

FEB 23 2015

# 59



**HOUSING CORPORATION**

2879 WEST 12TH STREET · BROOKLYN, NEW YORK 11224 · TEL. (718) 266-5400 · FAX (718) 265-0630

February 17, 2015

Julie C. Walpert  
Assistant Commissioner  
NYC Department of Housing Preservation  
and Development  
Division of Housing Supervision  
Room No. 7L-2  
100 Gold Street  
New York, New York 10038

Re: *Application of Luna Park Housing Corporation for an  
Increase in Carrying Charges*

Dear Commissioner Walpert:

Enclosed for your review and consideration are four (4) verified copies, with supporting documentation of Luna Park's Application for an increase in carrying charges. The proposed increase would raise the average monthly carrying charge per room from a current amount of \$224.77 to \$231.51 (3.0%) on July 1, 2015 to \$238.45 (3.0%) on July 1, 2016 and to \$245.61 (3.0%) on July 1, 2017. The proposed increase was approved by the Board of Directors on January 13, 2015 based on the financial analysis of Luna Park's Accountant, Jack Lawrence & Company, which analysis is included as part of the Application.

Please review the Application at your earliest convenience and schedule the public hearing which is required. We stand ready to provide any additional information you require and look forward to discussing the Application with you and your colleagues.

Very truly yours,

Ernest Susco  
General Manager

Encl.

NEW YORK CITY DEPARTMENT OF HOUSING  
PRESERVATION AND DEVELOPEMENT

-----X  
In the Matter of the Application of Luna Park  
Housing Corporation,  
for an increase of the maximum average monthly  
carrying charges, pursuant to the provision of Article  
2 of the Private Housing Finance Law.  
-----X

TO: THE CITY OF NEW YORK DEPARTMENT OF HOUSING PRESERVATION AND  
DEVELOPMENT ("HPD"):

Applicant, Luna Park Housing Corporation, by its attorneys, Wolfson & Carroll, respectfully  
shows and alleges that:

1. Luna Park Housing Corporation ("Luna Park"), is a mutual housing company  
duly organized under the City-Aided Limited Profit Housing Companies Law pursuant to Article  
2 of the Private Housing Finance Law of the State of New York on March 10, 1961. Luna Park  
owns and operates a limited profit housing development on the premises known as 2879 West  
12<sup>th</sup> Street, in the Borough of Brooklyn, City and State of New York, including the building and  
grounds. The Luna Park development contains 1,576 apartments (including 1 rent-free staff  
apartment), comprised of 7,334.5 rental rooms (excluding the 3.5 rooms in the staff apartment).
2. The development was completed, and occupancy thereof commenced in or about  
1962.
3. The corporation receives the maximum tax exemption (shelter rent) provided by  
law.
4. The present average monthly carrying charges, including utilities are \$224.77 per  
rental room.
5. Other than commercial lease rental income (see Schedule B, and Note 3 to the  
Application for Rent/Carrying Charge Increases with Schedules A – D prepared by Jack  
Lawrence & Company attached hereto and incorporated as Exhibit A) and miscellaneous income  
(including surcharges) (See Schedule B, and Note 6 to Exhibit A), there is at present no other  
income from non-dwelling spaces other than from interest on investments, parking spaces, air  
conditioner fees and laundry room use. The sole source of such income are the tenant-  
shareholders of Luna Park.
6. There are currently issued and outstanding 458,175 shares of common stock  
having a par value of \$10.00 per share.
7. The total assessed value of the land and improvements of the development for  
fiscal year 7/1/13 – 6/30/14 is \$41,471,100.00 consisting of an assessed value of \$12,357,450.00

for the land and \$29,113,650.00 for the improvements. The transitional assessed valuation of land and improvements for fiscal year 7/1/13 -- 6/30/14 is \$45,409,177.00 consisting of \$13,729,987.00 for the land and \$31,679,190.00 for improvements.

8. It has been more than two (2) years since HPD's last order (dated June 8, 2012), granting Luna Park an increase in the maximum carrying charges per room.

9. The carrying charges, as presently fixed, are insufficient to cover payments which must be made by the applicant to meet all its expenses as described by Section 31 of the Private Housing Finance Law. It is the judgment of the directors and officers of Luna Park that a proposed carrying charge increase is in the best interest of Luna Park and that it will be adequate to enable Luna Park to meet all of its financial commitments as prescribed by Section 31 of the Private Housing Finance Law.

10. It is also the judgment of the directors and officers of Luna Park that the proposed increases are in the best interests of Luna Park, and its tenant-shareholders, and if leave to adopt them is approved as requested, it will enable Luna Park to satisfy its responsibilities to provide its tenant-shareholders with safe and sanitary housing accommodations, to meet the financial obligations of the applicant, and to prevent the deterioration of the financial position of Luna Park.

11. The insufficiency of the presently authorized maximum carrying charges to cover the payments authorized under Section 31 of the Private Housing Finance Law is due to changes and conditions or causes beyond the control Luna Park.

12. Luna Park hereby submits the following exhibits and schedules prepared by Jack Lawrence & Company CPA, in support of its application.

Exhibit A - Application for Rent/Carrying Charges Increases with Schedules A - D which application includes, among other things, a current Schedule of maintenance charges, surcharges and other costs and Expenses, and

Exhibit B - Resolution signed by Luna Park's Secretary of the Board of Directors indicating Board approval for said carrying charge increase, and

Exhibit C - Financial statement for fiscal years ending 6/30/2013 and 6/30/2014.

WHEREFORE, Luna Park Housing Corporation respectfully requests that a public hearing, pursuant to notice as required by law be directed at which the applicant may submit evidence in support of its application, and that an order be issued by the Department of Housing Preservation and Development, approving an increase of three (3.0%) percent of the maximum monthly apartment carrying charges of the development in the sum of \$6.74 from \$224.77 per average rental room per month to \$231.51 average rental room per month, inclusive of utilities

for the first year (7/1/15 – 6/30/16) an additional three (3.0%) percent of the maximum monthly apartment carrying charges of the development in the sum of \$6.94 from \$231.51 per average rental room per month to \$238.45 per average rental room per month, inclusive of utilities, for the second year (7/1/16 – 6/30/17) and in the third year, an additional increase of three (3%) percent of the maximum monthly apartment carrying charges of the development in the sum of \$7.16 from \$ 238.45 per average rental room per month to \$245.61 per average rental room per month, inclusive of utilities or by such other amount that the New York City Department of Housing Preservation and Development shall determine to be sufficient to cover the applicant's expenses contemplated and prescribed by Section 31 of the Private Housing Finance Law, affective at the earliest possible date.

Dated: Brooklyn, New York  
February 17, 2015

Luna Park Housing Corporation

By: Anna Treybich  
Anna Treybich, President

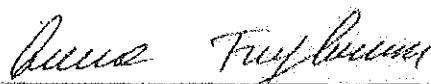
Wolfson & Carroll  
Attorneys for Luna Park  
Housing Corporation  
The Woolworth Building  
233 Broadway – Suite 2305  
New York, New York 10279  
Tel: (212) 233-0314  
Fax: (212) 233-0331

VERIFICATION

STATE OF NEW YORK     )  
                                      ) ss.:  
COUNTY OF KINGS     )

ANNA TREYBICH, being duly sworn, deposes and says:

Deponent is the President of Luna Park Housing Corporation, the applicant in the foregoing application and has read said application, and the contents of said application by said applicant subscribed are true to the knowledge of deponent, except as to those matters therein stated to be alleged on information and belief, and as to those matters, deponent believes the same to be true. The reason this verification is not made by the applicant in person is that applicant is a domestic cooperative corporation. Your deponent is an officer thereof, to wit its President, and the above-stated is from personal knowledge, from the books and records of Luna Park, and from conversations with the Corporation's agents, employees and professionals.

  
\_\_\_\_\_  
Anna Treybich

Sworn to before me  
this 17 day of  
February, 2015

  
\_\_\_\_\_  
NOTARY PUBLIC

SEMEN TYKIS  
NOTARY PUBLIC, State of New York  
No. 01TY6056586  
Qualified in Richmond County  
Commission Expires March 26, 2015

TO ALL TENANTS-SHAREHOLDERS OF LUNA PARK HOUSING CORPORATION  
NOTICE OF APPLICATION FOR CARRYING CHARGE INCREASE

NEW YORK CITY DEPARTMENT OF HOUSING  
PRESERVATION AND DEVELOPEMENT

-----X  
In the Matter of the Application of Luna Park  
Housing Corporation,

**NOTICE OF APPLICATION  
FOR CARRYING CHARGE  
INCREASE**

for an increase of the maximum average monthly  
carrying charges, pursuant to the provision of Article  
2 of the Private Housing Finance Law.  
-----X

**TO: ALL TENANT-SHAREHOLDERS OF LUNA PARK HOUSING  
CORPORATION:**

**PLEASE TAKE NOTICE**, that upon the annexed application of Luna Park Housing Corporation ("Luna Park"), the Department of Housing Preservation and Development of the City of New York will be requested to approve an increase in the maximum average monthly carrying charges, inclusive of utilities, in the housing development of Luna Park of \$6.84 per room to \$231.51 per room in the first year (7/1/15 – 6/30/16), of \$6.84 per room to \$238.45 per room in the second year (7/1/16 – 6/30/17), and of \$7.16 per room to \$245.61 per room in the third year (7/1/17 – 6/30/18).

