LESMHA LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

LESMHA LIMITED PARTNERSHIP
DECEMBER 31, 2023 AND 2022

CONTENTS

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Independent Auditor's Report

To the Partners of Lesmha Limited Partnership

Opinion

I have audited the accompanying financial statements of Lesmha Limited Partnership, a New York Limited Partnership, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lesmha Limited Partnership 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.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Lesmha Limited Partnership and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lesmha Limited Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 generally accepted auditing standards, I:

- 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 Lesmha Limited Partnership'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lesmha Limited Partnership's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of certain income and expenses and excess income analysis are presented for purposes of additional analysis and are not required parts 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

New York, New York
April 26, 2024

LESMHA LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

A S S E T S

	2023	2022
Current Assets		
Cash	$ 347,176	$ 61,489
Tenants accounts receivable	49,049	46,321
Other receivable	12,000	-
Prepaid expense	109,353	67,887
Total Current Assets	517,578	175,697
Deposits Held In Trust		
Tenants' security deposits	48,503	47,671
Restricted Deposits and Funded Reserves		
Funds held in escrow - CPC	-	29,081
Replacement reserve - CPC	100	258,664
Replacement reserve - HTFC	764,954	706,377
Operating reserve - HTFC	251,344	230,760
Total Restricted Deposits and Funded Reserves	1,064,901	1,224,882
Rental Property		
Land	5	5
Buildings	3,898,740	3,898,740
Building improvements	725,395	725,395
Equipment	104,319	104,319
	4,728,459	4,728,459
Less accumulated depreciation	(4,193,119)	(4,161,403)
Total Rental Property	535,340	567,056
Other Asset		
Account receivable - deferred	33,683	27,288
TOTAL ASSETS	$ 2,151,502	$ 2,042,594

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

LESMHA LIMITED PARTNERSHIP
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND PARTNERS' DEFICIT

	2023	2022
Liabilities:		
Current Liabilities		
Accounts payable	$ 22,489	$ 47,028
Accrued expenses	31,780	36,464
Prepaid rent	7,610	5,154
Mortgage payable-current	-	3,619
Total Current Liabilities	61,879	92,265
Deposit Liabilities		
Tenant security deposit - commercial	19,096	18,540
Tenants security deposits payable	48,503	47,671
Total Deposit Liabilities	67,599	66,211
Long-Term Liabilities		
Mortgage payable	2,928,161	2,928,161
Total Long-Term Liabilities	2,928,161	2,928,161
Total Liabilities	3,057,639	3,086,637
Partners' Deficit	(906,137)	(1,044,043)
TOTAL LIABILITIES AND PARTNERS' DEFICIT	$ 2,151,502	$ 2,042,594

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

LESMHA LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUES		
Rental income - residential	$ 606,627	$ 591,316
Rental income - commercial	80,866	85,163
Total Rental Income	687,493	676,479
Interest income	45,507	10,748
Other income	30,945	3,789
TOTAL REVENUES	763,945	691,016
EXPENSES		
Administrative	55,526	49,432
Utilities	145,707	139,231
Professional fees	26,205	18,583
Management fees	53,862	50,106
Repairs and maintenance	185,842	247,419
Taxes and insurance	126,844	119,626
Interest expense - mortgage	33	3,661
Investment service fees	304	131
Depreciation	31,716	31,697
TOTAL EXPENSES	626,039	659,886
NET INCOME	$ 137,906	$ 31,130

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

LESMHA LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' CAPITAL (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	General Partner	Limited Partner	Total
Partners' Capital (deficit) January 1, 2022	$ (29,536)	$ (1,045,637)	$ (1,070,173)
Net Income 2022	311	30,819	31,130
Partners' Capital (deficit) December 31, 2022	(29,225)	(1,014,818)	(1,044,043)
Net Income 2023	1,379	136,527	137,906
Partners' Capital (deficit) December 31, 2023	$ (27,846)	$ (878,291)	$ (906,137)

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

LESMHA LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Net Income	$ 137,906	$ 31,130
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation	31,716	31,697
Bad debts	1,088	1,176
Decrease (Increase) in operating assets:		
Tenants accounts receivable	(3,816)	(22,014)
Account receivable - deferred	(6,395)	(23,560)
Prepaid expenses	(41,466)	2,977
Other receivable	(12,000)	-
Increase (Decrease) in operating liabilities:		
Accounts payable	(24,539)	33,703
Accrued expenses	(4,684)	13,121
Prepaid rent	2,456	(576)
Tenant security deposit	832	518
Tenant security deposit - commercial	556	540
Net cash provided by operating activities	81,654	68,712
Cash flows from financing activities:		
Principal payments	(3,619)	(64,778)
Net cash used in financing activities	(3,619)	(64,778)
Net Increase in Cash and Restricted Cash	78,035	3,934
Cash and Restricted Cash - Beginning of the Year	1,334,042	1,330,108
Cash and Restricted Cash - End of the Year	$ 1,412,077	$ 1,334,042
Supplemental disclosure of cash flow information:		
Cash paid during the years for interest	$ 33	$ 3,619

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

LESMHA LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - ORGANIZATION

LESMHA Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the State of New York on February 23, 1993 for the purpose of operating a rental housing project (the "Project"). The project consists of two buildings located in New York City, New York. The Partnership was organized to develop, construct, own, maintain and operate thereon 48 multi-family residential units for rental to low income tenants. The Project consists of two buildings, which are located at 195-199 E 2nd street and 8-12 Avenue B in the lower east side of Manhattan, New York.

