

**166 TENANTS CORP.
FINANCIAL STATEMENTS
TO DECEMBER 31, 2013**

TANKLOW, HOLLENDER & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS
450 SEVENTH AVENUE
NEW YORK, N.Y. 10123-1802

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

Gentlemen:

We have compiled the accompanying balance sheets of 166 Tenants Corp. as of December 31, 2013 and 2012 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

April 22, 2013
New York, N. Y.

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets		
Due from agent	\$ 23,983	\$ 30,889
Prepaid taxes	16,194	14,782
Investments - Smith Barney	<u>48,264</u>	<u>48,355</u>
Total Current Assets	<u>88,441</u>	<u>94,026</u>
Property and Building		
Land	126,327	126,327
Building	<u>738,514</u>	<u>720,773</u>
	864,841	847,100
Less: Accumulated depreciation	<u>544,033</u>	<u>520,926</u>
Total Property and Building	<u>320,808</u>	<u>326,174</u>
Other Assets		
Mortgage costs	3,525	3,525
Less: Accumulated amortization	<u>3,512</u>	<u>3,512</u>
	13	13
Security Deposits	<u>1,000</u>	<u>-</u>
Total Other Assets	<u>1,013</u>	<u>13</u>
<u>TOTAL ASSETS</u>	<u>\$ 410,262</u>	<u>\$ 420,213</u>

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

TANKLOW, HOLLENDER & COMPANY, LLP, CPAs
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EXHIBIT "A"

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

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Accrued interest	\$ 1,844	\$ 1,874
First mortgage payable	295,000	295,000
Loan - Joseph Coleman	18,516	22,924
Second mortgage payable	-	-
Total Liabilities	<u>315,360</u>	<u>319,798</u>

Stockholders' Equity

Capital stock	390,080	390,080
Paid in capital	111,776	111,776
Retained earnings (deficit)	<u>(406,954)</u>	<u>(401,441)</u>
Total Stockholders' Equity	<u>94,902</u>	<u>100,415</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 410,262 \$ 420,213

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EXHIBIT "B"

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

	<u>2013</u>	<u>2012</u>
Owner/tenants		
Maintenance charges	\$ 162,452	\$ 177,393
Operating Expenses		
Schedule "B-1"	<u>168,047</u>	<u>177,864</u>
Net Operating Income (Loss)	<u>(5,595)</u>	<u>(471)</u>
Other Income		
Dividend income	4	4
Laundry room income	<u>241</u>	<u>971</u>
Net Other Income	<u>245</u>	<u>975</u>
Provision for Income Taxes		
New York State Franchise Tax	75	75
New York State Metropolitan Transportation Tax	13	13
New York City Corporation Tax	<u>75</u>	<u>75</u>
Total Provision for Income Taxes	<u>163</u>	<u>163</u>
Net (Loss) for Period	(5,513)	341
Retained Earnings (Deficit) – Beginning	<u>(401,441)</u>	<u>(401,782)</u>
Retained Earnings (Deficit) – Ending	<u>\$ (406,954)</u>	<u>\$ (401,441)</u>

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SCHEDULE "B-1"

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

	<u>2013</u>	<u>2012</u>
<u>Operating Expenses</u>		
Management fees	\$ 10,262	\$ 9,773
Superintendent	5,700	5,580
Depreciation	23,107	22,806
Fuel	16,189	23,829
Utilities	5,611	1,882
Insurance	2,967	12,193
Mortgage interest	22,295	21,765
Legal and accounting	4,025	3,875
Licenses and permits	588	881
Repairs and supplies	9,587	11,291
Taxes – real estate	63,672	60,079
Water and sewer charges	3,491	3,248
Miscellaneous expenses	<u>553</u>	<u>662</u>
Total Operating Expenses	<u>\$ 168,047</u>	<u>\$ 177,864</u>

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EXHIBIT "C"

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

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Net income (loss)	\$ (5,513)	\$ 341
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,107	22,806
(Increase) Decrease in prepaid taxes	(1,412)	(387)
(Increase) Decrease in security deposits	(1,000)	-
Increase (Decrease) in accrued expenses	(30)	144
Total Adjustments	<u>20,665</u>	<u>22,563</u>
Net cash provided (used) by operating activities	<u>15,152</u>	<u>22,904</u>
Cash Flows From Investing Activities:		
Building improvements	<u>(17,741)</u>	<u>(22,000)</u>
Net Cash Provided (used) by Investing Activities	<u>(17,741)</u>	<u>(22,000)</u>
Cash Flows From Financing Activities:		
Mortgage repayment	-	22,318
Loan repayment-Joseph Coleman	<u>(4,408)</u>	<u>-</u>
Net Cash Provided (used) by Financing Activities	<u>(4,408)</u>	<u>22,318</u>
Net Increase (Decrease) in Cash Equivalents	(6,997)	23,222
Cash Equivalents – Beginning of Year	<u>79,244</u>	<u>56,022</u>
Cash Equivalents – End of Year	<u>\$ 72,247</u>	<u>\$ 79,244</u>
Cash and Cash Equivalents		
Due from agent	\$ 23,983	\$ 30,889
Investments – Smith Barney Money Fund	<u>48,264</u>	<u>48,355</u>
	<u>\$ 72,247</u>	<u>\$ 79,244</u>

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

166 TENANTS CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 78th 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 \$283,373 to December 31, 2013. 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.

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.

Loan - Joseph Coleman

On July 18, 2012 Joseph Coleman (owner-tenant of this corporation) loaned \$25,000 to the corporation to pay for repairs and improvements. The loan is to be repaid over a five year period with interest at a rate of 8% per annum.