

Seventy Five Hundred York Cooperative

Financial Statements and
Supplementary Information

Years Ended December 31, 2023 and 2022



WIPFLI

Independent Auditor's Report

Board of Directors
Seventy Five Hundred York Cooperative
Edina, Minnesota

Opinion

We have audited the accompanying financial statements of Seventy Five Hundred York Cooperative (the "Cooperative"), which comprise the accompanying balance sheets as of December 31, 2023 and 2022, and the related accompanying statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seventy Five Hundred York Cooperative as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We 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 the Cooperative 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 GAAP, 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 the Cooperative's ability to continue as a going concern for one year after the date 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 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 GAAS, 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 the Cooperative'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 the Cooperative'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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States require that the supplemental schedule of future major repairs and replacements be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Wipfli LLP

Wipfli LLP

Minneapolis, Minnesota
April 30, 2024

Seventy Five Hundred York Cooperative

Balance Sheets

<i>December 31,</i>	2023	2022
Current assets:		
Cash and cash equivalents	\$ 95,174	\$ 35,781
Restricted cash - Tax and insurance escrows	251,712	258,757
Accounts receivable	33,434	146,965
Inventories	26,625	19,822
Prepaid expenses and other	226,731	194,120
Total current assets	633,676	655,445
Noncurrent restricted cash:		
Construction account	581,259	1,084,633
Replacement and ground rent reserves	797,511	788,496
Total noncurrent restricted cash	1,378,770	1,873,129
Investments:		
Restricted investments - General operating reserve	591,246	568,506
Board designated - Replacement reserve	5,515,437	4,088,503
Board designated - Legacy fund	57,225	54,369
Board designated - Refundable deposits	1,902,000	1,954,000
Total investments	8,065,908	6,665,378
Property and equipment - Net	13,207,982	14,009,584
TOTAL ASSETS	\$ 23,286,336	\$ 23,203,536

Seventy Five Hundred York Cooperative Balance Sheets (Continued)

<i>December 31,</i>	2023	2022
Current liabilities:		
Current maturities of mortgage payable	\$ 319,249	\$ 309,332
Accounts payable - Trade	427,981	278,605
Share transfer liability	9,000	3,000
Accrued payroll and related	126,792	116,815
Accrued interest	56,157	48,305
Accrued property taxes	433,813	421,611
Other current liabilities	-	2,788
Resident funds held in trust and security deposits	81,090	73,028
Total current liabilities	1,454,082	1,253,484
Refundable deposits	1,902,000	1,954,000
Mortgages payable - Less current maturities	14,832,283	15,147,123
Total liabilities	18,188,365	18,354,607
Members' equity:		
Accumulated deficit	(1,091,916)	(1,340,958)
Capital contributions	6,189,887	6,189,887
Total members' equity	5,097,971	4,848,929
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 23,286,336	\$ 23,203,536

See accompanying notes to financial statements.

Seventy Five Hundred York Cooperative

Statements of Operations and Changes in Members' Equity

<i>Years Ended December 31,</i>	2023	2022
Revenue:		
Members' fees	\$ 5,903,472	\$ 5,678,314
Ground lease and garage rent	340,437	336,631
Culinary services	817,107	783,410
Convenience store	51,354	59,957
Other operating income	320,208	242,347
Total revenue	7,432,578	7,100,659
Expenses:		
Dining room	874,791	760,777
Convenience store	48,587	52,219
Housekeeping and laundry	190,434	169,775
Maintenance	2,085,374	1,592,131
Marketing	181,436	119,828
Transportation	7,594	9,895
Administration	666,889	569,032
Taxes and insurance	669,941	641,399
Utilities	799,182	833,997
Employee taxes and benefits	422,380	382,731
Total expenses	5,946,608	5,131,784
Non operating income (expense):		
Investment income (loss)	555,213	(435,858)
Interest expense	(576,875)	(588,107)
Depreciation	(1,222,573)	(1,184,679)
Gain (loss) on disposal of property and equipment	3,500	(246,692)
Other	3,807	-
Total non operating expense - net	(1,236,928)	(2,455,336)
Net income (loss)	249,042	(486,461)
Members' equity at beginning	4,848,929	5,215,390
Capital contributions	-	120,000
Members' equity at end	\$ 5,097,971	\$ 4,848,929

See accompanying notes to financial statements.