The Partnership has one general partner, LESMHA, Inc., which owns a 1 percent interest, and one limited partner, Second and B Housing Development Fund Corporation, which owns a 99 percent interest.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles accepted in the United States of America.

Capitalization and Depreciation

Land, buildings, improvements, and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method for financial reporting purposes. The estimated service lives of the assets for depreciation purposes may be different from their actual economic useful lives. The fixed assets being depreciated over the estimated life of tax basis do not result in a material difference from GAAP basis. For financial statement purposes, the following estimated useful lives are used:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization and Depreciation (Continued)

	Estimated Life	Method
Land	-	None
Buildings and Improvements	15-27.5 Years	Straight-line
Equipment	5.0 Years	Straight-line

The land and buildings are pledged as collateral for the mortgages payable.

Impairment

The Partnership reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. For assets held and used, if management's estimate of the aggregate future cash flows to be generated by the property, undiscounted and without interest charges, by the rental property including any estimated proceeds from the eventual disposition of the real estate are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. No impairment loss has been recognized during the years ended December 31, 2023 and 2022.

Rental Income and Prepaid Rents

Residential rental income is recognized as it accrues. Rental payments received in advance are deferred until earned. Commercial rental income is recognized using the straight-line method under which contractual rent increases are recognized equally over the lease term. The commercial rental income recorded on the straight-line method in excess of the rents billed is recognized as account receivable-deferred. All leases between the Partnership and the tenants of the property are operating leases.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Tenant Accounts Receivable</u>

Tenant accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. There was no allowance for doubtful accounts as of December 31, 2023 and 2022.

<u>Estimates</u>

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

<u>Income Tax</u>

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income and deductions are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a Partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect provision for income taxes and the Partnership has no other tax positions, which must be considered for disclosure.

<u>Risks and Uncertainties</u>

The Partnership is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where property is located or by changes in federal low-income housing subsidies or the demand for such housing.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values of Financial Instruments

The Partnership's financial instruments consist primarily of cash, accounts receivable, reserve deposits, accounts payable and debt instruments. The carrying values of cash, accounts receivable, reserve deposits and accounts payable are considered to be representative of their respective fair values. The carrying values of the Partnership's debt instruments approximate their fair values as of December 31, 2023 and 2022, based on current incremental borrowing rates for similar types of borrowing arrangements.

Revenue Recognition

The Partnership's primary revenue stream is rent charge for residential units under leases. The Partnership records revenue for such leases at gross potential rent. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development (HUD). The difference from the calculated subsidy and the contract rent is paid by a tenant. Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Partnership believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending and pet as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases* ("FASB ASC 842") to increase transparency and comparability among organizations by requiring the

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement (Continued)

recognition of lease assets and lease liabilities on the balance sheet by lessees and the disclosure of key information about leasing arrangements. The Partnership adopted FASB ASC 842 effective January 1, 2022. However, there is no adjustment necessary as of January 1, 2022 to be recognized under FASB ASC 842. With respect to tenant leases, FASB ASC 842 did not have a material impact on the financial statements as of December 31, 2022 and the year then ended. The Partnership has no other leases other than leases with tenants.

NOTE 3 - MORTGAGES PAYABLE

The Partnership has two outstanding mortgage obligations which are described below:

CPC Mortgage

A mortgage note payable in the amount of $635,000 was payable to the Community Preservation Corp. The note required monthly payments of $5,755 including interest. The note beared an interest rate of 10.9 percent. The final payment was made on January 1, 2023. As of December 31, 2023 and 2022, the outstanding balance was $0 and $3,619 respectively.

HTFC Mortgage

A non-interest bearing mortgage payable in the amount of $2,998,224 is payable to the New York State Housing Trust Fund Corp (HTFC). The mortgage note requires no monthly payments but the balance was due in December 2007 and can be extended for an additional 99 years at the discretion of HTFC. The balance due at December 31, 2023 and 2022 was $2,928,161.

As of the date of this report, the Partnership has not received a written extension of the mortgage due date. Preliminary conversations with HTFC indicate that the mortgage will be extended in accordance with its terms. The accompanying financial statements do not include any financial impact if the extension is not granted.

