

345 East 61st STREET HOUSING CORP.

Financial Statements
as of January 31, 2007
and for the year then ended

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345 EAST 61ST STREET HOUSING CORP.

(A Cooperative Housing Corporation)

BALANCE SHEET

January 31, 2007

ASSETS

Cash and cash equivalents (Note 2)	\$ 11,520
Maintenance and other receivables	2,746
Mortgage escrow	4,019
Prepaid expenses	12,575
Property and equipment, net of accumulated depreciation of \$502,601 (Notes 2 and 3)	687,748
Mortgage costs, net of accumulated amortization of \$4,893 (Note 2)	13,453
Total assets	<u>\$ 732,061</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 38,065
Maintenance charges received in advance	1,359
Income taxes payable	825
Mortgage note payable (Note 4)	410,381
Total liabilities	<u>450,630</u>
Stockholders' equity:	
Common stock, par value \$1.00; authorized 200 shares; issued and outstanding 164 shares	164
Additional paid-in capital	902,370
Accumulated deficit	(621,103)
Total stockholders' equity	<u>281,431</u>
Total liabilities and stockholders' equity	<u>\$ 732,061</u>

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

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STATEMENT OF STOCKHOLDERS' EQUITY

for the year ending January 31, 2007

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at January 31, 2006	\$ 164	\$ 896,569	\$ (586,786)	\$ 309,947
Maintenance applicable to mortgage amortization	-0-	5,801	-0-	5,801
Deficiency of revenues over expenses	-0-	-0-	(34,317)	(34,317)
Balance at January 31, 2007	<u>\$ 164</u>	<u>\$ 902,370</u>	<u>\$ (621,103)</u>	<u>\$ 281,431</u>

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

(A Cooperative Housing Corporation)

NOTES to FINANCIAL STATEMENTS

1. Organization:

345 East 61st Street Housing Corp. (the "Corporation"), was incorporated in the State of New York on February 25, 1981, as a cooperative housing corporation. The Corporation owns the building located at 345 East 61st Street, New York, New York, consisting of 15 residential apartments.

A Board of Directors, elected by the shareholders, governs the affairs of the Corporation. Directors, as such, receive no compensation for their services. The Board of Directors retains a management agent, to provide on-site property management as well as certain administrative and bookkeeping services.

2. Summary of Significant Accounting Policies:Pervasiveness 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

The Corporation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment:

Property and equipment acquired by the Corporation are recorded at cost. Capitalized amounts include expenditures, which materially extend the useful lives of existing assets. Expenditures for repairs and maintenance, which do not materially extend the useful lives of the related asset, are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of individual assets.

Mortgage Costs:

Mortgage costs are amortized on the straight-line method over the term of the loan. Amortization on the interest method would not be materially different.

Maintenance Charges:

Maintenance charges are based on an annual budget determined by the Board of Directors. Shareholders are billed monthly based on their respective share holdings. The Corporation retains excess operating funds, if any, at the end of the operating year, for use in future operating periods. Maintenance charges are presented net of real estate tax abatements credited to eligible dwelling units and maintenance charges applicable to mortgage note payments.

3. Property and Equipment:

The components of property and equipment were as follows:

Land	\$219,000
Building	876,000
Building improvements	95,369
	<u>1,190,369</u>
Less: Accumulated depreciation	<u>(502,621)</u>
	<u>\$687,748</u>

Continued

NOTES to FINANCIAL STATEMENTS, Continued

7. Holder of Unsold Shares:

At January 31, 2005, ALH Properties Two, Inc., the holder of unsold shares, owned 25 shares of the Corporation, which is approximately 15% of the outstanding shares.

8. Special Assessments:

The Corporation implemented the following two special assessments during the fiscal year; 1) a special assessment of \$57.09 per share, and 2) a special assessment of \$49.74 per share. Both assessments were to fund the increased cost of operating expenses.