**PLEASE TAKE FURTHER NOTICE**, that a public hearing will be held at the Offices of the New York City Department of Housing Preservation and Development (HPD) at 11 AM on Friday, the 27th day of March 2015, at 100 Gold Street, Room \_\_\_\_\_, New York, New York as designated by HPD in the attached cover letter from HPD and at that time evidence will be introduced in support of said application by the undersigned. Interested parties may appear in person to comment or may provide written comments to HPD.

**YOU MAY APPEAR IN PERSON OR BY ATTORNEY.**

Dated: Brooklyn, New York  
February 17, 2015

Luna Park Housing Corporation

By: Anna Treybich  
Anna Treybich, President

Wolfson & Carroll  
Attorneys for Luna Park  
Housing Corporation  
The Woolworth Building  
233 Broadway – Suite 2305  
New York, New York 10279  
Tel: (212) 233-0314  
Fax: (212) 233-0331

**EXHIBIT A**

**Application for Rent/Carrying Charges Increase  
with Schedules A – D**

**Prepared by Jack Lawrence & Company, Certified Public Accountants**



**LUNA PARK HOUSING CORPORATION**

**Application for Rent / Carrying Charge Increases  
(City of New York Department of Housing  
Preservation and Development -- HPD)**

**For the Years Ending**

**June 30, 2016 to 2018**

LUNA PARK HOUSING CORPORATION

APPLICATION FOR RENT / CARRYING CHARGE INCREASES  
(City of New York Department of Housing  
Preservation and Development - HPD)

For The Years Ending

June 30, 2016 to 2018

Table of Contents

	Pages
Accountants' Letter	
Application For Rent/Carrying Charge Increases	1/6 to 6/6
Computation of Projected Rent Increases	Supplement 1/2
Cash Flow Reflecting Projected Rent Increases	Supplement 2/2
Notes to Projection	Notes 1 - 3

# Jack Lawrence & Company

Certified Public Accountants

To the Board of Directors of  
Luna Park Housing Corporation

We have compiled the accompanying Application of Rent / Carrying Charge Increases of Luna Park Housing Corporation for the years ending June 30, 2016 to 2018 in accordance with standards established by the American Institute of Certified Public Accountants.

The accompanying Application of Rent / Carrying Charge Increases presents, to the best of management's knowledge and belief, the Company's projected results of operations. It is based on management's assumptions, reflecting conditions it expects would exist and courses of actions it expects would be taken during the projection period.

A compilation is limited to presenting in the form of a projection information that is the representation of management and does not include evaluation of the support for the assumptions underlying the projection. We have not examined the Application of Rent / Carrying Charge Increases and, accordingly, do not express an opinion or any other form of assurance on the accompanying projection or assumptions. Furthermore, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

*Jack Lawrence & Company*  
*A Division of Palmetto, Mella, Molinaro & Passarella, LLP*

Melville, New York  
January 20, 2015

City of New York  
DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT  
DIVISION OF HOUSING SUPERVISION  
MITCHELL-LAMA PROGRAM

1/6

APPLICATION FOR RENT / CARRYING CHARGE INCREASES

☒ Cooperative  
☐ Rental

Development Name: Luna Park Housing Corporation  
Address (es): 2879 w. 12th st. Brooklyn, N.Y. 11224  
Borough: Brooklyn No. of Separate Buildings 6  
Tax Block/Lot (s): Block 7286 Lot 60, Block 7288 Lot 1

<u>Apartment Breakdown:</u>	<u>No. Units</u>	<u>No. Rooms</u>
Residential Apartments	1,573	7,328.5
Professional Apartments		
Rent-free Staff Apartments	1	3.5
Other:	2	6
Total	1576	7338

No. of commercial spaces / type: 9  
No. of boilers: 5

Heating fuel: Natural Gas Oil Type: #2 & #4 Interruptible

No. of Elevators: 16

Tax Exemption: ☐ 80% A.V.  
☒ Taxes = 10% Shelter Rent  
☐ Other:

No. of Housing Co. Employees:

Superintendents	2
Handymen	10
Firemen	4
Painters	3
Grounds	4
Security Guards	
Dispatcher	1
Other: Porters	21
Dir-Maint	1
Total	46

Management Co.: Name Douglas Elliman Property Management  
Address 2879 w. 12th st. Brooklyn, N.Y. 11224  
Phone 718-266-5400  
Site Manager Ernie Susco

Fire Insurance: Coverage: \$320,000,000  
Carrier: Federal Insurance Co.

Development Luna Park Housing Corporation

2/6

Reserve Bank Accounts: At 06-30-14

Bank Name	Account No.	Current Balance	Check if HPD Signature Required
Citibank	9995781677	\$118,277	
The Bank of New York	630-1317733	\$1,095,048	
TOTAL		\$1,213,325	

Average Rent/Carrying Charges per Room per Month (Including Utilities):

Current Gross Annual Rent/c.c. /No. of Rental Rooms/12 = \$ 224.77  
Proposed increase (s):

	% Increase	New Rent/C.C. Per Room Per Month
First Year	3.00%	\$ 231.51
Second Year	3.00%	\$ 238.45
Third Year	3.00%	\$ 245.61

Application Prepared By:

Name Ernie Susco (As Assisted By Jack Lawrence & Company a Division of  
Palmetto, Mollo, Molinaro & Passarello, LLP)

Title General Manager

Firm Douglas Elliman Property Management

Telephone No. (718) 266-5400 / J. L. (631) 462-7000

Date \_\_\_\_\_

**SCHEDULE A: PROJECTED INCOME AND EXPENSES INCLUDING PROPOSED RENT/CARRYING  
CHARGE INCREASES**

Note: Proposed rent/carrying charge increases must be sufficient so that total income equals or exceeds total expenses.

	ACTUAL LAST FISCAL YEAR ENDED 6/30/2014	PROJECTION PERIODS		
		FY ENDED 6/30/2016	FY ENDED 6/30/2017	FY ENDED 6/30/2018
<b>INCOME</b>				
1. Gross Residential Rents-Note 2 (Including Utilities)	19,295,434	19,777,820	19,777,820	19,777,820
2. Excess 286 Income Retained	0	0	0	0
3. Other Income (Schedule B, Page 4/6)	1,464,135	1,518,358	1,519,015	1,520,221
4. TOTAL GROSS INCOME	20,749,569	21,296,178	21,296,835	21,298,041
5. Vacancy/Loas	(46,617)	(48,445)	(49,445)	(49,445)
6. TOTAL INCOME	20,703,952	21,248,733	21,247,390	21,248,596
<b>EXPENSES</b>				
7. Operating Expenses (Schedule C, Page 6/6)	9,491,867	9,451,181	9,788,345	10,144,081
8. Utility Costs (Schedule D, Page 6/6)	5,319,538	5,508,274	5,728,605	5,973,996
9. Real Estate Taxes-Note 9 (1)	1,491,059	1,346,871	1,324,904	1,300,485
10. Interest and Amortization (Schedule E, Page 6/6)	4,473,792	4,630,889	4,630,889	4,630,889
11. Actual Allocation to Reserves (Schedule F, Page 6/6)	300,000	593,335	593,335	593,335
12. TOTAL EXPENSES	21,076,256	21,530,549	22,066,077	22,642,786
13. NET CASH FLOW (DEFICIT)	(372,304)	(283,816)	(818,687)	(1,394,189)
14. Reserve Account Balances(Before Expenditures) (Total)	1,213,325	1,806,660	2,399,994	2,993,329

(1) Real Estate Taxes are net of projected J-51 Benefit. (See Note 9)

See the accompanying accountants' report and notes

## SCHEDULE B - OTHER INCOME

	ACTUAL LAST FISCAL YEAR ENDED 6/30/2014	PROJECTION PERIODS		
		FY ENDED 6/30/2016	FY ENDED 6/30/2017	FY ENDED 6/30/2018
1. Professional Apts.	0	0	0	0
2. Commercial Spaces-Note 3	197,801	209,847	216,142	222,627
3. Garage	0	0	0	0
4. Parking Spaces (1)	316,032	412,000	412,000	412,000
5. Community Rooms	0	0	0	0
6. Swimming Pool	0	0	0	0
7. Air Conditioners-Note 4	436,608	437,000	437,000	437,000
8. Washing Machines	0	0	0	0
9. Laundry Rooms-Note 5	97,440	98,902	98,902	98,902
10. Other Vending Machines	0	0	0	0
11. Tenant Television	0	0	0	0
12. Roof Rentals	0	0	0	0
13. Interest On Investments - Operations	49,443	8,779	8,911	9,045
14. Other (Describe)-Note 6	143,971	144,000	144,000	144,000
15. Surcharges	143,925	136,728	129,892	123,398
16. Miscellaneous Income	69,015	71,101	72,167	73,260
<b>TOTAL OTHER INCOME</b>	<b>1,464,135</b>	<b>1,618,358</b>	<b>1,619,015</b>	<b>1,620,221</b>

(1) Projected years include an additional 200 spaces to be available by July 1 2015.

