BIG SIX TOWERS, INC.

Financial Statements and Supplementary Information

June 30, 2025 and 2024

nnk

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Big Six Towers, Inc.

Opinion
We have audited the accompanying financial statements of Big Six Towers, Inc., which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of operations, changes in stockholders' deficiency, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Six Towers, Inc. as of June 30, 2025 and 2024, 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
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Six Towers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Big Six Towers, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Six Towers, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Six Towers, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Omission of Required Supplementary Information about Future Major Repairs and Replacements
Management has omitted the supplementary information on future major repairs and replacements 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Newman, Newman & Kaufman, LLP

October 7, 2025

BIG SIX TOWERS, INC.

BALANCE SHEETS

June 30,	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,117,649	$ 1,977,964
Mortgage escrow (Note 3)	2,124,884	2,005,959
Receivables (Note 4)	1,110,142	1,270,613
Prepaid expenses (Note 5)	1,728,279	1,552,392
Total Current Assets	6,080,954	6,806,928
Investment Funds:		
Replacement reserve (Notes 2 and 7)	1,394,510	1,577,108
Working capital reserves	1,670,453	573,757
Total Investment Funds	3,064,963	2,150,865
Property and Improvements: (Notes 2 and 6)		
Land - apartment complex and shopping center	1,775,824	1,775,824
Shopping center building and expansion	14,489,949	14,489,949
Residential buildings	14,936,224	14,936,224
Power plant	3,720,789	3,720,789
Building improvements and equipment	48,361,805	47,325,402
Total	83,284,591	82,248,188
Less: accumulated depreciation	55,874,569	53,842,419
Net Property and Improvements	27,410,022	28,405,769
Other Assets:		
Commercial receivable - net of current portion (Note 4)	411,888	229,583
Unamortized J-51 costs (Note 2)	3,500	6,337
Deferred leasing commissions (Note 2)	124,162	119,530
Security deposits	8,600	8,600
Violation and environmental conditions escrows (Note 7)	175,751	175,751
Total Other Assets	723,901	539,801
Total Assets	$ 37,279,840	$ 37,903,363

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

BIG SIX TOWERS, INC.

BALANCE SHEETS

June 30,	2025	2024
Liabilities		
Current Liabilities:		
Accounts payable	$ 2,118,900	$ 2,533,786
Equity payable (Note 10)	616,485	548,134
Mortgage payable - current portion	606,095	574,132
Accrued shelter rent tax	524,040	254,121
Building improvements payable	429,847	878,952
Applicants' deposits and security	176,400	146,000
Accrued mortgage interest	164,384	166,982
Commercial security deposits	105,265	118,265
Total Current Liabilities	4,741,416	5,220,372
Long-Term Liabilities:		
HDC mortgages payable - net of current portion (Note 7)	48,761,083	49,379,681
Deferred mortgage interest - HDC (Note 7)	1,131,251	1,093,517
Unamortized mortgage finance costs (Note 2)	(344,209)	(371,657)
Total Long-Term Liabilities	49,548,125	50,101,541
Total Liabilities	54,289,541	55,321,913
Stockholders' Deficiency		
Common stock - $20.00 par value, 231,430 shares authorized, 226,693 shares issued and outstanding	4,533,860	4,533,860
Additional paid-in capital	14,426,425	14,138,146
Accumulated deficit	(35,969,986)	(36,090,556)
Total Stockholders' Deficiency	(17,009,701)	(17,418,550)
Total Liabilities and Stockholders' Deficiency	$ 37,279,840	$ 37,903,363

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

BIG SIX TOWERS, INC.