All of the loans are collateralized by the mortgages on the real estate.

LESMHA LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 - TRANSACTION WITH AFFILIATES AND RELATED PARTIES

Management fees are paid to the Lower East Side People's Mutual Housing Association, Inc. (PMHA). The fee is 8% of the monthly rental collection. Total management fees paid in 2023 and 2022 are $53,862 and $50,106 respectively. PMHA is an affiliate of the General Partner.

The Partnership also reimburses PMHA for superintendent and porter service provided as well as some office expenses. The total reimbursement including fringe benefits was $102,403 and $101,055 in 2023 and 2022 respectively.

As of December 31, 2023 and 2022, the amounts owed to PMHA for management fees and reimbursements were $22,734 and $30,881 respectively and included in accounts payable in the accompanying financial statements.

NOTE 5 - FUNDED RESERVES

Funds held at CPC

The Partnership was required to make monthly deposits into the escrow and replacement reserve accounts, which were under the control of CPC. The monthly deposit for the replacement reserve for 2023 and 2022 was $828. All monthly payments for escrow and replacement reserve accounts were made for 2023 and 2022. The Partnership is no longer required to make monthly deposits since the Partnership fully paid off CPC mortgage in January 2023. The escrow and replacement accounts were closed and the balance were transferred to the Partnership's operating bank account.

A summary of the escrow and reserve accounts is as follows:

	Beginning Balance January 1, 2023	Additions and Interest	Withdrawals and Transfers	Ending Balance December 31, 2023
Insurance and Taxes Escrow	$ 29,081	$ 4,870	$ (33,951)	$ -
Replacement Reserve	$ 258,664	$ 828	$ (259,392)	$ 100

LESMHA LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 - FUNDED RESERVES (Continued)

Funds held at CPC (Continued)

	Beginning Balance January 1, 2022	Additions and Interest	Withdrawals and Transfers	Ending Balance December 31, 2022
Insurance and Taxes Escrow	$ 130,172	$ 56,290	$ (157,381)	$ 29,081
Replacement Reserve	$ 145,710	$ 112,954	$ -	$ 258,664

HTFC Reserves:

Under a regulatory agreement with HTFC, the Partnership is required to deposit 1.5 percent of the annually budgeted gross rents into an operating reserve account as well as any excess income as defined in the agreement. Deposits should be made on a monthly basis. During 2023 and 2022, total payments were made into the operating reserve account in the amounts of $9,852 and $9,847 respectively.

Under this agreement the Partnership is also required to make monthly deposits of $2,009 into a replacement reserve account. During 2023 and 2022, total payments were made into the replacement reserve account in the amounts of $24,108.

The replacement and operating reserves are invested in money market accounts in a brokerage firm. The following shows the activity in such accounts for the years ended December 31, 2023 and 2022.

	2023	2022
Replacement Reserve		
Balance beginning of year	$ 706,377	$ 674,285
Additions	24,108	24,108
Withdrawals (fees)	(4)	(65)
Investment income	34,473	8,049
Balance end of the year	$ 764,954	$ 706,377

NOTE 5 - FUNDED RESERVES (Continued)

HTFC Reserves: (Continued)

	2023	2022
Operating Reserve		
Balance beginning of year	$ 230,760	$ 218,372
Additions	9,852	9,847
Withdrawals (fees)	(300)	(65)
Investment income	11,032	2,606
Balance end of the year	$ 251,344	$ 230,760

The replacement and operating reserves are invested in money market accounts in a brokerage firm. Balances are insured up to $500,000 (with a limit of $250,000 for cash) by the Security Investor Protection Corporation. The brokerage firm maintains additional insurance to cover any significant credit risk on cash, cash equivalents and securities held by the broker. This insurance does not cover any loss on market value of all cash, cash equivalents and securities held but losses due to the action of the brokerage firm. The Partnership has not experienced any losses in such accounts. The Partnership believes it is not exposed to any significant credit risk on cash, cash equivalents and securities.

NOTE 6 - REAL ESTATE TAXES

As of December 31, 2012, the Partnership has fully used all of its J-51 abatements. The Partnership still continues to receive a partial J-51 exemption, which help reduce the total real estate taxes charged by New York City. All real estate taxes for 2023 and 2022 were paid.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Partnership maintains its cash in bank deposit accounts in a federal credit union which, at times, may exceed the NCUA federally insured limit. At December 31, 2023 and 2022, the total amounts exceeding the limit were $97,126 and $0 respectively. The Partnership has not experienced any losses in such accounts. The Partnership believes it is not exposed to any significant credit risk on cash.

LESMHA LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - CONCENTRATION OF CREDIT RISK (Continued)

The reserves and escrow are held at CPC, which is not covered by any insurance. A total amount held as of December 31, 2023 and 2022 was $100 and $287,745 respectively.