Seventy Five Hundred York Cooperative

Statements of Cash Flows

Years Ended December 31,	2023	2022
Increase (decrease) in cash, cash equivalents and restricted cash:		
Cash flows from operating activities:		
Net income (loss)	\$ 249,042	\$ (486,461)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	1,222,573	1,184,679
Amortization of debt issuance costs	4,409	4,409
Realized and unrealized (gains) losses on investments	(389,679)	517,121
Loss on disposal of property and equipment	(3,500)	246,692
Changes in operating assets and liabilities:		
Accounts receivable - Net	122,531	(33,715)
Inventory	(6,803)	15,495
Prepaid expenses and other	(32,611)	3,776
Accounts payable	173,296	75,085
Accrued payroll and related	9,977	(10,548)
Accrued interest	7,852	(924)
Accrued property taxes	12,202	12,207
Other current liabilities	(2,788)	252
Resident funds held in trust and security deposits	8,062	(119,447)
Refundable deposits	(52,000)	(110,000)
Net cash from operating activities	1,322,563	1,298,621
Cash flows from investing activities:		
Purchases of investments	(1,010,851)	(5,238,212)
Proceeds from sale of investments	-	4,290,821
Purchases of property and equipment	(444,391)	(5,950,690)
Net cash from investing activities	(1,455,242)	(6,898,081)
Cash flows from financing activities:		
Principal payments on mortgage	(309,332)	(298,261)
Capital contribution	-	120,000
Net cash from financing activities	(309,332)	(178,261)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(442,011)	(5,777,721)
Cash, cash equivalents, and restricted cash at beginning	2,167,667	7,945,388
Cash, cash equivalents, and restricted cash at end	\$ 1,725,656	\$ 2,167,667

Seventy Five Hundred York Cooperative

Statements of Cash Flows (Continued)

<i>Years Ended December 31,</i>	2023	2022
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 95,174	\$ 35,781
Restricted cash - Mortgage escrow	251,712	258,757
Restricted cash - Construction account	581,259	1,084,633
Restricted cash - Replacement and ground rent reserves	797,511	788,496
Total cash, cash equivalents, and restricted cash	\$ 1,725,656	\$ 2,167,667

Supplemental cash flow information:

Cash paid during the year for interest	\$ 569,023	\$ 584,622
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Noncash investing and financing activities:

Accounts receivable and related share transfer liability	\$ -	\$ 3,000
Property and equipment additions included in accounts payable	\$ 26,920	\$ -

See accompanying notes to financial statements.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Entity

Seventy Five Hundred York Cooperative (the "Cooperative") is a Minnesota cooperative corporation operating a 337-unit housing complex to provide housing on a cooperative basis for persons 55 years of age or older in Edina, Minnesota.

Financial Statement Presentation

The Cooperative follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States of America (GAAP) to be applied to nongovernmental entities.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Cooperative considers money market funds and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

In accordance with provisions of a mortgage agreement (Note 5), the Cooperative maintains deposits with a lender restricted to the following purposes:

Tax and Insurance Escrow

Tax and insurance escrow funds are designated for use in payment of property taxes and insurance. Monthly deposits are required in equal amounts based upon annual property taxes and insurance premiums due.

Construction Account

Proceeds of the mortgage loan funded a construction account whose balance is restricted to proposed capital improvements under a collateral security agreement.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Cash (Continued)

Supplemental Reserve and Ground Rent Reserve

The supplemental reserve account is associated with the mortgage agreement. It can be drawn upon at any time and has been designated by the Board of Directors for future repairs and replacements.

The ground rent reserves are required to be maintained over the term of the mortgage agreement. The ground rent reserve can only be drawn upon if the ground lease tenant fails to make rent payments. Amounts withdrawn from round rent reserves are required to be replaced within 180 days.

Accounts Receivable and Credit Policy

Accounts receivable includes dining fees, maintenance fees and other fees from members which are uncollateralized amounts and also includes members' fees that accrue between the date a tenant vacates a unit and the date the unit is sold from the Cooperative to a new member. Accounts receivable also include amounts due for sales of units in progress at year end. Management regularly reviews the current status of the receivables and charges off all accounts that are determined to be uncollectible. No allowance for bad debts is considered necessary at December 31, 2023 and 2022, as any receivables not collected from members monthly are recouped upon sale of a unit.