STATEMENTS OF OPERATIONS

Year Ended June 30,		**2025**	**2024**
Revenues			
Maintenance		$ 16,350,972	$ 14,864,469
Commercial income		1,679,407	1,619,395
Parking		504,187	449,038
Surcharges		315,109	428,360
Utilities		253,326	268,165
Laundry		144,481	108,000
Storage		90,362	73,091
Interest income		58,820	76,453
Other shareholder and miscellaneous income		42,363	106,291
Total Revenues		19,439,027	17,993,262
Cost of Operations			
Administrative expenses	Schedule 1	980,031	985,308
Operating expenses	Schedule 2	10,645,921	10,120,913
Repairs and maintenance	Schedule 3	1,803,128	1,747,738
Real estate taxes	Schedule 4	1,412,654	1,206,206
Mortgage interest		2,024,767	2,056,069
Special repairs - power plant		261,137	231,227
Total Cost of Operations		17,127,638	16,347,461
Income from operations before other income, expense, noncash depreciation, amortization and mortgage finance interest costs		2,311,389	1,645,801
Utility pass-through - fuel (Note 9)		91,209	456,045
Bad debt expense (Note 2)		(204,225)	(120,000)
Income Before Noncash Depreciation, Amortization and Mortgage Finance Interest Costs		2,198,373	1,981,846
Noncash depreciation, amortization and mortgage finance interest costs		(2,077,803)	(2,225,264)
Net Income (Loss) For The Year		$ 120,570	($ 243,418)

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

BIG SIX TOWERS, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY

Year Ended June 30,	2025	2024
Common Stock		
Balance - July 1,	$ 4,533,860	$ 4,533,860
Transactions during year	-	-
Balance - June 30,	4,533,860	4,533,860
Additional Paid-In Capital		
Balance - July 1,	14,138,146	13,395,003
First sale capital assessment	288,279	743,143
Balance - June 30,	14,426,425	14,138,146
Accumulated Deficit		
Balance - July 1,	(36,090,556)	(35,847,138)
Net income (loss) for the year	120,570	(243,418)
Balance - June 30,	(35,969,986)	(36,090,556)
Total Stockholders' Deficiency - June 30,	($ 17,009,701)	($ 17,418,550)

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

BIG SIX TOWERS, INC.

STATEMENTS OF CASH FLOWS

Year Ended June 30,	**2025**	**2024**
Cash Flows From Operating Activities		
Net income (loss) for the year	$ 120,570	($ 243,418)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation	2,032,150	2,180,953
Amortization	18,205	16,863
Mortgage finance interest costs	27,448	27,448
Deferred mortgage interest	37,734	38,623
Bad debt expense	204,225	120,000
Other changes in operating assets and liabilities that provided (used) cash:		
Receivables	(226,059)	(534,320)
Prepaid expenses	(175,887)	(335,114)
Increase in leasing commissions	(20,000)	-
Accounts payable	(414,886)	364,522
Other current liabilities	335,672	186,322
Deposits payable	17,400	(60,126)
Total Adjustments	1,836,002	2,005,171
Cash Provided By Operating Activities	1,956,572	1,761,753
Cash Flows From Investing Activities		
Increase in building improvements and equipment	(1,036,403)	(2,182,051)
Decrease in building improvements payable	(449,105)	(382,665)
Cash Used In Investing Activities	(1,485,508)	(2,564,716)
Cash Flows From Financing Activities		
HDC mortgage amortization	(574,132)	(543,855)
HDC mortgage principal payments	(12,503)	(32,180)
First sale capital assessment proceeds	288,279	743,143
Cash (Used In) Provided By Financing Activities	(298,356)	167,108
Net change in cash, cash equivalents, restricted funds and reserves	172,708	(635,855)
Cash, cash equivalents, restricted funds and reserves at beginning of year	6,134,788	6,770,643
Cash, cash equivalents, restricted funds and reserves at end of year	$ 6,307,496	$ 6,134,788

The following table provides a reconciliation of cash, cash equivalents, restricted funds and reserves reported within the Balance Sheets that sum to the total of such amounts shown above:

Cash and cash equivalents	$ 1,117,649	$ 1,977,964
Mortgage escrow	2,124,884	2,005,959
Replacement reserve	1,394,510	1,577,108
Working capital reserves	1,670,453	573,757
Cash, cash equivalents, restricted funds and reserves at end of year	$ 6,307,496	$ 6,134,788

