

**166 TENANTS CORP.**  
**FINANCIAL STATEMENTS**  
**TO DECEMBER 31, 2009**

**TANKLOW, HOLLENDER & COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

450 SEVENTH AVENUE

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To the Stockholders of 166 Tenants Corp.  
c/o Mr. Patrick Burke  
166 East 78<sup>th</sup> Street – Apt. 2A  
New York, NY 10021

Gentlemen:

We have compiled the accompanying balance sheets of 166 Tenants Corp. as of December 31, 2009 and 2008 and the related statements of net income and retained earnings and statements of cash flows and accompanying notes to financial statements for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to the presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

*Tanklow, Hollender & Company, LLP*

Certified Public Accountants

May 20, 2009  
New York, N. Y.

EXHIBIT "A"

166 TENANTS CORP.  
COMPARATIVE BALANCE SHEETS  
AS AT DECEMBER 31,

	<u>ASSETS</u>	
	<u>2009</u>	<u>2008</u>
Current Assets		
Due from agent	\$ 24,841	\$ 19,841
Prepaid taxes	12,388	10,943
Investments - Smith Barney	<u>48,547</u>	<u>48,456</u>
Total Current Assets	<u>85,776</u>	<u>79,240</u>
Property and Building		
Land	126,327	126,327
Building	<u>689,883</u>	<u>689,883</u>
	816,210	816,210
Less: Accumulated depreciation	<u>453,443</u>	<u>432,350</u>
Total Property and Building	<u>362,767</u>	<u>383,860</u>
Other Assets		
Mortgage costs	3,525	3,525
Less: Accumulated amortization	<u>3,165</u>	<u>2,989</u>
Total Other Assets	<u>360</u>	<u>536</u>
<u>TOTAL ASSETS</u>	<u>\$ 448,903</u>	<u>\$ 463,636</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Accrued interest	\$ 1,819	\$ 1,859
First mortgage payable	295,000	295,000
Second mortgage payable	<u>13,471</u>	<u>19,893</u>
Total Liabilities	<u>310,290</u>	<u>316,752</u>
Stockholders' Equity		
Capital stock	390,080	390,080
Paid in capital	111,776	111,776
Retained earnings (deficit)	<u>(363,243)</u>	<u>(354,972)</u>
Total Stockholders' Equity	<u>138,613</u>	<u>146,884</u>
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 448,903</u>	<u>\$ 463,636</u>

The appended letter and accompanying notes are an integral part of this statement.

166 TENANTS CORP.  
 STATEMENTS OF NET INCOME AND RETAINED EARNINGS  
 FOR THE YEARS ENDED DECEMBER 31,

	<u>2009</u>	<u>2008</u>
Owner/tenants		
Maintenance charges	\$ 132,613	\$ 129,372
Operating Expenses		
Schedule "B-1"	<u>139,974</u>	<u>144,341</u>
Net Operating Income (Loss)	<u>(7,361)</u>	<u>(14,969)</u>
Other Income		
Dividend income	166	1,285
Laundry room income	<u>362</u>	<u>1,315</u>
Net Other Income	<u>528</u>	<u>2,600</u>
(Loss) Before Provision for Income Taxes	<u>(6,833)</u>	<u>(12,369)</u>
Provision for Income Taxes		
New York State Franchise Tax	973	489
New York State Metropolitan Transportation Tax	165	83
New York City Corporation Tax	<u>300</u>	<u>300</u>
Total Provision for Income Taxes	<u>1,438</u>	<u>872</u>
Net (Loss) for Period	(8,271)	(13,241)
Retained Earnings (Deficit) – Beginning	<u>(354,972)</u>	<u>(341,731)</u>
Retained Earnings (Deficit) – Ending	<u>(\$ 363,243)</u>	<u>(\$ 354,972)</u>

The appended letter and accompanying notes are an integral part of this statement.

SCHEDULE "B-1"

166 TENANTS CORP.  
SUPPORTING SCHEDULE  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2009</u>	<u>2008</u>
Operating Expenses		
Management fees	\$ 8,443	\$ 8,040
Superintendent	5,400	5,280
Depreciation	21,093	21,093
Fuel	13,412	19,927
Utilities	2,504	2,643
Insurance	7,356	6,826
Mortgage interest	22,126	22,503
Legal and accounting	3,625	4,500
Licenses and permits	430	205
Repairs and supplies	3,787	3,616
Taxes – real estate	47,486	43,174
Water and sewer charges	2,447	5,498
Amortization of mortgage costs	176	176
Miscellaneous expenses	<u>1,689</u>	<u>860</u>
Total Operating Expenses	<u>\$ 139,974</u>	<u>\$ 144,341</u>

The appended letter and accompanying notes are an integral part of this statement.



166 TENANTS CORP.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31,

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Net income (loss)	(\$ 8,271)	(\$ 13,241)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,269	21,269
(Increase) Decrease in prepaid taxes	(1,445)	(2,217)
Increase (Decrease) in accrued expenses	(40)	(36)
Total Adjustments	<u>19,784</u>	<u>19,016</u>
Net cash provided (used) by operating activities	<u>11,513</u>	<u>5,775</u>
Cash Flows From Financing Activities:		
Paid-in capital	-	723
Mortgage repayment	<u>(6,422)</u>	<u>(5,437)</u>
Net Cash Provided (used) by Financing Activities	<u>(6,422)</u>	<u>(4,714)</u>
Net Increase (Decrease) in Cash Equivalents	5,091	1,061
Cash Equivalents – Beginning of Year	<u>68,297</u>	<u>67,236</u>
Cash Equivalents – End of Year	<u>\$ 73,388</u>	<u>\$ 68,297</u>
Cash and Cash Equivalents		
Due from agent	\$ 24,841	\$ 19,841
Investments – Smith Barney Money Fund	<u>48,547</u>	<u>48,456</u>
	<u>\$ 73,388</u>	<u>\$ 68,297</u>

The appended letter and accompanying notes are an integral part of this statement.

166 TENANTS CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

The company was formed on June 5, 1980 as a New York business corporation with authorized capital of 5,000 shares of \$1.00 par value and operates as a co-operative corporation.

Pursuant to the offering plan as amended, the corporation on July 1, 1982 acquired premises 166 East 78<sup>th</sup> Street, New York, New York for the sum of \$625,080 plus a reserve fund of \$60,000 and subject to a mortgage of \$295,000 and issued 4,240 shares of common stock to the co-op investors for \$390,080.

Accounting Policies

The company reports income on the accrual basis. The building is depreciated over a 25 year life.

Taxes

The corporation is subject to U.S. and New York State and City income taxes.

The corporation has incurred accumulated Federal operating losses of \$242,999 to December 31, 2009. These losses may be used to reduce taxes on future income.

Pass Through to Tenant Owners

The Internal Revenue code permits pass through of real estate taxes and mortgage interest to the tenant owners. Payments of mortgage principal were 1.5145 per share for the year 2009.

First Mortgage Payable

On May 1, 2005 this mortgage note in the amount of \$295,000 was transferred to Robert Silver (owner-tenant of this corporation). Interest only is payable monthly (\$1,720.83) at the rate of 7% per annum on the balance of \$295,000, on June 3, 2008 the note was extended until May 1, 2011.



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Second Mortgage Payable

The mortgage is held by Key Bank, formerly The Union State Bank, and is payable on January 13, 2012. Interest was payable at the rate of 8% per annum. The interest rate has been adjusted to 8.125% commencing January 1, 2007. Monthly payments of principal and interest were increased from \$609.70 to \$610.61 commencing February 1, 2007.