See the accompanying accountants' report and notes

## SCHEDULE C: OPERATING EXPENSES

	ACTUAL LAST FISCAL YEAR ENDED 6/30/2014	PROJECTION PERIODS		
		FY ENDED 6/30/2016	FY ENDED 6/30/2017	FY ENDED 6/30/2018
Supplies-Note 1a	371,263	411,677	417,852	424,120
Extermination-Note 1	98,148	101,115	102,631	104,171
Painting and Decorating (See Reserves)	0	SEE RESERVES	0	0
Landscaping-Note 1a	114,506	139,343	141,434	143,555
Repairs and Maintenance/Capital Improvements:				
Plumbing-Note 1a	1,410,409	1,112,125	1,128,807	1,145,739
Electrical-Note 1a	479,276	249,172	252,910	256,703
Heating System	0	0	0	0
Roof	0	0	0	0
Masonry	0	0	0	0
Other-Note 1a	121,202	236,629	240,178	243,781
Capital Expenditure - Extraordinary Repair Items	0	0	150,000	300,000
Elevator				
Contract-Note 1	100,128	103,152	104,700	106,270
Repairs-Note 1a	349,193	303,246	307,785	312,412
Personnel				
Maintenance Salaries-Note 11	1,004,645	1,053,447	1,078,729	1,111,091
Security Salaries	0	0	0	0
Office Salaries	0	0	0	0
Other Salaries (Super, Janitorial, etc.)-Note 11	1,250,593	1,311,331	1,342,803	1,383,087
Payroll Taxes-Note 11	176,720	182,061	184,792	187,564
Employee benefits-Note 11	859,770	885,767	899,043	912,529
Security Contract-Note 14	765,393	788,627	800,355	812,360
Legal (Retainer and Collection Expense)-Note 1	397,126	411,145	417,312	423,571
Accounting-Note 1	48,709	50,181	50,934	51,698
Management fee-Note 12	386,454	398,135	404,107	410,168
Insurance-Note 7	1,454,929	1,607,587	1,655,815	1,705,489
Office expenses-Note 1	103,425	106,551	108,149	109,772
Other	0	0	0	0
TOTAL	9,491,867	9,451,181	9,788,345	10,144,081



## SCHEDULE D: UTILITY EXPENSES

	ACTUAL LAST FISCAL YEAR ENDED 6/30/2014	PROJECTION PERIODS		
		FY ENDED 6/30/2016	FY ENDED 6/30/2017	FY ENDED 6/30/2018
Heating Fuel: Gas-Note 10	1,318,298	1,358,144	1,412,488	1,468,968
Oil-Note 10	471,139	485,379	504,794	524,986
Electricity-Note 10	2,040,805	2,102,488	2,188,588	2,274,051
Water and Sewer-Note 13	1,489,296	1,562,283	1,624,753	1,705,991
TOTAL UTILITIES	5,319,538	5,508,274	5,728,605	5,973,996

## SCHEDULE E: INTEREST AND AMORTIZATION (DEBT SERVICE) - Note 8

Debt Service-First Mortgage	3,635,628	3,635,628	3,635,628	3,635,628
Debt Service-Second Mortgage	788,827	945,924	945,924	945,924
Subordinate Mortgage Note	49,337	49,337	49,337	49,337
TOTAL DEBT SERVICE	4,473,792	4,630,889	4,630,889	4,630,889

## SCHEDULE F: ACTUAL ALLOCATION TO RESERVES - Note 15

Painting Reserve	0	0	0	0
Replacement Reserve	300,000	593,335	593,335	593,335
Contingency (3% Gross Rents)	0	0	0	0
TOTAL	300,000	593,335	593,335	593,335

See the accompanying accountants' report and notes

LUNA PARK HOUSING CORPORATION  
COMPUTATION OF RENT INCREASES  
FOR THE FISCAL YEARS ENDING JUNE 30, 2016 TO 2018

ESTIMATED / PROJECTED DEFICIT (Page 3, Line 13)

PROJECTED RENT INCREASE EFFECTIVE 07/01/15

PROJECTED RENT INCREASE EFFECTIVE 07/01/16

PROJECTED RENT INCREASE EFFECTIVE 07/01/17

WORKING CAPITAL DEFICIT AT 6/30/14

SHELTER RENT 10% ON INCREASE

REVISED SURPLUS/(DEFICIT)

ANNUAL CARRYING CHARGES BASED ON PROJECTED INCREASES

PROJECTED CARRYING CHARGE % INCREASE

RENT PER ROOM PER MONTH AFTER THE INCREASES (7338 R.R's)

PROJECTION FOR CARRYING CHARGE INCREASE FOR THE FISCAL YEARS ENDED		
6/30/2016	6/30/2017	6/30/2018
(283,816)	(818,887)	(1,394,189)
593,335	593,335	593,335
0	611,135	611,135
0	0	629,469
(240,032)	(240,032)	(240,032)
(59,333)	(120,447)	(183,394)
<u>10,153</u>	<u>25,303</u>	<u>16,322</u>
<u>20,371,155</u>	<u>20,982,289</u>	<u>21,611,758</u>
<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
<u>231.51</u>	<u>238.45</u>	<u>245.61</u>

See the accompanying accountants' report and notes.

## CASH FLOW REFLECTING PROJECTED RENT INCREASES

	PROJECTIONS		
	FY ENDED 6/30/2016	FY ENDED 6/30/2017	FY ENDED 6/30/2018
<b>INCOME</b>			
1. Gross Residential Rents - Note 2 (Including Utilities)	20,371,155	20,982,289	21,611,758
2. Excess 236 Income Retained	0	0	0
3. Other Income (Schedule B, Page 4/6)	1,518,358	1,519,015	1,520,221
4. TOTAL GROSS INCOME	21,889,512	22,501,304	23,131,979
5. Vacancy/Loss	( 49,445)	( 49,445)	( 49,445)
6. TOTAL INCOME	21,840,068	22,451,860	23,082,534
<b>EXPENSES</b>			
7. Operating Expenses (Schedule C, Page 5/6)	9,451,181	9,788,345	10,144,081
8. Utility Costs (Schedule D, Page 6/6)	5,508,274	5,728,605	5,973,996
9. Real Estate Taxes - Note 9	1,346,871	1,324,904	1,300,485
10. Shelter Rent Factor @ 10% - Note 9	59,333	120,447	183,394
11. Interest & Amortization (Schedule E, Page 6/6)	4,630,889	4,630,889	4,630,889
12. Actual Allocation to Reserves (Schedule F, Page 6/6)	593,335	593,335	593,335
13. TOTAL EXPENSES	21,589,882	22,186,524	22,826,180
14. Working Capital Deficit at 6/30/14	240,032	240,032	240,032
15. NET CASH FLOW (DEFICIT)	10,153	25,303	16,322
CUMULATIVE CASH FLOW SURPLUS/(DEFICIT)	10,153	35,458	51,778

See the accompanying accountants' report and notes.

## LUNA PARK HOUSING CORPORATION

## Notes to HPD Rent Increases Projection

For The Years Ending

June 30, 2016 to 2018

## NOTE 1 - GENERAL

For all income and expenses that are not contracted, the projected amounts were based on an inflation factor of 1.5% per annum.

## NOTE 1a - GENERAL

Certain expenses were projected using a three year average and projecting the inflation factor thereafter.

## NOTE 2 - RENTS

Rents are reflected as follows:

	<u>For Year Ended</u>		
	<u>06/30/16</u>	<u>06/30/17</u>	<u>06/30/18</u>
Current HPD approved gross potential	\$19,777,820	\$19,777,820	\$19,777,820
Proposed increases (Total - \$3,631,742) see Supplement 1/2	<u>593,335</u>	<u>1,204,469</u>	<u>1,833,938</u>
Total	<u>\$20,371,155</u>	<u>\$20,982,289</u>	<u>\$21,611,758</u>

## NOTE 3 - COMMERCIAL SPACES

Projected rents are based on leases currently in effect. An inflation factor of 3% was used to project rents for those leases that expire during the projection period.

## NOTE 4 - AIR CONDITIONER INCOME

Management expects air conditioner income to remain constant.

## NOTE 5 - LAUNDRY INCOME

Laundry income is based on the license agreement currently in effect and increased by the inflation factor when agreement expires.

## NOTE 6 - OTHER INCOME

Other income includes income from other tenant charges such as repairs, legal, appliance and other miscellaneous charges. Management expects these amounts to remain constant.

## LUNA PARK HOUSING CORPORATION

## Notes to HPD Rent Increases Projection

For The Years Ending

June 30, 2016 to 2018

## NOTE 7 - INSURANCE

The current year's insurance cost is based on policies in force. The subsequent years' projections are based on a 3% increase per annum.

## NOTE 8 - DEBT SERVICE/ INTEREST

Project debt service is as follows:

Annual total payment for interest and amortization-First Mortgage	<u>\$ 3,635,628</u>
Annual total payment for interest and amortization-Second Mortgage	<u>\$ 945,924</u>
Annual interest on the Subordinate Mortgage	<u>\$ 49,337</u>

## NOTE 9 - REAL ESTATE TAXES

Taxes are based on the Shelter Rent calculation less a projected J-51 benefit. The real estate tax estimates are as follow:

	<u>For Year Ended</u>		
	<u>06/30/16</u>	<u>06/30/17</u>	<u>06/30/18</u>
<u>Shelter Rent</u>			
Based on current HPD approved gross potential	\$ 1,573,846	\$ 1,551,879	\$ 1,527,460
Less: Estimated J-51 Benefit	<u>(226,975)</u>	<u>(226,975)</u>	<u>(226,975)</u>
Net Real Estate Taxes	1,346,871	1,324,904	1,300,485
Add: Amount based on proposed increase - see Supplement 1/2	<u>59,333</u>	<u>120,447</u>	<u>183,394</u>
Total	<u>\$ 1,406,204</u>	<u>\$ 1,445,351</u>	<u>\$ 1,483,879</u>

LUNA PARK HOUSING CORPORATION

Notes to HPD Rent Increases Projection

For The Years Ending

June 30, 2016 to 2018

NOTE 10 - GAS, ELECTRIC AND OIL

Utilities are increased based on the inflation factor for year one and a 4% per annum increase thereafter.