Supplemental Disclosures		
Interest paid	$ 1,989,631	$ 2,019,907
Income taxes paid	$ -0-	$ -0-

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

Notes to Financial Statements for the Years Ended June 30, 2025 and 2024

Note 1. **ORGANIZATION**

Big Six Towers, Inc. (the "Corporation") is a qualified residential cooperative housing corporation as defined in Section 216(b)(1) of the Internal Revenue Code. It is a New York City sponsored Mitchell-Lama development pursuant to the laws of New York State Public Housing Financing Corporation Act, Article 2. The property, located in Woodside, Queens, is comprised of seven high-rise buildings containing 983 residential units, a shopping center and a power plant which produces heat and electricity for the residential and commercial spaces. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements.

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation and Use of Estimates
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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments
The carrying amounts of the Corporation's financial instruments, which includes cash and cash equivalents, money funds, receivables, accounts payable and accrued expenses, approximates their fair value at June 30, 2025 and 2024, due to the short-term nature of these instruments.

Property and Improvements
Property and improvements are stated at cost. The residential buildings and shopping center building were depreciated on the straight-line method over an estimated life of fifty years. Building improvements and equipment are depreciated on the straight-line method over estimated lives which range from five to fifty years. The power plant is depreciated on the straight-line method over an estimated life of forty-five years.

Deferred Costs
Costs associated with obtaining J-51 benefits have been amortized on the straight-line method over the period of benefit. Commissions associated with leasing commercial space have been amortized on the straight-line method over the lease term.

Mortgage Finance Costs
Mortgage finance costs are recorded at cost and are amortized over the term of the loan. In accordance with FASB ASU 2015-03, amortization of the mortgage finance costs is recorded as mortgage finance interest costs within the Statements of Operations. Net amortized mortgage finance costs are reported as a reduction of the related loan balance on the accompanying balance sheet.

Revenue Recognition
The Corporation recognizes revenue in accordance with ASU 2014-09 “Revenue from Contracts with Customers (Topic 606) ("ASU 606")”. ASU 606 is based on the principle that revenue should be recognized when an entity transfers goods or services to the customer at the amount the entity expects to be entitled to receive from the customer. Under the guidance of ASU 606, the Corporation believes its overall performance obligation is to provide management and maintenance services, including building improvements, to the building and its shareholders and performance obligations are met by a five-step approach.

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Revenue Recognition (continued)
The Corporation's principal source of revenue is maintenance based on an annual budget determined by the Board of Directors. Maintenance and other shareholder fee increases require the approval of the Department of Housing Preservation and Development ("HPD"). Shareholders are billed monthly based on their respective share ownership. Maintenance is recognized as revenue as the Corporation's performance obligations are satisfied over time. Any excess operating funds at year end are retained by the Corporation for use in future years. The Corporation may also levy special assessments to provide funds for operations, reserve fund replenishment or building improvements. The performance obligations related to special assessments are satisfied when the funds are expended for the designated purpose. Special assessments levied in advance of the Corporation satisfying their performance obligations would result in deferred revenue, a contract liability, until such performance obligations are satisfied.

Shareholders' and rental tenants' accounts receivable at the balance sheet date represent maintenance and charges due from shareholders and rental tenants. The Corporation considers all rental tenants' accounts receivable at June 30, 2025 to be collectible. At June 30, 2025, shareholders' charges receivable was $1,284,860 less an allowance for doubtful accounts of $324,225.

Cash and Cash Equivalents
Cash and cash equivalents consist primarily of cash, money market accounts, and other highly liquid investments (not allocated to investment funds) that are readily convertible into cash and purchased with original maturities of three months or less.

Concentration of Credit Risk
Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2025, the Corporation had $2,784,010 in excess of the FDIC insured limit. The Corporation has not experienced any losses in such accounts and believes due to a history of action taken by regulators and the United States government to backstop institutions it is not exposed to any significant credit risk with respect to such balances.