NOTE 8 - COMMERCIAL LEASE

The Partnership has entered into a lease agreement for the commercial space. The lease commended in December 2021 and expires in November 2031. The first year rent is $72,000 with an increase of 3%. The deferred rent receivable as of December 31, 2023 and 2022 is $33,683 and $27,288 respectively was included in account receivable-deferred on the accompanying financial statements.

Future minimum lease payments under the lease agreement following December 31, 2023 are as follows:

2024	$ 76,576
2025	78,873
2026	81,239
2027	83,676
2028	86,187
Thereafter	266,322
	$ 672,873

NOTE 9 - CONTINGENCIES

The Partnership does not believe there is any litigation pending or threatened against that, individually or in the aggregate, reasonably may be expected to have a material adverse effect on the Partnership.

The Partnership, as an owner of real estate, is subject to various federal, state, and local environmental laws. Compliance by the Partnership with existing laws has not had a material adverse effect on the Partnership. However, the Partnership cannot predict the impact of new or changed laws or regulations on its current properties.

NOTE 10 - CASH AND RESTRICTED CASH

The balance in cash and restricted cash as reflected in the statements of cash flows consists of the following:

	2023	2022
Operating Cash	$ 347,176	$ 61,489
Restricted Deposits		
Funds Held in Escrow- CPC	-	29,081
Replacement Reserve- CPC	100	258,664
Replacement Reserve- HTFC	764,954	706,377
Operating Reserve- HTFC	251,344	230,760
Tenant Security Deposits	48,503	47,671
	$ 1,142,077	$ 1,334,042

The amounts included in replacement reserve, operating reserve and escrow represent the cash portions of these accounts.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions occurring through April 26, 2024, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

SUPPLEMENTARY INFORMATION

LESMHA LIMITED PARTNERSHIP
SCHEDULES OF CERTAIN INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Rental Income - Residential		
Residential income	$ 548,225	$ 535,981
Subsidy income	58,402	55,335
Total Rental Income - Residential	$ 606,627	$ 591,316
Rental Income - Commercial		
Commercial income	$ 80,740	$ 80,740
Real estate tax reimbursement	126	4,423
Total Rental Income - Commercial	$ 80,866	$ 85,163
Other Income		
Laundry	$ 3,675	$ 3,489
Other	27,270	300
Total Other Income	$ 30,945	$ 3,789
Administrative Expenses		
Licenses, permits, fees and taxes	$ 1,655	$ 1,405
Payroll taxes	8,910	8,820
Worker's compensation	1,800	1,872
Employee health insurance	29,921	28,181
Bad debts	1,088	1,176
Office expenses	2,616	3,096
Miscellaneous	9,536	4,882
Total Administrative Expenses	$ 55,526	$ 49,432
Utilities Expenses		
Electricity	$ 21,130	$ 17,998
Water and sewer	55,650	53,175
Gas	68,927	68,058
Total Utilities Expenses	$ 145,707	$ 139,231

See independent auditor’s report

LESMHA LIMITED PARTNERSHIP
SCHEDULES OF CERTAIN INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Professional Fees		
Legal	$ 7,830	$ 2,728
Auditing	15,275	12,525
Professional- other	3,100	3,330
Total Professional Fees	$ 26,205	$ 18,583
Management Fees		
Property management	$ 53,862	$ 50,106
Repairs and Maintenance Expenses		
Repairs and maintenance payroll	$ 60,463	$ 60,000
Maintenance supplies	31,992	33,130
Repairs contract	48,613	103,118
Elevator	23,286	19,481
Painting/decorating	5,260	2,640
Intercom & Security	5,534	10,464
Inspection	5,896	13,868
Exterminating	4,798	4,718
Total Repair and Maintenance Expenses	$ 185,842	$ 247,419
Taxes and Insurance Expenses		
Insurance	$ 67,812	$ 57,776
Real estate taxes	59,032	61,850
Total Taxes and Insurance Expenses	$ 126,844	$ 119,626
Interest Expense		
Mortgage interest	$ 33	$ 3,661
Depreciation		
Depreciation	$ 31,716	$ 31,697

See independent auditor's report

LESMHA LIMITED PARTNERSHIP
EXCESS INCOME ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Income	$ 137,906
Add non-cash expenses:	
Depreciation	31,716
Interest expenses	33
Total non-cash expenses	31,749
Add other items	
Investment service fees	304
Deduct required reserve deposits	
HTFC- replacement	(24,108)
HTFC- operating	(9,852)
CPC- replacement	(828)
Total required reserve deposits	(34,788)
Deduct other mortgage principal and interest payments	
CPC- mortgage interest payments	(33)
CPC- mortgage principal payments	(3,619)
Total mortgage principal and interest payments	(3,652)
Interest income on reserve accounts	(45,507)
Excess Income	$ 86,012

See independent auditor's report