Inventories

Supplies are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or net realizable value.

Investments

The Cooperative's investments, including those classified as restricted and board designated, are recorded at fair value in the accompanying balance sheet. Investment income is included in non operating income (expense) in the statement of operations and changes in members' equity.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain investments, it is reasonably possible that a change in values of certain investments will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

The Cooperative monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other than temporary results in an impairment, and the Cooperative reduces the investment's carrying value to fair value. A new cost basis is established for the investment, and any impairment loss is recorded as a realized loss in investment income.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Restricted Investments - General Operating Reserve

In accordance with the mortgage agreement (Note 5), the Cooperative is required to maintain a general operating reserve in an amount equal to 10% of members' fees. The general operating reserve is required to be maintained over the term of the mortgage agreement. Amounts withdrawn from the general operating reserve are required to be replaced within 180 days. The board of directors has restricted the use of investments in an amount necessary to fund the general operating reserve.

Board Designated - Replacement Reserve

These are funds designated for use in future repairs and replacements by the Board of Directors and consist of all investments not specifically designated for other purposes.

Board Designated - Legacy Fund

These are resident funds whose use is directed by the residents and are held in trust in a separate bank account. Any amounts not directed by residents are directed as to use by the Board of Directors. A liability is recorded in the accompanying balance sheet for resident funds held in trust.

Board Designated - Refundable Deposits

These are funds deposited by prospective tenants to reserve a share of the Cooperative. Upon purchase of a share, the refundable deposit is used as a down payment. Prospective tenants may withdraw their deposit at any time.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment are carried at cost or, if contributed, at fair value at the date received or contributed. Depreciation is calculated using the straight-line method over the following estimated lives of the assets:

Land improvements	5-10
Building and improvements	3-50
Furnishings	3-28
Vehicles	5

Impairment of Long-Lived Assets

The Cooperative reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability is measured by a comparison of the carrying amount of the long-lived asset with the future net undiscounted cash flows expected to be generated by the long-lived asset and any estimated proceeds from the eventual disposition of the long-lived asset. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the long-lived asset exceeds the fair value of such property. During 2023 and 2022, the Cooperative recorded no impairment losses.

Share Transfer Liability

Share transfer liability represents an obligation that arises when the Cooperative has exercised its option to repurchase a member's share and the repurchase and corresponding resale of the share happens to be in progress at year end.

Unamortized Debt Issuance Costs

Debt issuance costs have been capitalized and recorded as a direct deduction from the face amount of the debt in the accompany balance sheet and are being amortized over the related debt term using the straight-line method.

Capital Contributions

Capital contributions represent payments made by members to the Cooperative for the purchase of memberships.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Member Fees

Member carrying charges are established annually, based on size of the unit, in amounts necessary to fund the operating and debt service obligations of the Cooperative. The Cooperative extends credit to its members on a regular basis; however, most fees are paid when billed.

Ground Lease and and Garage Rent

The Cooperative leases land to Ebenezer York Assisted Living, owned by Ebenezer Society. The term of the lease continues until July 19, 2064, with an option to renew for an additional term of twenty-five years. Under the terms of the lease agreement, on July 1, 2013, and on each five-year anniversary thereafter, the annual rent amount is adjusted. The adjustment is determined by taking the lower of a consumer price index adjustment or a defined rental increase established in the lease agreement.

Garage rent are amounts from residents of the Cooperative under short-term lease agreements for automobile parking in the Cooperative's underground garage. Rents are due at the beginning of the month.

Culinary and Convenience Store

Culinary and convenience store revenues reflect consideration to which the Cooperative is entitled in exchange for providing dining services and retail sales to Cooperative members and their guests. Amounts have been determined to be separate, standalone performance obligations, distinct from member fees and the transaction price for such contracts is recorded as revenue at the time the good is transferred or the service is provided to the customer.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Cooperative follows FASB's accounting guidance, *Accounting for Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income taxes to the amount expected to be realized.

Management has evaluated the Cooperative's tax positions and concluded the Cooperative has taken no uncertain tax positions that would require adjustments to the financial statements.

The Cooperative files income tax returns in the U.S. federal jurisdiction and the state of Minnesota. The Cooperative is no longer subject to U.S. federal, state, and local examinations by tax authorities for the years before 2018.