Reserve Fund Requirements
The Corporation has not promulgated a study to determine the remaining useful lives of the components of the building and estimates of the costs of major repairs and replacements that may be required. When funds are required for major repairs and replacements, the Corporation has the right to utilize available cash reserves and/or (with HPD approval) borrow, increase maintenance, impose assessments, or delay repairs and replacements until funds are available.

Under the rules and regulations of HPD, the Corporation is required to accumulate and maintain reserve accounts as follows:

Reserve for Replacements:
The reserve for replacements should be funded at ten dollars per room per year. This amounts to an annual funding of $47,380.

Reserve for Painting and Decorating:
The reserve for painting and decorating should be funded at twenty-five dollars per dwelling unit per year. This amounts to an annual funding of $24,575.

Reserve for Vacancy, Collection Losses and Contingencies:
This reserve should be funded at three percent of the annual rent roll until the accumulation is equal to twenty-five percent of the rent roll; thereafter, such deposits as are necessary to maintain the reserve at the stated level.

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Reserve Fund Requirements (continued)
Such rules regarding the funding of reserves have been waived while the Corporation funds reserves held by the New York City Housing Development Corporation ("HDC"). As of the balance sheet date, the Corporation had not maintained any of the HPD required reserves. See Note 7 regarding the HDC required reserves the Corporation is funding.

Evaluation of Subsequent Transactions and Events
The Corporation has evaluated transactions and events that occurred after June 30, 2025 through October 7, 2025, the date the financial statements were available to be issued, and has determined that there were no subsequent transactions or events which would require recognition or disclosure in the financial statements, except as noted herein.

Note 3. **MORTGAGE ESCROW**

The Corporation deposits a pro-rated monthly sum into an escrow account maintained by HDC for the payment of real estate tax, insurance and water and sewer charges. On June 30, 2025 and 2024, the escrow balance was $2,124,884 and $2,005,959, respectively.

Note 4. **RECEIVABLES**

	2025	2024
Shareholders' charges (net of $324,225 and $120,000 allowance in 2025 and 2024)	$ 960,635	$ 1,144,504
Commercial rents	561,395	355,692
Less: commercial rent - long-term portion	(411,888)	(229,583)
Total	$ 1,110,142	$ 1,270,613

Note 5. **PREPAID EXPENSES**

	2025	2024
Insurance	$ 1,240,378	$ 1,097,830
Real estate tax	417,401	384,062
Water and sewer	70,500	70,500
Total	$ 1,728,279	$ 1,552,392

Note 6. **PROPERTY AND IMPROVEMENTS**

At June 30, 2025 and 2024, respectively, the Corporation capitalized building improvements as follows:

	2025	2024
Power plant upgrades	$ 513,221	$ 647,417
Exterior restoration	468,135	796,514
Elevator upgrades	55,047	-
Flooring replacements and renovations	-	352,700
Parking lot restoration	-	288,000
Equipment	-	97,420
Total	$ 1,036,403	$ 2,182,051

Note 6. **PROPERTY AND IMPROVEMENTS** (continued)

Future Capital Expenditures
In addition to building improvements payable of $429,847 at June 30, 2025, the Corporation has begun required major upgrades to the power plant, elevators, building roofs and exterior and electrical distribution system and is currently working with engineers on project specifications. These projects are currently estimated to cost approximately $63,000,000. Actual expenditures may vary from the aforementioned estimate and those variations may be material. As of the balance sheet date, the Board of Directors is exploring financing alternatives, which may include, but are not limited to, available reserves, special shareholder assessments and additional financing which would require additional carrying charge increases.

Note 7. **MORTGAGES PAYABLE**

The mortgages are held by HDC. Terms of the mortgages are as follows:

First Mortgage
The first mortgage, in the original principal amount of $40,125,000, requires equal monthly installments of $213,641 applied first to interest at the rate of 5.43% per annum and the balance as a reduction of principal. The loan is fully amortizing and matures on July 1, 2052.