NOTE 11 - PAYROLL

Payroll is based on the current union contract rates.

Payroll taxes are based on an estimated percentage of total payroll.

Increases in employee benefits are estimated using the inflation factor of 1.5%.

NOTE 12 - MANAGEMENT FEES

Projected fees are based on the contract currently in effect. The above inflation factor was used to project all subsequent years.

NOTE 13 - WATER AND SEWER

Water and sewer is increased based on the inflation factor for year one then a 4% and 5% increase per annum thereafter.

NOTE 14 - SECURITY CONTRACT

Projected years are based on the security contract currently in effect increased by the inflation factor for all subsequent years.

NOTE 15 - RESERVES

Reserves, are projected based on the Mitchell-Lama formula requirement.

**EXHIBIT B**

Board Resolution dated January 13, 2015  
Approving Carrying Charge Increases

**SECRETARY'S CERTIFICATE OF ADOPTION OF RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF LUNA PARK HOUSING CORPORATION**

I, the undersigned, am the duly elected Secretary of LUNA PARK HOUSING CORPORATION, a corporation organized and validly existing under the laws of the State of New York.

In accordance with the authority vested in me, I hereby certify that the following constitutes a true copy of a resolution duly adopted, and not subsequently amended, rescinded or modified by the Board of Directors of the aforesaid corporation in accordance with the corporate By-laws and recorded in the minutes of the meeting of the said Board of Directors duly held on January 13, 2015 at which a quorum was present and acting throughout.

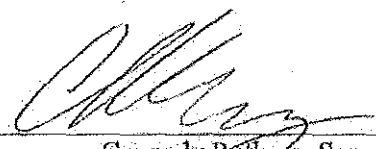
**RESOLVED:** That the Board of Directors hereby finds that an increase in carrying charges, including utilities, is necessary for the continued operation of this development. Therefore, we direct that an increase in carrying charges, including utilities be implemented as follows:

- a) An increase in carrying charges, including utilities of 3.0% (to \$231.51 per room per month) effective FY 7/1/15 – 6/30/16;
- b) An increase in carrying charges, including utilities of 3.0% (to \$238.45 per room per month) effective FY 7/1/16 – 6/30/17;
- c) An increase in carrying charges, including utilities of 3.0% (to \$245.61 per room per month) effective FY 7/1/17 – 6/30/18;

BE IT FURTHER RESOLVED, that the Secretary or any Assistant Secretary of this Corporation be, and each is, authorized and directed to certify, attest to and deliver copies of this resolution to any interested party.

This resolution shall not become effective unless approved, in writing, by the Department of Housing Preservation and Development of the City of New York and shall be deemed effective on the date of HPD approval.

IN WITNESS WHEREOF, the undersigned has affixed his hand and the seal of the corporation on this 17 day of February, 2015.

  
\_\_\_\_\_  
Gennady Rotberg, Secretary



**EXHIBIT C**

**Financial Statements for Fiscal Years Ending  
6/30/13 and 6/30/14**

**LUNA PARK HOUSING CORPORATION**

**Financial Statements and  
Supplementary Information**

**June 30, 2014 and 2013**

**LUNA PARK HOUSING CORPORATION**

**Table of Contents**

**June 30, 2014 and 2013**

**INDEPENDENT AUDITOR'S REPORT**

Page

1

**FINANCIAL STATEMENTS:**

**Exhibit**

<b>A</b>	<b>Balance Sheets- June 30, 2014 and 2013</b>	<b>3,4</b>
<b>B</b>	<b>Statements of Revenues and Expenses - For the Years Ended June 30, 2014 and 2013</b>	<b>5,6</b>
<b>C</b>	<b>Statements of Shareholders' Equity (Deficit) - For the Years Ended June 30, 2014 and 2013</b>	<b>7</b>
<b>D</b>	<b>Statements of Cash Flows - For the Years Ended June 30, 2014 and 2013</b>	<b>8</b>
	<b>Notes to Financial Statements</b>	<b>9-18</b>

**SUPPLEMENTARY INFORMATION:**

**Schedule**

<b>1</b>	<b>Insurance - For the Year Ended June 30, 2014</b>	<b>19</b>
<b>2</b>	<b>Land, Building and Building Equipment - For the Year Ended June 30, 2014</b>	<b>20</b>
<b>3</b>	<b>Accounts Payable - June 30, 2014 and 2013</b>	<b>21</b>

# **Jack Lawrence & Company**

Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Luna Park Housing Corp. which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of revenues and expenses, changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Luna Park Housing Corp, as of June 30, 2014 and 2013, 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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 19 to 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the financial statements as a whole.

## **Omission of Required Supplementary Information about Future Major Repairs and Replacements**

Management has omitted the estimated remaining lives and replacement costs of the common property 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 the 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 the missing information.

*Jack Lawrence & Company*

*A Division of Palmetto, Mollo, Molinaro & Passarella, LLP*

Melville, New York  
September 26, 2014

## LUNA PARK HOUSING CORPORATION

PAGE 3  
EXHIBIT A

## BALANCE SHEETS

JUNE 30,

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
1123 FUNDS HELD BY MANAGING AGENT - NOTES 1,2		
-CHECKING / MONEY MARKET	\$ 559,284	\$ 39,406
1130 ACCOUNTS REC.-TENANT SHAREHOLDERS & SUBSIDIES-NOTE 3	611,675	344,303
1131 LESS: ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS	( 143,380)	( 41,225)
NET ACCOUNTS REC.-TENANT SHAREHOLDERS & SUBSIDIES	468,295	303,078
1132 SENIOR CITIZENS TAX ABATEMENT RECEIVABLE	223,282	157,311
1137 MISCELLANEOUS RECEIVABLE	19,031	19,169
TOTAL CURRENT ASSETS	1,269,892	518,964
<b>DEFERRED CHARGES AND PREPAYMENTS</b>		
1240 UNEXPIRED INSURANCE-SCHEDULE 1	643,445	430,785
1260 DEFERRED MORTGAGE COSTS-NET OF AMORTIZATION	981,961	833,298
1270 PREPAID REAL ESTATE TAXES - NOTE 4	221,923	202,487
TOTAL DEFERRED CHARGES AND PREPAYMENTS	1,847,329	1,466,570
<b>RESERVE FUNDS- NOTE 5</b>		
1320 CASH - RESERVE FUND	1,213,325	911,226
1323 INVESTMENTS - RESERVE FUND	8,648,477	0
1323A REPAIR RESERVE FUND	700,350	0
TOTAL RESERVE FUNDS	10,562,152	911,226
<b>MORTGAGE ESCROW DEPOSITS-NOTES 1,6</b>		
1362 TAX ESCROW	1,706,466	2,256,049
1364 INSURANCE ESCROW	651,817	773,392
1365 COMPLETION "REPAIR" ESCROW - LOAN PROCEEDS	7	486,756
1365A COMPLETION "REPAIR" ESCROW - INSURANCE PROCEEDS	1,470,562	2,514,797
TOTAL MORTGAGE ESCROW DEPOSITS	3,828,852	6,030,994
<b>FIXED ASSETS - SCHEDULE 2, NOTE 1</b>		
1510 LAND	1,451,374	1,451,374
1520 BUILDINGS, WORK IN PROGRESS, EQUIPMENT AND IMPROVEMENTS (NET OF ACCUM. DEPREC. OF \$37,822,555 AND \$36,721,079)	74,253,570	66,230,210
TOTAL FIXED ASSETS	75,704,944	67,681,584
<b>OTHER ASSETS</b>		
1600 UTILITY DEPOSITS	24,100	24,100
TOTAL OTHER ASSETS	24,100	24,100
<b>TOTAL ASSETS</b>	<b>\$ 93,237,269</b>	<b>\$ 76,633,438</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS.