Real Estate Taxes

Real estate taxes for each fiscal year, which are payable in the following year, have been accrued.

Accounting Pronouncements Adopted

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the Cooperative to present financial assets measured at amortized cost (including accounts receivable) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. Thus, the financial statement of operations and changes in members' equity will reflect the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. The Cooperative adopted ASU No. 2016-13 on January 1, 2023. The adoption of the ASU did not materially impact the financial statements.

Subsequent Events

Subsequent events have been evaluated through April 30, 2024, which is the date the financial statements were available to be issued.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 2: Investments

Investments consisted of the following at December 31:

	2023	2022
Cash and cash equivalents	\$ 1,008,441	\$ 966,967
Negotiable certificates of deposit	1,362,561	588,067
Government agency securities	-	199,876
Corporate bonds	2,971,373	1,557,900
U.S. Treasury bonds and notes	886,797	1,713,495
Mutual funds - Bond funds	-	76,412
Common stocks	1,816,266	1,562,661
Exchange traded funds	20,470	-
Total investments	\$ 8,065,908	\$ 6,665,378

Investment income (loss) consisted of the following for years ended December 31:

	2023	2022
Interest income	\$ 165,534	\$ 81,263
Realized gains (losses)	(54,834)	(231,271)
Unrealized gains (losses)	444,513	(285,850)
Total investment income (loss)	\$ 555,213	\$ (435,858)

Note 3: Fair Value of Financial Instruments

Information regarding assets measured at fair value on a recurring basis at December 31, follows:

2023	Level 1	Level 2	Level 3	Totals
Negotiable certificates of deposit	\$ -	\$ 1,362,561	\$ -	\$ 1,362,561
Corporate bonds	-	2,971,373	-	2,971,373
U.S. Treasury bonds and notes	-	886,797	-	886,797
Common stocks	1,816,266	-	-	1,816,266
Exchange traded funds	20,470	-	-	20,470
Total assets measured at fair value	\$ 1,836,736	\$ 5,220,731	\$ -	7,057,467
Cash and cash equivalents				<u>1,008,441</u>
Total investments				<u>\$ 8,065,908</u>

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 3: Fair Value of Financial Instruments (Continued)

2022	Level 1	Level 2	Level 3	Totals
Negotiable certificates of deposit	\$ -	\$ 588,067	\$ -	\$ 588,067
Government agency securities	-	199,876	-	199,876
Corporate bonds	-	1,557,900	-	1,557,900
U.S. Treasury bonds and notes	-	1,713,495	-	1,713,495
Mutual funds - Bond funds	76,412	-	-	76,412
Common stocks	1,562,661	-	-	1,562,661
Total assets measured at fair value	<u>\$ 1,639,073</u>	<u>\$ 4,059,338</u>	<u>\$ -</u>	5,698,411
Cash and cash equivalents				<u>966,967</u>
Total investments				<u>\$ 6,665,378</u>

Following is a description of the valuation methodology used for assets measured at fair value:

Government agency securities, corporate bonds, U.S. Treasury bonds and notes, and negotiable certificates of deposit are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

Mutual funds are valued using the daily closing price as reported by the fund. Mutual funds held by the Cooperative are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Cooperative are deemed to be actively traded.

Common stock is valued using quoted market prices of publicly traded equity securities.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair value. Furthermore, while the Cooperative believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 4: Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Land and land improvements	\$ 1,745,136	\$ 1,745,136
Buildings	35,132,684	35,132,684
Furnishings	2,209,760	2,213,260
Vehicles	54,579	54,579
Construction in progress	472,867	51,897
Totals	39,615,026	39,197,556
Less - Accumulated depreciation	26,407,044	25,187,972
Total	\$ 13,207,982	\$ 14,009,584

At December 31, 2023, construction in progress water infiltration, plaza work, walk-in cooler and freezer, and fitness room projects expected to be completed in 2024.