In accordance with ASU 2015-03, the mortgage payable is presented net of unamortized mortgage finance costs. Unamortized mortgage finance costs totaled $891,438 for the years ended June 30, 2025 and 2024, net of accumulated amortization of $547,229 and $519,781, respectively. For the years ended June 30, 2025 and 2024, amortization of mortgage finance interest costs totaling $27,448 in each year is recorded as mortgage finance interest costs within the Statements of Operations.

Principal maturities of the mortgage payable for each of the next five years are as follows:

2026	$ 606,095
2027	639,838
2028	675,459
2029	713,063
2030	752,761
Thereafter	32,940,669
Sub-total	36,327,885
Less: current maturities	(606,095)
Sub-total	35,721,790
Unamortized mortgage finance costs	(344,209)
Sub-Total Long-Term Debt	$ 35,377,581

Prepayment Terms
Prepayment of the first mortgage shall not be permitted until July 1, 2027. Commencing July 1, 2027, the first mortgage may be prepaid in whole or in part, provided that at the time of such repayment, the second and third mortgages shall be paid in full, subject to a prepayment premium of 2% if the loan is prepaid in the 11th year and 1% if the loan is prepaid in the 12th year. There is no prepayment premium if prepayment occurs on or after the 12th year of the loan.

Note 7. **MORTGAGES PAYABLE** (continued)

Violations and Environmental Conditions Requirement
As part of the refinancing transaction, the Corporation was required to fund $75,751 as a violations escrow and $100,000 as an environmental escrow. These amounts are currently being held in an escrow account maintained by HDC and will be released upon receipt of evidence that the violations and conditions have been cured.

Second Mortgage
The second mortgage, in the original principal amount of $1,532,170, requires no monthly payments. Interest accrues at the rate of 5% per annum. The loan matures July 1, 2052 at which time the remaining principal balance plus accrued interest will have to be extended, refinanced or retired.

Interest income earned on construction loan proceeds held by HDC in reserves will be applied to the principal balance of the loan until the proceeds have been exhausted. At June 30, 2025, the outstanding principal balance was $749,573.

Third Mortgage
The third mortgage, in the original principal amount of $12,289,720, requires no monthly payments and shall bear interest at the rate of 0% per annum. The loan matures on July 1, 2052 at which time the principal balance will have to be extended, refinanced or retired.

Required Reserves
The Corporation is required to fund a replacement reserve with monthly deposits of $20,479 during the term of the loan. During portions of fiscal years 2020 through 2024, the monthly required deposits were temporarily suspended. On June 30, 2025 and 2024, the replacement reserve balance was $1,394,510 and $1,577,108, respectively.

Note 8. **COMMERCIAL LEASES**

The Corporation, as lessor under various commercial and professional leases, will receive minimum base rents over each of the next five years as follows:

	Commercial	Professional
2026	$ 1,011,247	$ 104,454
2027	941,231	87,410
2028	968,110	89,158
2029	969,238	90,941
2030	781,708	92,760

Certain leases also contain various escalation clauses allowing for additional rents, parking and utility charges. Some leases provide options to extend the lease agreement which will expire during the five year period. Rents from such extensions and/or expired leases are not included in the minimum base rents stated above.

Note 9. **UTILITY PASS-THROUGH - FUEL**

On April 1, 2022, the Board of Directors, with approval from New York City Department of Housing Preservation & Development ("HPD"), approved a $442,335 utility pass-through in order to cover increases associated with gas and oil costs. The pass-through was collected over a twelve (12) month period commencing May 1, 2022 at the rate of $7.76 per room per month.

Note 9. **UTILITY PASS-THROUGH - FUEL** (continued)

On December 6, 2023, the Board of Directors, with approval from HPD, approved a $547,682 utility pass-through in order to cover increases associated with gas and oil costs. The pass-through was collected over a six (6) month period commencing February 1, 2024 at the rate of $19.21 per room per month.