## LUNA PARK HOUSING CORPORATION

## BALANCE SHEETS

JUNE 30,

PAGE 4  
EXHIBIT A  
(CONCLUDED)

2014

2013

## LIABILITIES AND SHAREHOLDERS' EQUITY

## CURRENT LIABILITIES

2110	ACCOUNTS PAYABLE - CASH OVERDRAFT	0	48,586
2110	ACCOUNTS PAYABLE - SCHEDULE 3	1,279,381	908,415
2118	REAL ESTATE TAX PAYABLE - ESTIMATED - NOTE 4	665,530	389,625
2159	CONTRACT RETENTION - EXTERIOR BUILDING IMPROVEMENTS	1,076,715	322,212
2160	ACCRUED PAYROLL AND PAYROLL TAXES PAYABLE	22,248	16,022
2165	OTHER LIABILITIES AND EXCHANGES	22,270	22,270
2167	ACCRUED MORTGAGE INTEREST - NOTE 6	310,693	253,230
2169	ACCRUED EXPENSES-UTILITIES & OTHER	239,998	194,378
2170	UTILITY BUDGET PLAN PAYABLE - NOTE 13	9,945	10,378
2310	ADVANCE RENT FROM TENANT SHAREHOLDERS	357,422	213,302
2430	CURRENT PORTION OF MORTGAGE AND LOANS AMORTIZATION	878,870	615,513
	TOTAL CURRENT LIABILITIES	4,863,072	2,993,931

## DEFERRED CREDITS AND DEPOSITS

2330	APARTMENT DEPOSITS AND SECURITY DEPOSITS	325,944	323,294
2331	EQUITY AND AMORTIZATION DEPOSITS & EXCHANGES	732,785	510,244
2332	DEFERRED INSURANCE PROCEEDS - NOTE 15	1,541,245	2,586,216
	TOTAL DEFERRED CREDITS AND DEPOSITS	2,599,974	3,419,754

## FIXED LIABILITIES - NOTE 6

2410	FIRST MORTGAGE NOTE PAYABLE	47,000,000	47,000,000
	LESS: AMORTIZATION	( 2,193,081 )	( 1,577,568 )
	SUBTOTAL	44,806,919	45,422,432
	LESS: AMORTIZATION PAYMENTS DUE WITHIN ONE YEAR	( 657,977 )	( 615,513 )
	TOTAL MORTGAGE PAYABLE	44,148,942	44,806,919
2420	SECOND MORTGAGE NOTE PAYABLE	13,000,000	0
	LESS: AMORTIZATION	( 157,632 )	0
	SUBTOTAL	12,842,368	0
	LESS: AMORTIZATION PAYMENTS DUE WITHIN ONE YEAR	( 220,893 )	0
	SUBTOTAL	12,621,475	0
2421	SUBORDINATE MORTGAGE NOTE PAYABLE-HDC	4,933,664	4,933,664
2421B	SUBORDINATE MORTGAGE NOTES ACCRUED INTEREST	197,754	148,417
2421C	SUBORDINATE MORTGAGE NOTE PAYABLE - HPD	1,250,000	1,250,000
2422	SUBORDINATE MORTGAGE PAYABLE -ARTICLE 8A LOANS	13,000,000	13,000,000
	LESS: UNRELEASED FUNDS	( 6,232,789 )	( 9,117,470 )
	SUBTOTAL	6,767,211	3,882,530

## TOTAL LIABILITIES

77,382,092 61,435,215

## CONTINGENCIES - NOTE 11

## SHAREHOLDERS EQUITY - EXHIBIT C

15,855,177 15,198,223

## TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$ 93,237,269 \$ 76,633,438

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS.

LUNA PARK HOUSING CORPORATION  
STATEMENTS OF REVENUES AND EXPENSES  
FOR THE YEARS ENDED JUNE 30,

PAGE 5  
EXHIBIT B

REVENUES		2014	2013
CARRYING CHARGES			
5100	APARTMENTS (INCLUDING UTILITIES) - NOTE 7	\$ 19,295,434	\$ 18,553,302
	LESS: PORTION APPLICABLE TO MORTGAGE AMORTIZATION	( 773,145)	( 575,789)
		18,522,289	17,977,513
5120	VACANCIES, ALLOWANCES AND ADJUSTMENTS	( 45,617)	( 57,070)
5150	SURCHARGES - NOTE 10	143,925	95,723
	NET CARRYING CHARGES	18,620,597	18,016,166
OTHER REVENUES			
5130	PARKING INCOME	316,032	314,543
5120	AIR CONDITIONING INCOME	436,508	439,418
5140	COMMERCIAL RENT (NET OF VACANCY LOSS) - NOTE 9	197,801	199,373
5400	INTEREST INCOME	48,688	50,427
5445	INTEREST INCOME-COMPLETION REPAIR ESCROW	755	26,541
5909	NON RENTAL CHARGES TO TENANT SHAREHOLDERS	143,971	157,836
5910	LAUNDRY INCOME-NOTE 9	97,440	97,440
5911	ADMINISTRATIVE FEE	20,024	27,489
5990	COMMISSION AND OTHER MISCELLANEOUS NON TENANT INCOME	48,991	49,789
	TOTAL OTHER REVENUES	1,310,210	1,362,856
	TOTAL REVENUES	19,930,807	19,379,022
EXPENSES			
ADMINISTRATIVE AND MANAGEMENT EXPENSES			
6213	TELEPHONE	5,830	5,440
6220	MANAGEMENT FEE - NOTE 8	386,454	386,454
6250	LEGAL AND DISPOSSESS FEES	328,373	294,763
6260	ACCOUNTING FEES	48,709	52,891
6270	ENGINEERS AND OTHER PROFESSIONAL FEES	68,753	25,339
6290	MISCELLANEOUS	51,547	41,898
	TOTAL ADMINISTRATIVE AND MANAGEMENT EXPENSES	889,666	806,785
UTILITIES			
6341	WATER AND SEWER	1,489,296	1,410,336
6343	ELECTRICITY	2,040,805	1,931,079
6344	GAS	1,318,298	1,322,625
6345	OIL	471,139	350,396
	TOTAL UTILITIES	5,319,538	5,014,436

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS.



LUNA PARK HOUSING CORPORATION  
STATEMENTS OF REVENUES AND EXPENSES

PAGE 6  
EXHIBIT B  
(CONCLUDED)

FOR THE YEARS ENDED JUNE 30,

EXPENSES (CONTINUED)

	2014	2013
<b>OPERATING EXPENSES</b>		
6301 SUPERINTENDENTS' SALARIES	\$ 139,491	\$ 134,928
6310 JANITORIAL PAYROLL	1,111,092	1,118,649
6311 JANITORIAL SUPPLIES	44,708	48,007
6322 EXTERMINATING	98,148	82,621
6330 GUARD SERVICE CONTRACT	765,393	713,212
6390 MISCELLANEOUS	<u>46,048</u>	<u>29,893</u>
TOTAL OPERATING EXPENSES	2,204,880	2,127,310
<b>REPAIRS AND MAINTENANCE EXPENSES</b>		
6405 MAINTENANCE PAYROLL	816,781	720,324
6406 MAINTENANCE PAYROLL - BOILER	187,864	180,926
6421 MATERIALS AND SUPPLIES	326,545	422,033
6422 REPAIRS AND MAINTENANCE - CONTRACT	2,125,393	1,652,124
6430 ELEVATOR - MAINTENANCE REPAIRS	<u>449,319</u>	<u>393,500</u>
TOTAL REPAIRS AND MAINTENANCE EXPENSES	3,905,902	3,368,907
<b>TAXES, INSURANCE AND EMPLOYEE BENEFITS</b>		
6610 REAL ESTATE TAX ESTIMATED-NOTE 4 (1)	1,491,059	1,321,332
6620 PAYROLL TAXES	176,720	175,619
6660 INSURANCE - SCHEDULE 1	1,454,929	1,133,707
6680 EMPLOYEE BENEFITS	<u>859,770</u>	<u>866,053</u>
TOTAL TAXES, INSURANCE AND EMPLOYEE BENEFITS	3,982,478	3,496,711
<b>FINANCIAL EXPENSES</b>		
6710 INTEREST ON MORTGAGE(S) - NOTE 6	2,429,573	2,259,491
6720 INTEREST ON LOAN(S) - NOTE 6	<u>49,337</u>	<u>49,337</u>
TOTAL FINANCIAL EXPENSES	2,478,910	2,308,828
<b>OTHER EXPENSES</b>		
6830 ESTIMATED PROVISION FOR BAD DEBTS - NOTE 3	<u>127,618</u>	<u>25,447</u>
TOTAL OTHER EXPENSES	127,618	25,447
<b>TOTAL EXPENSES BEFORE DEPRECIATION &amp; AMORTIZATION</b>	<u>18,908,992</u>	<u>17,148,424</u>
<b>NET INCOME (LOSS) BEFORE DEPRECIATION &amp; AMORTIZATION</b>	1,021,815	2,230,598
<b>DEPRECIATION &amp; AMORTIZATION - NOTE 1</b>		
6920 BUILDING AND OTHER FIXED ASSETS - SCHEDULE 2	1,101,476	1,326,809
6870 AMORTIZATION OF DEFERRED MORTGAGE COSTS	<u>36,530</u>	<u>29,532</u>
TOTAL DEPRECIATION & AMORTIZATION	<u>1,138,006</u>	<u>1,356,341</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ ( 116,191)</u>	<u>\$ .874,257.</u>

(1) 2014 INCLUDES PRIOR YEARS' ADJUSTMENTS OF \$220,496.

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS.

