

**166 TENANTS CORP.  
FINANCIAL STATEMENTS  
TO DECEMBER 31, 2010**

**TANKLOW, HOLLENDER & COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

450 SEVENTH AVENUE

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To the Board of Directors  
166 Tenants Corp.  
166 East 78th Street  
New York, NY 10021

We have compiled the accompanying balance sheets of 166 Tenants Corp. as of December 31, 2010 and 2009, and the related statements of income, retained earnings and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

*Tanklow, Hollender & Company, LLP*

New York, NY  
December 20, 2011

EXHIBIT "A"

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

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets		
Due from agent	\$ 12,298	\$ 24,841
Prepaid taxes	11,912	12,388
Investments - Smith Barney	<u>48,530</u>	<u>48,547</u>
Total Current Assets	<u>72,740</u>	<u>85,776</u>
Property and Building		
Land	126,327	126,327
Building	<u>698,774</u>	<u>689,883</u>
	825,101	816,210
Less: Accumulated depreciation	<u>475,425</u>	<u>453,443</u>
Total Property and Building	<u>349,676</u>	<u>362,767</u>
Other Assets		
Mortgage costs	3,525	3,525
Less: Accumulated amortization	<u>3,341</u>	<u>3,165</u>
	<u>184</u>	<u>360</u>
<u>TOTAL ASSETS</u>	<u>\$ 422,600</u>	<u>\$ 448,903</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Accrued interest	\$ 1,776	\$ 1,819
First mortgage payable	295,000	295,000
Second mortgage payable	<u>7,570</u>	<u>13,471</u>
Total Liabilities	<u>304,346</u>	<u>310,290</u>
Stockholders' Equity		
Capital stock	390,080	390,080
Paid in capital	111,776	111,776
Retained earnings (deficit)	<u>(383,602)</u>	<u>(363,243)</u>
Total Stockholders' Equity	<u>118,254</u>	<u>138,613</u>
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 422,600</u>	<u>\$ 448,903</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>2010</u>	<u>2009</u>
Owner/tenants		
Maintenance charges	\$ 131,118	\$ 132,613
Operating Expenses		
Schedule "B-1"	<u>150,986</u>	<u>139,974</u>
Net Operating Income (Loss)	<u>(19,868)</u>	<u>(7,361)</u>
Other Income		
Dividend income	78	166
Laundry room income	<u>1,224</u>	<u>1,315</u>
Net Other Income	<u>1,302</u>	<u>528</u>
Provision for Income Taxes		
New York State Franchise Tax	1,468	973
New York State Metropolitan Transportation Tax	250	165
New York City Corporation Tax	<u>75</u>	<u>300</u>
Total Provision for Income Taxes	<u>1,793</u>	<u>1,438</u>
Net (Loss) for Period	(20,359)	(8,271)
Retained Earnings (Deficit) – Beginning	<u>(363,243)</u>	<u>(354,972)</u>
Retained Earnings (Deficit) – Ending	<u>\$ (383,602)</u>	<u>\$ (363,243)</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>2010</u>	<u>2009</u>
Operating Expenses		
Management fees	\$ 8,865	\$ 8,443
Superintendent	5,400	5,400
Depreciation	21,982	21,093
Fuel	16,212	13,412
Utilities	2,143	2,504
Insurance	5,579	7,356
Mortgage interest	21,430	22,126
Legal and accounting	3,675	3,625
Licenses and permits	1,456	430
Repairs and supplies	2,075	3,787
Taxes – real estate	54,081	47,486
Water and sewer charges	6,947	2,447
Amortization of mortgage costs	176	176
Miscellaneous expenses	<u>965</u>	<u>1,689</u>
Total Operating Expenses	<u>\$ 150,986</u>	<u>\$ 139,974</u>

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EXHIBIT "C"

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

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities:		
Net income (loss)	\$ (20,359)	\$ (8,271)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,158	21,269
(Increase) Decrease in prepaid taxes	475	(1,445)
Increase (Decrease) in accrued expenses	<u>(42)</u>	<u>(40)</u>
Total Adjustments	<u>22,591</u>	<u>19,784</u>
Net cash provided (used) by operating activities	<u>2,232</u>	<u>11,513</u>
Cash Flows From Investing Activities:		
Building improvements	<u>(8,890)</u>	<u>-</u>
Net Cash Provided (used) by Investing Activities	<u>(8,890)</u>	<u>-</u>
Cash Flows From Financing Activities:		
Mortgage repayment	<u>(5,902)</u>	<u>(6,422)</u>
Net Cash Provided (used) by Financing Activities	<u>(5,902)</u>	<u>(6,422)</u>
Net Increase (Decrease) in Cash Equivalents	(12,560)	5,091
Cash Equivalents – Beginning of Year	<u>73,388</u>	<u>68,297</u>
Cash Equivalents – End of Year	<u>\$ 60,828</u>	<u>\$ 73,388</u>
Cash and Cash Equivalents		
Due from agent	\$ 12,298	\$ 24,841
Investments – Smith Barney Money Fund	<u>48,530</u>	<u>48,547</u>
	<u>\$ 60,828</u>	<u>\$ 73,388</u>

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166 TENANTS CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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 \$260,022 to December 31, 2010. 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 1.3919 per share for the year 2010.

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.