

**166 TENANTS CORP.
FINANCIAL STATEMENTS
TO DECEMBER 31, 2012**

TANKLOW, HOLLENDER & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

450 SEVENTH AVENUE

NEW YORK, N.Y. 10123-1802

(212) 594-7520

FAX: (212) 594-2368

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, 2012 and 2011 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.

Certified Public Accountants

TANKLOW, HOLLENDER & COMPANY, LLP

February 26, 2013
New York, N. Y.

EXHIBIT "A"

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

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets		
Due from agent	\$ 30,889	\$ 7,576
Prepaid taxes	14,782	14,394
Investments - Smith Barney	<u>48,355</u>	<u>48,446</u>
Total Current Assets	<u>94,026</u>	<u>70,416</u>
Property and Building		
Land	126,327	126,327
Building	<u>720,773</u>	<u>698,774</u>
	847,100	825,101
Less: Accumulated depreciation	<u>520,926</u>	<u>498,120</u>
Total Property and Building	<u>326,174</u>	<u>326,981</u>
Other Assets		
Mortgage costs	3,525	3,525
Less: Accumulated amortization	<u>3,512</u>	<u>3,512</u>
	<u>13</u>	<u>13</u>
<u>TOTAL ASSETS</u>	<u>\$ 420,213</u>	<u>\$ 397,410</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Accrued interest	\$ 1,874	\$ 1,729
First mortgage payable	295,000	295,000
Loan - Joseph Coleman	22,924	-
Second mortgage payable	<u>-</u>	<u>607</u>
Total Liabilities	<u>319,798</u>	<u>297,336</u>
Stockholders' Equity		
Capital stock	390,080	390,080
Paid in capital	111,776	111,776
Retained earnings (deficit)	<u>(401,441)</u>	<u>(401,782)</u>
Total Stockholders' Equity	<u>100,415</u>	<u>100,074</u>
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 420,213</u>	<u>\$ 397,410</u>

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

EXHIBIT "B"

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

	<u>2012</u>	<u>2011</u>
Owner/tenants		
Maintenance charges	\$ 177,393	\$ 163,500
Operating Expenses		
Schedule "B-1"	<u>177,864</u>	<u>181,900</u>
Net Operating Income (Loss)	<u>(471)</u>	<u>(18,400)</u>
Other Income		
Dividend income	4	11
Laundry room income	<u>971</u>	<u>409</u>
Net Other Income	<u>975</u>	<u>420</u>
Provision for Income Taxes		
New York State Franchise Tax	75	125
New York State Metropolitan Transportation Tax	13	-
New York City Corporation Tax	<u>75</u>	<u>75</u>
Total Provision for Income Taxes	<u>163</u>	<u>200</u>
Net (Loss) for Period	341	(18,180)
Retained Earnings (Deficit) – Beginning	<u>(401,782)</u>	<u>(383,602)</u>
Retained Earnings (Deficit) – Ending	<u>\$ (401,441)</u>	<u>\$ (401,782)</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>2012</u>	<u>2011</u>
<u>Operating Expenses</u>		
Management fees	\$ 9,773	\$ 9,308
Superintendent	5,580	5,850
Depreciation	22,806	22,695
Fuel	23,829	21,330
Utilities	1,882	1,552
Insurance	12,193	6,884
Mortgage interest	21,765	20,967
Legal and accounting	3,875	3,775
Licenses and permits	881	1,575
Repairs and supplies	11,291	29,228
Taxes – real estate	60,079	53,633
Water and sewer charges	3,248	3,723
Amortization of mortgage costs	-	171
Miscellaneous expenses	<u>662</u>	<u>1,209</u>
Total Operating Expenses	<u>\$ 177,864</u>	<u>\$ 181,900</u>

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

EXHIBIT "C"

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

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Net income (loss)	\$ 341	\$ (18,180)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,806	22,866
(Increase) Decrease in prepaid taxes	(387)	(2,482)
Increase (Decrease) in accrued expenses	144	(47)
Total Adjustments	<u>22,563</u>	<u>20,337</u>
Net cash provided (used) by operating activities	<u>22,904</u>	<u>2,157</u>
Cash Flows From Investing Activities:		
Building improvements	<u>(22,000)</u>	<u>-</u>
Net Cash Provided (used) by Investing Activities	<u>(22,000)</u>	<u>-</u>
Cash Flows From Financing Activities:		
Mortgage repayment	<u>22,318</u>	<u>(6,963)</u>
Net Cash Provided (used) by Financing Activities	<u>22,318</u>	<u>(6,963)</u>
Net Increase (Decrease) in Cash Equivalents	23,222	(4,806)
Cash Equivalents – Beginning of Year	<u>56,022</u>	<u>60,828</u>
Cash Equivalents – End of Year	<u>\$ 79,244</u>	<u>\$ 56,022</u>
Cash and Cash Equivalents		
Due from agent	\$ 7,576	\$ 7,576
Investments – Smith Barney Money Fund	<u>48,446</u>	<u>48,446</u>
	<u>\$ 56,022</u>	<u>\$ 56,022</u>

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

166 TENANTS CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 \$277,860 to December 31, 2012. 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 .1431 per share for the year 2012.

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.