LUNA PARK HOUSING CORPORATION  
STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED JUNE 30,

PAGE 7  
EXHIBIT C

	2014	2013
Common Stock - 458,625 shares authorized		
- 458,175 shares issued and outstanding at \$10.00 par value	\$ 4,581,750	\$ 4,581,750
Paid in Capital - Mortgage Amortization		
- Balance July 1,	\$ 20,885,743	\$ 20,309,954
Year Ended June 30,	773,145	575,789
	<u>\$ 21,658,888</u>	<u>\$ 20,885,743</u>
Paid in Capital - Replacement Reserve		
- Balance July 1,	\$ 8,754,564	\$ 8,754,450
- Interest Earned on Reserves (Net)	232	114
	<u>\$ 8,754,796</u>	<u>\$ 8,754,564</u>
Accumulated Deficit - July 1,	\$ (19,023,834)	\$ (19,897,980)
Excess of Revenues over Expenses for the year ended June 30, (Page 5 - Exhibit B)	( 116,191)	874,260
Interest Earned on Reserves (Net)	( 232)	( 114)
Accumulated Deficit - June 30,	<u>(19,140,257)</u>	<u>(19,023,834)</u>
Shareholders' Equity (Deficit) - June 30,	<u>\$ 15,855,177</u>	<u>\$ 15,198,223</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS.

LUNA PARK HOUSING CORPORATION

Statements of Cash Flows  
Increase (Decrease) in Cash and Cash Equivalents

For the Years Ended June 30,

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of Revenues Over Expenses	\$( 116,191)	\$ 874,257
Adjustment to Reconcile Excess of Revenues Over Expenses to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	1,138,006	1,356,341
	1,021,815	2,230,598
(Increase) Decrease in Accounts Receivable	( 165,217)	147,594
(Increase) in Sr. Citizen Tax Abatement Receivable	( 65,971)	57,325
Decrease in Real Estate Taxes Receivable	275,905	334,830
(Increase) Decrease in Utility Budget Plan Receivable	(433)	1,125
(Increase) Decrease in Prepaid Expenses	( 232,096)	98,684
Increase in Accounts Payable	403,017	592,792
Increase in Interest Payable	106,800	46,127
Increase in Advance Rents from Tenants	144,120	9,982
Change in Other Assets and Liabilities	51,986	( 63,710)
Net Cash Provided by Operating Activities	1,539,926	3,340,697
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Fixed Asset Additions - Regular Fixed Assets	0	( 37,697)
Fixed Asset Additions - Rehabilitation	( 9,124,836)	( 21,596,583)
Increase in Deferred Financing Costs	( 185,193)	0
Decrease in Accounts Payable - Fixed Asset Additions	( 32,053)	( 330,233)
Increase (Decrease) in Contract Retainage Payable	754,503	( 1,071,343)
Increase in Reserves (Including Interest)	( 8,950,576)	459,315
Increase in Repair Reserve Fund	( 700,350)	0
(Increase) Decrease in Tax Escrow	549,583	( 26,032)
(Increase) Decrease in Insurance Escrow	121,575	( 139,508)
Decrease in Completion Repair Escrow (Net)	486,013	17,774,860
Net Cash Used by Investing Activities	( 17,081,334)	( 4,967,221)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in Second Mortgage Payable	13,000,000	0
Increase in 8A Loan Advances	2,884,681	2,023,215
Mortgage Amortization Paid	( 773,145)	( 575,789)
Contributed Capital - Mortgage Amortization	773,145	575,789
Increase (Decrease) in Deferred Credits and Deposits	225,191	( 90,553)
Net Cash Provided by Financing Activities:	16,109,872	1,932,662
Net Increase in Cash and Cash Equivalents	568,464	306,138
Cash and Equivalents - Beginning of Year	( 9,180)	( 315,318)
Cash and Equivalents - End of Year	\$ 559,284	\$ ( 9,180)
<b>SUPPLEMENTAL DISCLOSURES</b>		
Mortgage Interest Paid	\$ 3,590,417	\$ 3,056,628
Income Taxes Paid	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements.

## LUNA PARK HOUSING CORPORATION

### Notes to Financial Statements

June 30, 2014 and 2013

#### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

##### Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues and gains are recognized in the period in which they are earned. Expenses and losses are recognized in the period in which they are incurred. Financial statement items are recorded at historical costs and consequently do not necessarily represent current values. Management may be required to make estimates when actual revenues and expenses cannot be determined at the date of the financial statements. Actual results could differ from those estimates.

##### Fixed Assets

Depreciation on buildings is being computed by the straight-line method over their estimated useful lives at the rate of 2% per annum. Building equipment is being depreciated over estimated useful lives from ten to twenty-seven and one half years. Building costs include the original cost of construction and the cost of subsequent improvements/major betterments that appreciably prolonged the life of the buildings.

##### Paid In Capital

Carrying charges representing the amount necessary to pay amortization of the mortgages are treated as a contribution to capital and not to income. For the year ended June 30, 2014 and 2013, amortization of \$773,145 and \$575,789 has been treated as a contribution to paid-in capital. The portion of carrying charges used to fund the replacement reserve is also considered a contribution to capital.

##### Income Taxes

The Corporation meets all requirements of a cooperative housing corporation as provided under Section 216 of the Internal Revenue Code. As such its tenant-shareholders are allowed to deduct the company's payments of real estate taxes and interest against their personal taxable income.

##### SUBCHAPTER T

In June 1995 a decision was rendered in United States Tax Court which concluded that a Limited Profit Housing Corporation organized under Article XII of the Public Housing Law of the State of New York is subject to Subchapter T of the Internal Revenue Code.

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

As such, income which is patronage sourced, i.e., income derived from members, is not subject to taxation. Subchapter T considers interest income on funds which enhance the cooperatives purpose to be patronage sourced (member income). The interest earned on the Company's investments appears to meet this criteria.

The Company has regular tax net operating loss carryforwards of approximately \$8,900,000, which expire in years through 2028, which can be used to offset patronage income in future years. The Company may become subject to tax under the Alternative Minimum Tax, which is a tax system parallel to the regular tax, in which the utilization of the net operating loss carryforward is restricted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Through December 31, 2012 the FDIC insured interest bearing accounts up to \$250,000 per depositor per bank; insurance on non-interest bearing accounts was unlimited. Effective January 1, 2013 non-interest bearing accounts are no longer fully insured but will be subject to the \$250,000 per depositor per bank maximum insurance amount. The Company has not experienced any losses.

NOTE 2 - FUNDS HELD BY MANAGING AGENT

The operating bank accounts are held by the Managing Agent, for the purpose of depositing carrying charge and other collections and paying the operating expenses of the project.

NOTE 3 - ACCOUNTS RECEIVABLE

As reflected in Exhibit A, tenant-shareholder and other accounts receivable of \$611,675 and \$344,303, less uncollectible accounts of \$143,380 and \$41,225 are outstanding as of June 30, 2014 and 2013.

Uncollectible accounts as of June 30, are arrived at as follows:

	2014	2013
Uncollectible accounts at July 1,	\$ 41,225	\$ 55,653
Less: Write-offs	(23,268)	(39,875)
Add: Estimated bad debt provision (adjustment)	125,423	25,447
Uncollectible accounts at June 30,	<u>\$ 143,380</u>	<u>\$ 41,225</u>

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 3 - ACCOUNTS RECEIVABLE (Continued)

To the extent that arrearages are not collected, when tenant-shareholders vacate the development, their equity payments held by the corporation are offset against the arrearage. The above provision for bad debts represents the estimated uncollectible arrears which are in excess of individual tenant-shareholders equity, including their share of mortgage amortization.

NOTE 4 - REAL ESTATE TAXES-ESTIMATED

Pursuant to a resolution adopted by the Board of Estimate on May 12, 1961, the Corporation was granted a real property tax exemption, except for assessments for local improvements, for a period of 30 (thirty) years. The resolution also provided that during this 30-year period, the Housing Corporation was obligated until June 30, 1993 to remit \$32,348 annually to the City as payments in lieu of taxes (PILOT).

On June 13, 1993, the Council of the City of New York granted a one year extension of the real property tax exemption created pursuant to Article XII of the Public Housing Law, while a newly created tax commission studies real property tax reform.

The Council approved a ten-year phase in from the prior flat rate PILOT to a Shelter-Rent tax commencing July 1, 1994. For fiscal year ending June 30, 1995, the first year following expiration of the PILOT agreement, payments shall be made in an amount equaling the PILOT agreement plus 10% of the difference between the PILOT agreement amount and 10% of the Shelter rent. For years following fiscal year June 30, 1995, each tax year an additional 10% of the difference will be due until June 30, 2004. At that time the corporation shall pay an amount equivalent to 10% of the shelter rent as the term "shelter rent" is defined in Section 33 of the Private Housing Finance Law.

Current real estate taxes and the corresponding liabilities are recorded on an estimated shelter rent basis. The shelter rent formula includes electric, gas, fuel, and water and sewer expenses in the computation. Pending finalization of a complete review and certification by HPD, the estimated real estate taxes and the corresponding liabilities are subject to change.

The Company has obtained a J-51 abatement for capital improvements made to the buildings. An annual abatement of \$226,975 commencing July 1, 2012 was obtained on the window replacements. Additional abatements will be available up to a maximum amount as the improvements are completed.