Note 10. **EQUITY**

Shares in the Corporation may be acquired by qualified purchasers as follows:

First sales assessment per room*	$	4,754
Capital equity assessment per room (terraces and elevators)		841
Original equity per room		550
Additional equity per room		300
Utility equity per room		105
Amortization per room (at June 30, 2025)		2,958

Capital equity assessment, equity and amortization amounts are refundable upon the sale of shares. On June 30, 2025 and 2024, the Corporation had outstanding liabilities for equity transactions in the amount of $616,485 and $548,134, respectively.

* First sales assessment represents a capital assessment equal to the total equity applicable to each apartment before the first sales assessment. For the years ended June 30, 2025 and 2024, $288,279 and $743,143 of first sale assessments were collected, respectively.

Note 11. **MANAGEMENT SERVICES**

The Corporation retained the management firm of Metro Management Development, Inc. to provide management services. The contractual annual fee is $501,840.

Note 12. **MULTIEMPLOYER UNION AGREEMENT AND PENSION PLAN**

Substantially all of the Corporation's employees are covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan. Contributions to the plan are determined in accordance with the provisions of the negotiated labor contract. The contract is in effect through April 20, 2026.

Contributions to the Building Service 32BJ Pension Fund are not segregated or otherwise restricted to provide benefits only to the Corporation's employees. The risks of participating in a multiemployer pension plan differ from those of a single-employer pension plan in the following aspects: a) assets contributed to a multiemployer pension plan by one employer may be used to provide benefits to employees of other participating employers, b) if a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by the remaining participating employers, and c) if the Corporation chooses to stop participating in the multiemployer plan, it may be required to pay the plan an amount based on the unfunded status of the plan, which is referred to as the withdrawal liability. The Corporation has no intention of withdrawing from the plan.

Note 12. **MULTIEMPLOYER UNION AGREEMENT AND PENSION PLAN** (continued)

The information for 32BJ Service Employees International Union multiemployer pension plan is as follows:

Legal Name:	Building Service 32BJ Pension Fund
Employer Identification Number:	13-1879376
Plan Number:	001
Type of Plan:	Defined Benefit Pension Plan
Plan Year End Date:	June 30, 2024 and June 30, 2023
Certified Zone Status:	Green*
Funding Improvement Plan/Rehabilitation Plan:	Implemented*
Surcharges Paid to Plan in 2025:	None
Pension contributions made:	
Year ended June 30, 2025	$246,748
Year ended June 30, 2024	$255,335
Minimum average required pension contributions (per week/per employee):	
Year ended June 30, 2024	$132.75
Year ended June 30, 2025	$136.75
Period ending April 20, 2026	$140.75

*Certified pension zone status (as defined by the Pension Protection Act) represents the level at which the pension plan is funded. Plans in the red zone are less than 65% funded; plans in the yellow zone are less than 80% funded; and plans in the green zone are at least 80% funded. The current agreement provides for increased employer contributions of $4.00 per week per year for each eligible employee.

The information provided above is from the pension plan's most current annual report for the year ended June 30, 2024. The Pension Protection Act Zone Status, the most recent zone status available, was provided to the Corporation by the plan and is certified by the plan's actuary. The Corporation's contributions to the pension plan are less than 5% of all employers' contributions to the plan. There have been no significant changes that would affect the comparability of the contributions for the years ended June 30, 2025 and 2024.

Note 13. **LEGAL MATTERS**

There are various claims against the Corporation arising in the ordinary course of business. These claims are being defended by the Corporation's counsel. The Corporation is unable to predict the ultimate outcome of these matters and has not provided for any liabilities within these financial statements which may arise from these claims.

Note 14. **CONTINGENCY**

A vendor of the Corporation that has supplied services for capital improvements as well as general repairs and maintenance has placed mechanic liens on the property totaling $1,215,300. As of June 30, 2025, total liabilities due to the vendor have been recorded in the amount of $542,100. The Board of Directors is disputing the validity of the additional $673,200 which is not reflected within these financial statements. It cannot be determined at this time whether amounts recorded will be sufficient to cover additional liabilities, if any, that may arise from these liens.