Note 5: Mortgage Payable

Mortgage payable consisted of the following at December 31:

	2023	2022
3.6% mortgage payable, paid in monthly installments of approximately \$72,700, due July 2031, secured by real and personal property	\$ 15,272,775	\$ 15,582,107
Less:		
Current maturities of long-term debt	319,249	309,332
Unamortized debt issuance costs,	121,243	125,652
Total long-term mortgage payable	\$ 14,832,283	\$ 15,147,123

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 5: Mortgage Payable (Continued)

Scheduled principal payments on the mortgage payable at December 31, 2023, including current maturities, are summarized as follows:

2024	\$	319,249
2025		332,663
2026		345,010
2027		357,815
2028		369,672
Thereafter		13,548,366
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Total	\$	15,272,775

The mortgage includes a prepayment penalty of the greater of 1% of the balance through December 2030 or yield maintenance, which is defined in the agreement. The provisions of the mortgage contain restrictive covenants pertaining to the financial and operational requirements of the Cooperative. In connection with the mortgage, the Cooperative is required to maintain a general operating and replacement reserves, tax and insurance escrow accounts, and a ground rent reserve.

Note 6: Income Taxes

For income tax purposes, the Cooperative had a net operating loss carryforward from member activities of approximately \$414,000 and \$180,000 at December 31, 2023 and 2022, respectively. This loss carryforward is available to offset future taxable income on member activities. The Cooperative has a valuation allowance equal to the estimated deferred tax asset resulting from the net operating loss carryforward, therefore no deferred tax assets are reported in the accompanying balances sheets.

The Internal Revenue Service has issued a Revenue Ruling under which cooperatives are unable to use net operating losses from member-related activities to offset taxable income from non-member-related activities. Accordingly, net nonmember income is subject to tax. A provision of \$28,000 and \$18,167 was required for the years ended December 31, 2023 and 2022, respectively. In addition, a provision of \$0 and \$24,034 was required for the years ended December 31, 2023 and 2022, respectively, for state taxes. Provisions for income taxes are included in taxes and insurance in the accompanying statements of operations and changes in members' equity.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 7: Related-Party Transactions

The Cooperative is associated with Ebenezer Society, the original sponsor of the cooperative housing project, and Ebenezer Management Services, Inc. (EMS). Under terms of a management agreement, EMS provides the Cooperative with management services. This agreement was renewed on January 1, 2023, and goes through December 31, 2027. Management fees paid to EMS are based on a flat annual fee and amounted to \$82,902 and \$82,012 for 2023 and 2022, respectively. In addition to the management fee, the Cooperative also contracts for employees from EMS. Wages and benefits for these employees amounted to approximately \$727,000 and \$328,000 for 2023 and 2022, respectively. Amounts due to EMS and included in accounts payable in the accompanying balance sheet were \$171,543 and \$35,492 at December 31, 2023 and 2022, respectively.

The rental income from Ebenezer York Assisted Living was \$151,747 and \$146,616 for the years ended December 31, 2023 and 2022, respectively, and is included within ground lease and garage rent on the statement of operations and changes in members' equity.

Lease revenue will increase by the lessor of the Consumer Price Index adjusted amount or scheduled amounts per the lease agreement. Lease payments scheduled under lease agreement with Ebenezer York Assisted Living are as follows.

2024	\$ 177,500
2025	177,500
2026	177,500
2027	177,500
2028	204,300
Thereafter	13,570,600
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Total	<u>\$ 14,484,900</u>

Note 8: Retirement Plan

The Cooperative sponsors a qualified 401(k) retirement plan under which eligible employees may defer up to 15% of their salary. At the discretion of the Board of Directors, the Cooperative will match 50% of the eligible employees' contributions up to a maximum of 5% of their salary. Total retirement plan expense was \$23,604 and \$26,099 for the years ended December 31, 2023 and 2022, respectively.

Seventy Five Hundred York Cooperative

Notes to Financial Statements

Note 9: Concentrations

Credit Risk

Financial instruments potentially subjecting the Cooperative to credit risk consist primarily of cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. The Cooperative maintains a depository relationship with national financial institutions. Operating cash requirements frequently require that amounts on deposit exceed FDIC limits. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal. Deposits in excess of FDIC limits at these financial institutions was approximately \$1,664,000 at December 31, 2023.

Revenues

The Cooperative's sole significant asset is a 337-unit housing complex. The Cooperative's operations are concentrated in the multifamily real estate market.

Note 10: Future Major Repairs and Replacements

The Cooperative's governing documents do not require funds to be accumulated for future major repairs and replacements.