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 4 - REAL ESTATE TAXES-ESTIMATED (Continued)

The estimated shelter rent expense for the period 7/1/13-6/30/14 is \$1,497,088, which is calculated as follows:

Estimated Shelter Rent	\$ 14,970,880	
10% of Estimated Shelter Rent	1,497,088	
Less PILOT Amount	<u>32,348</u>	\$ 1,464,740
100% of Difference		1,464,740
Add: PILOT Amount		<u>32,348</u>
Estimated Shelter Rent Tax		\$ 1,497,088

Real estate taxes payable-estimated at June 30, 2014 is computed as follows:

	Fiscal Year		
	07/01/11- 06/30/12	07/01/12- 06/30/13	07/01/13- 06/30/14
Estimated cumulative (receivable)/payable - beginning	\$ 86,950	\$ 154,720	\$ 420,534
HPD certified shelter rent tax	1,282,818	1,484,458	0
Estimated shelter rent tax expense			1,497,088
J-51 Abatement	0	(226,975)	( 226,975)
Less: Applicable Payment	<u>(1,215,048)</u>	<u>(991,669)</u>	<u>(1,025,117)</u>
Current (over)/under Payments	<u>67,770</u>	<u>265,814</u>	<u>244,996</u>
Estimated cumulative (receivable)/ payable - ending	\$ 154,720	\$ 420,534	\$ 665,530

NOTE 5 - RESERVE FUNDS

Reserve Fund - Mitchell-Lama Reserve Requirements

HPD requires the establishment of a capital repair and replacement reserve account. Based on HPD Rules and Regulations, the required annual reserve funding is \$300 per dwelling unit in equal monthly installments. If the account balance does not equal or exceed the greater of \$1,000 per dwelling unit or 25% of the housing company's rent roll the housing company must deposit 3% of its rent roll on a monthly basis.

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 5 - RESERVE FUNDS (Continued)

Modified Reserve Fund Deposit Requirements

The Commissioner of HPD issued a rent order on November 30, 2006. According to the approved budgets, the total reserve requirement for the three stage increase was \$250,000, \$300,000 and \$240,000 respectively and is not based on the Mitchell-Lama formula.

During the year ending June 30, 2014 and 2013 reserve funding was \$300,000 and \$225,000, respectively.

Repair Reserve Fund

In connection with obtaining the second mortgage loan (see Note 6) a Repair Reserve Fund of \$700,350 was established to fund the performance of specific repairs identified in the Repair Schedule of Work. The funds are to be released upon evidence of completion of the work via submission of a Repair Disbursement Request.

NOTE 6 - MORTGAGE NOTE AND NOTES PAYABLE

Multifamily Note - First Mortgage Note Payable

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

In accordance with the provisions of the first mortgage note the following escrow accounts and costs were funded at closing:

Mortgage Escrows

Real Estate Tax Escrow	\$	234,126
Insurance Escrow		461,558
Water & Sewer Escrow		222,909
Completion "Repair" Escrow		44,491,295
Total Escrows	\$	45,409,888*

Other Costs /Uses

Mortgage Interest-(6/28/10-6/30/10)	26,203
Real estate Taxes-(7/1/10-09/30/10)	277,554
Water & Sewer Frontage-(2010/2011)	1,163,004
Prepaid Insurance	137,670
Deposit to Existing Reserves	220,318
Deferred Mortgage Costs	705,363
Application of Good Faith deposit	(940,000)
Total Mortgage Proceeds	\$ 47,000,000

\* Mortgage escrow funds are invested in interest bearing accounts.



LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 6 - MORTGAGE NOTE AND NOTES PAYABLE (Continued)

Multifamily Note - Second Mortgage Note Payable

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

Subordinate Notes

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

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

As of June 30, 2014 accrued interest on the subordinate mortgage is \$ 197,754.

Proceeds from the Subordinate Mortgage were applied as follows:

— Prior 1 <sup>st</sup> Mortgage balance due	\$ 3,623,635
— Prior 1 <sup>st</sup> Mortgage balance due	1,296,720
— Interest -- (Prior 1 <sup>st</sup> Mortgage & Subordinate Note 6/28/10-6/30/10)	13,309
Total "HDC" Subordinate Mortgage	\$ 4,933,664

Subordinate Note Payable - The City of New York - \$1,250,000

This Note for \$1,250,000 was entered into on May 31, 2002 with the Department of Housing Preservation and Development ("HPD"). The loan is for a period of 15 years and is due May 31, 2017, bears interest at 0% per annum, and requires no monthly payments of debt service. If on the 15<sup>th</sup> anniversary from the date of the Note, the Company has continuously been used, maintained, and operated as a Limited Profit Housing Company in full compliance with Article II of the Private Housing Finance Law and the Regulatory Agreement, and no default exists under any of the loan documents then the principal balance shall be reduced to zero and deemed paid.

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 6 -MORTGAGE NOTE AND NOTES PAYABLE (Continued)

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

This Note for \$9,000,000 was entered into on June 28, 2010 with HPD. This loan, which is for a period of 20 years and thereby due June 28, 2030, bears interest at 1% per annum with no monthly debt service payments required. Interest shall accrue until maturity. If on the maturity date the premises have been operated in full compliance with the provisions of Article II of the New York State Private Housing Finance Law, and the Regulatory Agreement, and there is no default under the loan documents, then the entire principal amount and accrued interest shall be forgiven.

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

This Note for \$4,000,000 was entered into on June 28, 2013 with HPD. This loan, which is for a period of 20 years and thereby due June 28, 2033, bears interest at 1% per annum with no monthly debt service payments required. Interest shall accrue until maturity. If on the maturity date the premises have been operated in full compliance with the provisions of Article II of the New York State Private Housing Finance Law, and the Regulatory Agreement, and there is no default under the loan documents, then the entire principal amount and accrued interest shall be forgiven.

Principal repayments due for the next five years and thereafter under the First and Second Mortgage Notes payable are as follows:

Years Ending June 30,

2015	\$ 878,870
2016	937,164
2017	1,013,799
2018	1,080,969
2019	1,136,421
2020 and thereafter	<u>52,602,064</u>
	<u>\$ 57,649,287</u>

Interest costs incurred by the Company for the year ended June 30, 2014 amounted to \$3,697,217 of which \$1,218,307 was capitalized and \$2,478,910 was charged to operations.

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 - CARRYING CHARGE INCREASE

The Commissioner of HPD issued a new order on November 30, 2006 increasing the carrying charges, including utilities, in three stages.

The order indicated that if the Corporation meets all of its financial obligations and can demonstrate economies in the operation and maintenance of the development, and/or if the shareholders impose a capital assessment to pay for debt service related to the facade rehabilitation, either or both of which would mitigate the need for the second or third stage increase, the Corporation may apply to the Department of Housing Preservation and Development for consideration of a reduction or postponement of either stage. The three stage increases as originally ordered and modified are as follows:

- 23.5% per room per month effective January 1, 2007
- 13.5% per room per month effective January 1, 2008 (Deferred to July 2008)
- 13.5% per room per month effective January 1, 2009 (Deferred to July 2009)

Accordingly, the rent per rental room per month increased from \$118.31 to \$146.12, \$165.84 and \$188.23 effective on January 1, 2007. As indicated above for 2008 and 2009 the Department of Housing Preservation and Development (HPD) allowed deferments of the scheduled rent increases for the second and last stages.

On June 8, 2012 HPD approved a three year rent increase. The three stage increase will be implemented as follows:

- 12.0% per room per month effective July 1, 2012
- 4.0% per room per month effective July 1, 2013
- 2.5% per room per month effective July 1, 2014

NOTE 8 - MANAGEMENT FEE

The management fee formula for all HPD supervised developments is based on a monthly fixed fee. Commencing April 1, 1997 Insignia Residential Group (now Residential Management Group, LLC) was retained as Managing Agent. For the period July 1, 2009 to February 28, 2010 the Company charged management fees at the 06/07 approved contract rate. For the period July 1, 2011 to June 30, 2012, July 1, 2012 to June 30, 2013, and July 1, 2013 to June 30, 2014, the HPD approved monthly rate is \$32,205.

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 9 - COMMERCIAL LEASES/AGREEMENTS

Space	Expiration Date	Current Annual Amount	Base Increase
Laundry (License Agreement)	07/15/15	97,440	-
Jewish Association for the Aged (1)	01/31/12	16,800	-
Dvora, Inc.	10/31/23	31,167	11/01/14
21 <sup>st</sup> Century Ideas Inc.	06/30/19	15,201	07/01/14
NexTEL of New York (1)	05/31/10	23,410	-
Grita, LLC	04/14/14	13,127	-
Skin Clinic	12/31/15	13,283	-
Assembly Women	02/28/15	28,919	-
NY Assoc. of Holocaust Survivors	08/31/15	6,556	08/31/14

(1) Billings are month to month pending negotiation of agreement.

NOTE 10 - SURCHARGE INCOME

HPD requires all tenant-shareholders to file income affidavits by April 30 of each year. Based upon these income affidavits, a tenant shareholder may be subject to a surcharge if his/her adjusted income is above a prescribed limit as set forth by HPD. If a tenant-shareholder fails to file an income affidavit, that tenant-shareholder is subject to a 50% surcharge of his/her monthly carrying charge.

For the year ended June 30, 2014 surcharge income and non-recertification penalties totals \$143,925.

NOTE 11 - CONTINGENCIES

Lawsuits

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

NOTE 12 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The Corporation is subject to HPD regulations for establishing a reserve fund (see Note 5). When funds are required to meet future needs for major repairs and replacements, the Corporation, subject to HPD approval, could consider borrowing, increasing maintenance assessments and/or special assessments, or delaying repairs and replacements until funds are available. The effect on future assessments if any, for funding these needs, has not been determined.