SUPPLEMENTARY AND PROSPECTIVE INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY AND PROSPECTIVE INFORMATION

To the Board of Directors and Shareholders
Big Six Towers, Inc.

We have audited the financial statements of Big Six Towers, Inc. as of and for the years ended June 30, 2025 and 2024, and our report thereon dated October 7, 2025, which expressed an unmodified opinion on those financial statements, appears on Page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supporting Schedules and Comparative Schedules of Revenues and Expenses - Budget, Historical and Budget Forecast, which is the responsibility of the Corporation's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Newman, Newman & Kaufman, LLP

October 7, 2025 for Historical Statements
May 13, 2025 for Budget Forecast

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SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS

Year Ended June 30,	**2025**	**2024**
Administrative Expenses:	**Schedule 1**	
Management fee	$ 501,840	$ 501,840
Professional fees	293,713	274,163
Other administrative	134,867	126,272
Telephone and communications	49,611	83,033
Total Administrative Expenses	$ 980,031	$ 985,308

Year Ended June 30,	**2025**	**2024**
Operating Expenses:	**Schedule 2**	
Labor		
Maintenance	$ 1,624,063	$ 1,542,261
Security guards	983,321	931,890
Power plant	530,667	524,174
	3,138,051	2,998,325
Employee Benefits		
Union benefits	1,147,986	1,149,714
Payroll taxes	265,964	256,535
Workers' compensation and disability	189,198	160,786
	1,603,148	1,567,035
Utilities		
Fuel and gas heat	2,320,834	2,733,558
Water and sewer	1,265,902	928,990
Gas and electricity	155,170	103,985
	3,741,906	3,766,533
Other		
Insurance	1,980,117	1,571,181
Permits and other operating expenses	182,699	217,839
	2,162,816	1,789,020
Total Operating Expenses	$ 10,645,921	$ 10,120,913

See Independent Auditor's Report on Supplementary and Prospective Information.

BIG SIX TOWERS, INC.

SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS

Year Ended June 30,	**2025**	**2024**
Repairs and Maintenance:	**Schedule 3**	
Power plant maintenance	$ 929,771	$ 718,465
Elevator contract and repairs	327,130	226,090
Materials and supplies	260,439	240,340
Apartment repairs	141,192	88,991
Exterminating	108,170	125,602
Grounds and plant maintenance	79,618	144,289
Uniforms	40,433	33,658
Plumbing	39,608	116,046
Rubbish removal	32,281	31,569
Doors, locks and windows	20,310	48,090
Equipment and other repairs	7,676	3,135
Intercom and electrical	-	463
Special repair - stairwell painting	-	122,000
Less: refurbishment income	(183,500)	(151,000)
Total Repairs and Maintenance	$ 1,803,128	$ 1,747,738
Real Estate Taxes:	**Schedule 4**	
Shelter rent - residential property	$ 1,070,087	$ 872,615
Real estate tax - shopping center	342,567	333,591
Total Real Estate Taxes	$ 1,412,654	$ 1,206,206

See Independent Auditor's Report on Supplementary and Prospective Information.

BIG SIX TOWERS, INC.

Comparative Schedules of Revenues and Expenses - Budget, Historical and Budget Forecast