The Board of Directors of the Cooperative conducts an annual study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs are projected based on the current estimated cost of replacement.

The annual study also assesses the adequacy of the current and estimated future funding levels to meet the replacement needs. Should available funds be inadequate at the time replacements are required, management would borrow funds or delay repairs until adequate funds were available.

Members' equity designated for future major repairs and replacements has not been allocated by the Board of Directors to the components of the property.

Required Supplementary Information

Seventy Five Hundred York Cooperative

Supplemental Schedule of Future Major Repairs and Replacements - Unaudited

Year Ended December 31, 2023

The Board of Directors of Seventy Five Hundred York Cooperative conducted a study in October 2023, to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on estimated replacement costs as of October 2023. The estimated 2024 funding requirement includes an estimate inflation rate of 3.5%. The following table summarizes management's study and presents significant information about the components of common property of Seventy Five Hundred York Cooperative:

Components	Estimated Remaining Life As of October 2023	Estimated Current Replacement Costs	Estimated 2024 Funding Requirements
Awnings, canvas replacement and frame repairs	5	\$ 21,000	\$ -
Balconies, concrete, repairs and waterproof coating applications	5	44,800	-
Balconies, railings, steel	15	45,600	-
Roofs, built-up	16	1,527,000	-
Roof, 2nd floor (including wood deck)	7	26,100	-
Sealants, windows, doors and control joints (phased)	various	285,000	-
Walls, masonry, inspections and repairs (phased)	various	451,000	-
Walls, siding, aluminum, rooftop	17	66,600	-
Walls, spandrel panels, inspections and restorations, (phased)	10	336,400	-
Walls, spandrel panels, coating applications, (phased)	various	95,700	-
Administration offices, renovation	4	75,000	-
Board Room renovation	2	30,000	-
Ceilings, acoustical tiles and grid 1st and 9th hallways (phased)	various	108,300	56,045
Cultural arts center, renovation	3	95,000	-
Elevator cab finishes	12	99,000	-
Exercise equipment, (phased)	various	31,200	-
Exercise room renovatation (including cabinents and counter tops)	0	26,500	-
Floor coverings, carpt, hallways (including guest rooms)	8	438,200	-
Floor coverings, carpet, loby and 2nd floor common areas	1	96,000	99,360
Furnishings, hallways and laundry rooms (phased)	Various	40,000	-
Guest rooms furnishings (phased)	Various	30,000	-
Guest rooms rest rooms	9	56,000	-
Hobby rooms, renovation (including cabinets and countertops)	17	45,000	-
Light fixtures, hallways and stairwells	19	171,000	-
Lobby, renovation, complete	10	400,000	-
Lobby, renovation, partial	1	260,000	269,100
Mailboxes	23	52,235	-
Paint finishes, hallways ceilings	3	84,600	-
Paint finishes, stairwells (includes railings)	3	64,000	-
Rest rooms, renovation, first floor (phased)	various	56,000	28,980
Rest rooms, renovation, second floor	12	8,500	-
Social room, renovation, complete	25	175,000	-
Social room, renovation, partial	10	30,000	-
Wall coverings, hallways	5	655,000	-
Yorke dining room, renovation, complete	22	330,000	-
Yorke dining room, renovation, partial	7	95,000	-
Air handling units, common areas, (phased)	various	245,000	-
Air handling units, fan coil units common areas (phased)	various	126,000	-
Air handling units, fan coil units, units (phased)	various	1,320,000	-
Air handling units rooftops heating and cooling units, 30 tons (phased)	various	460,000	238,050
Boilers, building heat, capital repairs	1	150,000	155,250
Boilers, building heat, 8,370 and 12,500-MBH, replacement	4	1,000,000	-
Subotal of expenditures (to page 23)		9,751,735	846,785

See Independent Auditor's Report.

