losses incurred during the year ended September 30, 2019 and thereafter may be carried forward indefinitely, but may only be used to offset 80% of taxable income each year.

As of September 30, 2022, the cooperative has available federal net operating loss carryforwards to apply to future taxable income of approximately \$2,121,000. These net operating loss carryforwards consist of carryforwards of approximately \$1,621,000 which expire beginning in 2022 and continuing through 2038 and carryforwards of approximately \$500,000 which were incurred during 2019 and thereafter. New York State substantially limits the use of these net operating loss carryforwards.

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Notes to Financial Statements

September 30, 2022 and 2021

**Note 10**

**Income Taxes - continued**

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative believes that its estimates are appropriate based on current facts and circumstances. The cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination.

**Note 11**

**Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2022 and 2021. The abatements, which include Star, Veterans and Senior Citizens are passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Due to Tenant Stockholders. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

**Note 12**

**Future Major Repairs and Replacements**

The cooperative has not conducted an official CIRA study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

**Note 13**

**Subsequent Events**

Management has evaluated subsequent events through December 14, 2022, the date at which the financial statements became available for issuance.

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

**To the Board  
HIGH MEADOW COOPERATIVE NO. 1, INC.**

We have audited the financial statements of High Meadow Cooperative No. 1, Inc. as of and for the years ended September 30, 2022 and 2021, and our report thereon dated December 14, 2022, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts, detailed schedule of actual repairs and maintenance and schedules to the financial statement, which are the responsibility of the entity's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Bloom and Streit LLP*

**BLOOM AND STREIT LLP  
Certified Public Accountants  
December 14, 2022**

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Schedule of Budget with Actual Operating Amounts

	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b><u>Sep. 30, 2022</u></b>	<b><u>Sep. 30, 2022</u></b>	<b><u>Sep. 30, 2021</u></b>
	<b>(Unaudited)</b>		
<b>RECEIPTS</b>			
Carrying Charges	2,567,244	2,567,244	2,504,622
Vacancy - Treasury Stock	(10,564)	(10,564)	(10,307)
Rental	6,000	6,275	6,000
Garage and Parking Income	33,000	32,750	33,276
Laundry Room Income	6,000	6,685	5,832
Fines and Violations	5,700	5,750	6,525
Miscellaneous Income	8,000	9,829	6,679
<b>Total Receipts</b>	<b>2,615,380</b>	<b>2,617,969</b>	<b>2,552,627</b>
<b>EXPENDITURES</b>			
<b>ADMINISTRATIVE EXPENSES</b>			
Management Fee	66,000	65,484	65,484
Legal Expense	13,000	11,793	11,656
Auditing	9,000	9,000	9,000
Telephone	5,000	5,255	6,436
Office and Administrative Expenses	10,212	9,905	8,563
<b>Total Administrative Expenses</b>	<b>103,212</b>	<b>101,437</b>	<b>101,139</b>
<b>MAINTENANCE EXPENSES</b>			
Super and Maintenance Payroll	202,000	197,765	201,592
Supplies	18,000	21,597	15,259
Repairs and Maintenance	82,000	84,784	71,526
Major Repairs	12,000	13,114	8,723
Rubbish Removal	42,000	43,291	38,030
Landscaping and Grounds	80,000	67,047	121,151
Tree Service	44,000	41,821	43,848
Snow Removal	20,000	18,590	41,774
Exterminating and Bed Bugs	14,000	13,738	12,804
<b>Total Maintenance Expenses</b>	<b>514,000</b>	<b>501,747</b>	<b>554,707</b>
<b>UTILITIES EXPENSES</b>			
Fuel	224,000	256,271	180,538
Fuel - Cap Fee	10,000	10,000	10,000
Electricity and Gas - Net of Rebilled Charges	60,000	57,214	56,008
Meter Reading Services & Repairs	7,200	6,927	8,295
Water	126,000	125,317	124,490
<b>Total Utilities Expenses</b>	<b>427,200</b>	<b>455,729</b>	<b>379,331</b>

*See auditors' report on supplementary information*

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Schedule of Budget with Actual Operating Amounts

	<b>Budget</b> <b>Year Ended</b> <b><u>Sep. 30, 2022</u></b> <b>(Unaudited)</b>	<b>Actual</b> <b>Year Ended</b> <b><u>Sep. 30, 2022</u></b>	<b>Actual</b> <b>Year Ended</b> <b><u>Sep. 30, 2021</u></b>
<b>TAXES AND INSURANCE</b>			
Real Estate Taxes	852,000	852,523	840,992
Payroll Taxes	16,000	16,011	15,929
Licenses and Permits	1,000	1,853	1,025
Insurance	184,000	182,968	178,913
Union Welfare and Pension Fund	79,500	79,790	74,392
Franchise Taxes	2,500	2,500	4,500
<b>Total Taxes and Insurance</b>	<u>1,135,000</u>	<u>1,135,645</u>	<u>1,115,751</u>
<b>FINANCIAL EXPENSES</b>			
Interest on Mortgage	214,891	214,891	222,194
Facility Fee - Credit Line	1,250	1,250	1,250
<b>Total Financial Expenses</b>	<u>216,141</u>	<u>216,141</u>	<u>223,444</u>
<b>CONTRIBUTIONS TO EQUITY AND RESERVES</b>			
Amortization of Mortgage	206,827	206,827	199,546
Contingency Reserve	12,000	0	0
<b>Total Contributions to Equity and Reserves</b>	<u>218,827</u>	<u>206,827</u>	<u>199,546</u>
<b>Total Expenditures</b>	<u>2,614,380</u>	<u>2,617,526</u>	<u>2,573,918</u>
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>	<u>1,000</u>	<u>443</u>	<u>(21,291)</u>

*See auditors' report on supplementary information*

**HIGH MEADOW COOPERATIVE NO. 1, INC.**

**Detailed Schedule of Actual Repairs and Maintenance**

**For the Years Ended September 30,**

	<u>2022</u>	<u>2021</u>
Boiler and Burners	15,941	27,466
Plumbing and Pipes	29,846	15,949
Electrical, Intercom and Antenna	2,763	13,558
Painting, Plastering and Carpentry Work	4,266	1,709
Roofing, Waterproofing and Gutters	13,613	4,934
Doors, Locks and Building Equipment	10,881	4,422
Auto and Truck	2,944	2,425
Architects, Engineers and Consultants	2,277	0
Masonry, Concrete and General Repairs	<u>2,253</u>	<u>1,063</u>
<b>Total Repairs and Maintenance</b>	<u><u>84,784</u></u>	<u><u>71,526</u></u>

*See auditors' report on supplementary information*

# HIGH MEADOW COOPERATIVE NO. 1, INC.

## Schedules to the Financial Statement

September 30, 2022

### Cash in Banks

Sterling - Tax Escrow Account	105,414	
First Niagara Checking Account	2,289	
Sterling - Super Account	8,150	
Morgan Stanley Smith Barney	<u>225,232</u>	
<b>Total Cash in Banks</b>		<u><u>341,085</u></u>

### Investments - Certificates of Deposit

Morgan Stanley Smith Barney - Various Certificates of Deposit	<u>1,454,083</u>	
<b>Total Investments</b>		<u><u>1,454,083</u></u>

### Prepaid Expenses

Insurance	58,065	
Service Contracts	6,553	
Corporation Taxes	5,500	
Real Estate Taxes	<u>216,073</u>	
<b>Total Prepaid Expenses</b>		<u><u>286,191</u></u>

*See auditors' report on supplementary information*