	For The Year July 1, 2024 - June 30, 2025		Prior Year July 1, 2023 - June 30, 2024	Next Year July 1, 2025 - June 30, 2026
	Budget (Unaudited)	Actual	Actual	Budget Forecast (Unaudited)
REVENUES				
Maintenance	$ 16,350,500	$ 16,350,972	$ 14,864,469	$ 16,841,500
Commercial income	1,457,800	1,679,407	1,619,395	1,540,700
Parking	450,000	504,187	449,038	519,300
Surcharges	450,000	315,109	428,360	300,000
Utilities	276,000	253,326	268,165	275,000
Laundry	108,000	144,481	108,000	168,000
Storage	70,800	90,362	73,091	93,000
Other shareholder and miscellaneous income	90,000	42,363	106,291	80,000
TOTAL REVENUES	19,253,100	19,380,207	17,916,809	19,817,500
EXPENSES				
Management fee	509,400	501,840	501,840	501,800
Professional fees	463,000	293,713	274,163	300,000
Other administrative	130,000	134,867	126,272	140,000
Telephone and communications	88,000	49,611	83,033	60,000
Labor	3,458,100	3,138,051	2,998,325	3,562,000
Employee benefits	1,822,100	1,603,148	1,567,035	1,885,900
Fuel and gas heat	2,284,300	2,320,834	2,733,558	2,300,000
Water and sewer	1,117,200	1,265,902	928,990	1,161,900
Gas and electricity	55,300	155,170	103,985	160,000
Insurance	1,919,000	1,980,117	1,571,181	2,362,200
Permits and other operating expenses	188,000	182,699	217,839	200,000
Repairs and maintenance	2,000,000	1,803,128	1,747,738	1,900,000
Real estate taxes	1,242,000	1,412,654	1,206,206	1,280,000
HDC mortgage interest and amortization	2,563,700	2,561,165	2,561,301	2,563,700
Special repairs - power plant	650,000	261,137	231,227	500,000
Reserve funding	-	-	-	245,700
Contingency	763,000	-	-	694,300
TOTAL EXPENSES	19,253,100	17,664,036	16,852,693	19,817,500
Budgeted Surplus	$ -0-			$ -0-
INCOME FROM OPERATIONS		1,716,171	1,064,116	
Mortgage amortization		574,132	543,855	
Utility pass-through - fuel		91,209	456,045	
Interest income		58,820	76,453	
Deferred mortgage interest HDC		(37,734)	(38,623)	
Bad debt expense		(204,225)	(120,000)	
INCOME BEFORE DEPRECIATION AND AMORTIZATION		$ 2,198,373	$ 1,981,846	

See Independent Auditor's Report on Supplementary and Prospective Information and Summary of Significant Accounting Policies and Budget Forecast Assumptions.

BIG SIX TOWERS, INC.

Summary of Significant Accounting Policies and Budget Forecast Assumptions
Year Ending June 30, 2026

This financial budget forecast presents, to the best of management's knowledge and belief, the Corporation's expected results of operations for the budget forecast period. Accordingly, the budget forecast reflects management's judgment, as of the date of this budget forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the budget forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. The comparative historical information for 2025 and 2024 is extracted from the Corporation's financial statements for those years. Those financial statements should be read for additional information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The budget forecast has been prepared using generally accepted accounting principles that the Corporation expects to use when preparing its historical financial statements.

BUDGET FORECAST ASSUMPTIONS

Revenues

Maintenance charges have been computed based on $295.59 per room which reflects an approximate 3% increase over the previous level. Commercial income is based upon continuation of existing leases and assumed market rents for expiring leases.

Expenses

Utilities
Fuel and gas heat are based upon anticipated consumption of 425,000 gallons at an estimated cost of $2.89 per gallon and 1,175,000 therms of gas at an estimated average cost of $0.91 per therm. Water and sewer charges are based upon fixed rates on the multifamily conservation program.

Labor
The Corporation's labor union contract with Local 32BJ covers substantially all building employees. Labor costs have been forecasted based upon contract renewal terms. Other labor union employees' costs are forecasted based upon similar increases in their current union contract.

Insurance
Based upon existing premiums and anticipated industry increases for premium renewals.

Repairs and Maintenance
Based upon historical experience and expected maintenance requirements.

Real Estate Tax (Shopping Center)
Based upon the tax rate of 10.65% for the year and applied to the estimated 2025/26 assessed value of $3,300,000.

Shelter Rent (Residential Property)
In accordance with HPD previously established procedures, shelter rent is calculated at 10% of estimated revenues less certain expenditures.