Seventy Five Hundred York Cooperative
Supplemental Schedule of Future Major Repairs and Replacements - Unaudited
(continued)

Year Ended December 31, 2023

Subtotal of expenditures (from page 22)		\$	9,751,735	\$	846,785
Chiller, replacement, centrifugal	21		405,000		-
Chiller, replacement, screw	14		340,000		-
Cooling tower, 204-tons, capital repairs	3		37,000		-
Cooling tower, 204-tons, replacement	13		185,000		-
Electrical system, main panels	27		273,000		-
Elevators, traction, controls and equipment	22		1,680,000		-
Exhaust fans, kitchens and bathrooms	3		80,000		-
Generator, emergency, 170-kW	2		80,000		-
Heat exchangers, domestic water	6		165,000		-
Kitchen equipment, (phased)	various		240,000		31,050
Life safety system, control panel	11		38,000		-
Life safety system emergency devices, common areas	17		76,000		-
Life safety system, emergency device, units	11		471,800		-
Pipes, riser sections, building heating, cooling and condensate, partial	various		2,232,000		-
Pipes, riser sections, domestic water, waste and vent partial	various		4,446,000		-
Pipes, sprinkler system, head replacement	9		45,000		-
Pumps, building cooling, 25-hp	1		32,000		33,120
Pumps, building heating, 20-hp	1		28,000		28,980
Pumps, condenser, 20-hp (phased)	various		39,000		-
Pumps, domestic water, 25-hp	7		54,000		-
Pumps, fire suppression, 50-hp	4		91,500		-
Security system, building access, system set up and exterior doors	1		125,000		129,375
Security system, building access, interior doors (phased)	various		300,000		-
Security system, surveillance	2		17,000		-
Storage tank, domestic hot water	7		50,000		-
Television system, in-house programming	1		20,000		20,700
Trash chutes and doors	19		68,000		-
Vehicles, cart	1		10,000		10,350
Vehicles, shuttle bus	2		70,000		-
Water softeners, main domestic water system	9		51,000		-
Asphalt pavement, crack repair, patch and seal coat, entry drive, ramp and parking areas	5		22,750		-
Asphalt pavement, mill and overlay, main entry drive and garage ramp	21		54,600		-
Asphalt pavement, mill and overlay, parking areas, southwest and east	21		129,150		-
Asphalt pavement, total replacement, main entry drive and garage ramp	2		106,600		-
Asphalt pavement, total replacement, north fire lane and walking paths	7		32,800		-
Asphalt pavement, total replacement, parking areas, southwest and east	3		252,150		-
Asphalt pavement, total replacement, west fire lane	5		21,320		-
Concrete curbs, above south garage	2		21,850		-
Concrete curbs, partial	various		118,750		-
Concrete flatwork, sidewalks and patios, above south garage	3		118,800		-
Fences, aluminum, garage ramp	12		13,000		-
Fences, chain link, gardens	17		23,780		-
Fences, composite, patio privacy walls	5		72,800		-
Irrigation system, phased (2024 addition of 12 zones)	various		64,000		70,381
landscaping, raised garden beds	1		25,000		25,875
Light poles and fixtures	6		68,200		-
Subtotal of expenditures (to page 24)			22,646,585		1,196,616

See Independent Auditor's Report.

Seventy Five Hundred York Cooperative
Supplemental Schedule of Future Major Repairs and Replacements - Unaudited
(continued)

Year Ended December 31, 2023

Subtotal of expenditures (from page 23)		\$	22,646,585	\$	1,196,616
Pipes, subsurface utilities	16		45,000		-
Retaining walls, masonry, garage entry ramp and east parking areas					-
Signage, entrance monument, renovation	19		156,000		-
Site furniture, phased (including plaza area)	5		25,000		-
Waterproof membranes, inspection and capital repairs	various		40,000		-
Waterproof membrane replacement and concrete structure repairs, north garage	9		90,000		-
Waterproof membrane replacement and concrete structure repairs, north garage	17		2,100,000		-
Waterproof membrane replacement and concrete structure repairs plaza	1		1,350,000		1,397,250
Waterproof membrane replacement and concrete structure repairs, south, entry drive	3		1,235,000		-
Concrete, on-grade, north garage, (including drain repairs), partial	various		452,800		-
Concrete, on-grade, south garage, (including drain repairs) partial	various		1,139,200		-
Exhaust system, carbon monoxide detection system	3		12,000		-
Exhaust system, north garage	22		17,000		-
Exhaust system, south garage	6		28,000		-
Fire suppression system, south garage	14		178,000		-
Light fixtures, north and south garages	24		35,000		-
Unit heaters, north and south garage, phased	various		84,000		-
Total expenditures		\$	29,633,585	\$	2,593,866

See Independent Auditor's Report.