LUNA PARK HOUSING CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 13 - UTILITY BUDGET PLAN PAYABLE

The Corporation is under a level billing plan with National Grid whereby level monthly utility payments are determined and paid monthly during the year for the main gas service. At the anniversary date of each plan year, any remaining overpayment or (underpayment) is billed by National Grid. At June 30, 2014 and 2013, \$9,945 and \$10,378, respectively, represents a temporary underpayment as indicated in utility budget plan payable.

NOTE 14 - EMPLOYEE BENEFITS

The Company contributes to the pension plan of Local 32BJ Service Employees International Union, a multi-employer pension plan, on behalf of the employees covered by a collective bargaining agreement. Contributions for the year ended June 30, 2014 amounted to \$196,603. The current contract for employees covered by Local 32BJ expires on April 20, 2014.

NOTE 15 - DEFERRED INSURANCE PROCEEDS

On October 29, 2012 the Company suffered damage to its property as a result of Hurricane Sandy. The Company has submitted claims to its insurance carriers(s). As of June 30, 2014 insurance proceeds of \$3,243,116 were received, and repairs of \$1,701,871 were performed leaving available funds of \$1,541,245.

NOTE 16 - SUBSEQUENT EVENTS

The Corporation has evaluated events and transactions that occurred through September 26, 2014, which is the date of the financial statements, for possible disclosure and recognition in the financial statements.

**LUNA PARK HOUSING CORPORATION**

**Supplementary Information**

**LUNA PARK HOUSING CORPORATION**  
Schedule of Insurance  
For the Year Ended June 30, 2014

Company	Policy Number	Type/Description	Amount/Limits	Term	Annual Premium	Prepaid Insurance July 1, 2013	Additions July 1, 2013 June 30, 2014	Expense July 1, 2013 June 30, 2014	Prepaid Insurance June 30, 2014
<b>PROPERTY COVERAGE</b>									
FEDERAL INSURANCE CO.	7955954502	BUILDING	\$320,529,689	01/15/13-01/15/14	\$ 332,099	\$ 129,887	\$ 0	\$ 179,887	\$ 0
FEDERAL INSURANCE CO.	7955954503	RENTAL COVERAGE	\$16,760,913	01/15/14-01/15/15	\$ 587,642	0	587,642	269,339	318,309
		EARTHQUAKE	\$5,000,000						
		CONTENTS	\$300,000						
ARCH & LANDMARK INS CO.	ESP005969200	BUILDING ORDINANCE	\$27,030,000	06/23/13-06/23/14	\$ 88,255	0	88,255	88,255	0
<b>GENERAL LIABILITY</b>									
MARKEL INSURANCE CO.	3C40539-0	GENERAL AGGREGATE	\$2,000,000	08/16/12-08/16/13	\$ 510,000	63,750	69,027	132,777	0
MARKEL INSURANCE CO.	3C40539-0	EACH OCCURANCE	\$1,000,000	08/16/13-08/16/14	\$ 335,501	0	335,501	468,563	66,938
		EMPLOYEE BENEFITS LIABILITY	\$1,000,000						
<b>UMBRELLA/ EXCESS LIABILITY</b>									
NAT'L UNION FIRE & VARIOUS	HAR20211235835	EACH OCCURANCE	\$100,000,000	01/15/13-01/15/14	\$ 81,565	44,181	0	44,181	0
SELECTIVE INSURANCE CO.	VARIOUS	FLOOD	\$350,000	01/15/13-01/15/14	\$ 6,598	3,574	0	3,574	0
SELECTIVE INSURANCE CO.	VARIOUS	FLOOD	\$350,000	01/15/14-01/15/15	\$ 7,538	0	7,538	3,453	4,083
SELECTIVE INSURANCE CO.	VARIOUS	FLOOD	\$350,000	03/25/13-03/25/14	\$ 9,897	7,217	0	7,217	0
SELECTIVE INSURANCE CO.	VARIOUS	FLOOD	\$350,000	03/25/14-03/25/15	\$ 11,307	0	11,307	3,062	8,245
SELECTIVE INSURANCE CO.	VARIOUS	FLOOD	\$350,000	07/01/14-07/01/15	\$ 10,696	0	10,696	0	10,696
SELECTIVE INSURANCE CO.	VARIOUS	FLOOD	\$350,000	07/11/13-07/11/14	\$ 7,599	7,599	0	7,599	0
SELECTIVE INSURANCE CO.	VARIOUS	FLOOD	\$350,000	07/11/14-07/11/15	\$ 9,494	0	9,494	0	9,494
LEXINGTON INSURANCE CO.	VARIOUS	EXCESS FLOOD	\$4,000,020	06/28/13-06/28/14	\$ 98,101	26,567	71,534	98,101	0
LEXINGTON INSURANCE CO.	VARIOUS	EXCESS FLOOD	\$4,000,020	06/28/14-06/28/15	\$ 90,825	0	90,825	0	90,825
<b>BOILER &amp; MACHINERY</b>									
CONTINENTAL CASUALTY	401430654	PROPERTY DAMAGE	\$200,000,000	01/15/13-01/15/14	\$ 11,787	6,385	0	6,385	0
CONTINENTAL CASUALTY	401434065011	AMMONIA CONTAMINATION	\$250,000	01/15/14-01/15/15	\$ 12,561	0	12,561	5,757	6,804
		SERVICE INTERRUPTION	\$500,000						
PHILADELPHIA INDEMNITY	PHSD391338	MANAGEMENT LIABILITY	\$6,000,000	01/15/13-01/15/14	\$ 11,740	6,339	0	6,339	0
INDIAN HARBOR INS. CO.	PEC002795101	ENVIRONMENTAL	\$2,000,000	01/15/13-01/15/14	\$ 23,889	12,940	0	12,940	0
INDIAN HARBOR INS. CO.	PEC002795102	ENVIRONMENTAL	\$2,000,000	01/15/14-01/15/15	\$ 21,315	0	21,315	9,769	11,545
TRAVELERS INS CO	BA1810R522	BUSINESS AUTO	\$1,000,000	07/01/13-07/01/14	\$ 9,113	0	9,113	9,113	0
STATE INSURANCE FUND	WC0332333	WORKER'S COMPENSATION	DIVIDEND	03/29/12-03/29/13	\$ (12,567)	0	(12,567)	(12,567)	0
STATE INSURANCE FUND	WC0332333	WORKER'S COMPENSATION	STATUTORY	03/29/13-03/29/14	\$ 87,360	65,520	0	65,520	0
STATE INSURANCE FUND	WC0332333	WORKER'S COMPENSATION	SAFETY GROUP FEE	03/29/13-03/29/14	\$ 9,076	6,806	0	6,806	0
STATE INSURANCE FUND	946024-7	WORKER'S COMPENSATION	STATUTORY	03/29/14-03/29/15	\$ 142,473	0	142,474	35,620	106,854
STATE INSURANCE FUND	946024-7	WORKER'S COMPENSATION	SAFETY GROUP FEE	03/29/14-03/29/15	\$ 12,869	0	12,869	3,217	9,652
						\$ 430,785	\$ 1,667,589	\$ 1,454,929	\$ 643,445

The accompanying notes are an integral part of these financial statements.

LUNA PARK HOUSING CORPORATION

Land, Building and Building Equipment

For the Year Ended June 30, 2014

ITEM	Cost as of 7/1/2013	Additions	Cost as of 6/30/2014	Depreciation Taken 7/1/2013	Depreciation Taken This Period	Total Depreciation to 6/30/2014	Net Book Value	Annual Method of Depreciation
Land	\$ 1,451,374	\$ 0	\$ 1,451,374	\$ 0	\$ 0	\$ 0	1,451,374	Not Depreciable
Building	23,207,009	0	23,207,009	22,950,027	0	22,950,027	256,982	2% per annum
Work in Progress - Exterior Building Improvements	57,094,389	9,124,836	66,219,225	0	0	0	66,219,225	
Building Impr. & Eqpt.	22,649,891	0	22,649,891	13,771,052	1,101,476	14,872,528	7,777,363	Various
	<u>\$ 104,402,663</u>	<u>\$ 9,124,836</u>	<u>\$ 113,527,499</u>	<u>\$ 36,721,079</u>	<u>\$ 1,101,476</u>	<u>\$ 37,822,555</u>	<u>\$ 75,704,944</u>	

Exterior Building Improvements (Work in Progress)	\$ 7,906,529
Capitalized Interest	<u>1,218,307</u>
	<u>\$ 9,124,836</u>

The accompanying notes are an integral part of these financial statements



LUNA PARK HOUSING CORPORATION

Accounts Payable

June 30,

	<u>2014</u>	<u>2013</u>
Architect, Engineer & Consultants	\$ 350,395	\$ 141,351
Repairs -- Heating & Plumbing	289,802	373,285
Repairs & Maintenance	266,107	49,561
Security Guard Contract	115,171	102,125
Administrative	96,210	8,972
Employee Benefits	70,793	59,485
Legal Fees	27,300	48,041
Landscaping	19,875	18,523
Fixed Assets	15,215	47,268
Exterminating	12,475	18,233
Accounting	12,249	12,163
Miscellaneous	3,789	2,477
Mortgage Refinance Expense	<u>0</u>	<u>26,931</u>
Total	<u>\$ 1,279,381</u>	<u>\$ 908,415</u>

The accompanying notes are an integral part of these financial statements.