

BRYANT GARDENS CORP.
FINANCIAL STATEMENTS
DECEMBER 31, 2010



BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Stockholders
BRYANT GARDENS CORP.**

We have audited the accompanying balance sheet of Bryant Gardens Corp. as of December 31, 2010, and the related statements of income (loss), retained earnings (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bryant Gardens Corp., as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10, the cooperative has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements.

BLOOM AND STREIT LLP
Certified Public Accountants
February 24, 2011

BRYANT GARDENS CORP.

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BRYANT GARDENS CORP.

Balance Sheet

As of December 31,

2010

ASSETS

CURRENT ASSETS

Cash in Operating Account	11,846
Cash in Bank - Money Market Account	19,971
Cash in Bank - Security Deposits	31,591
Cash in Bank - Reserve Fund	397,437
Tenants' Accounts Receivable	28,052
Mortgagee Escrow Deposits	351,018
Prepaid Expenses	<u>23,015</u>
Total	862,930
Less: Allocated to Funds and Deposits (see below)	<u>(428,591)</u>
Total Current Assets	<u>434,338</u>

FUNDS

Contingency Reserve:	
Allocated from Current Assets (see above)	<u>397,000</u>

PROPERTY AND EQUIPMENT -

Net Book Value	<u>6,266,416</u>
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OTHER ASSETS

Security Deposits (see above)	31,591
Deferred Mortgage Financing Expenses	<u>45,540</u>
Total Other Assets	<u>77,131</u>

TOTAL ASSETS

7,174,886

2010

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITES

Accounts Payable	321,348
Accrued Interest	31,732
Star Credit Due to Stockholders	41,241
Rents Received in Advance	5,600
Security Deposits	31,591
Mortgage Amortization Payments due within one year	<u>367,343</u>
Total Current Liabilities	<u>798,855</u>

LONG-TERM LIABILITIES

First Mortgage Payable - Net of Payments due within one year	4,395,809
Second/Third Mortgage Payable - Net of Payments due within one year	<u>1,471,236</u>
Total Long-Term Liabilities	<u>5,867,044</u>

STOCKHOLDERS' EQUITY

Common Stock \$1.00 par value; 120,000 shares authorized, 113,065 share issued, 112,615 shares outstanding	113,065
Paid-in Capital	2,928,405
Retained Earnings (Deficit)	<u>(2,501,605)</u>
Total	539,864
Less: Treasury Stock - 450 Shares	<u>(30,878)</u>
Total Stockholders' Equity	<u>508,987</u>

**TOTAL LIABILITES AND
STOCKHOLDERS' EQUITY**

7,174,886

See accompanying notes and auditors' report

BRYANT GARDENS CORP.

Statement of Income

For the Year Ended December 31,

	<u>2010</u>
INCOME	
Carrying Charges	3,888,992
Rental Income	20,300
Garage Income	102,816
Professional Apartments	25,200
Laundry Room Income	30,000
Storage Units	20,650
Interest and Dividend Income	11,757
Miscellaneous Income	5,103
Total Income	<u>4,104,817</u>
EXPENSES	
Administrative Expenses	171,846
Maintenance Expenses	978,571
Utilities Expenses	719,576
Taxes and Insurance	1,395,462
Financial Expenses	387,725
Total Expenses Before Depreciation and Amortization	<u>3,653,179</u>
NET INCOME BEFORE DEPRECIATION AND AMORTIZATION	451,638
Depreciation and Amortization of Mortgage Financing Expenses and Lease Commissions	<u>(382,978)</u>
NET INCOME FOR THE YEAR	<u><u>68,659</u></u>

See accompanying notes and auditors' report

BRYANT GARDENS CORP.
Statement of Retained Earnings
For the Year Ended December 31,

	<u>2010</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(2,570,264)
Net Income for the Year	<u>68,659</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u><u>(2,501,605)</u></u>

See accompanying notes and auditors' report

BRYANT GARDENS CORP.

Statement of Cash Flows

For the Year Ended December 31,

	<u>2010</u>
Cash Flows From Operating Activities	
Net Income (loss)	68,659
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and Amortization	382,978
Revenue allocated to financing activities	(347,198)
Decrease (Increase) in operating assets:	
Tenants' Accounts Receivable	(12,714)
Mortgagee Escrow Deposits	111,341
Prepaid Expenses	(4,897)
Increase (Decrease) in operating liabilities:	
Accounts Payable	171,111
Accrued Interest Payable	(1,636)
Rents Received in Advance	2,142
Deposits and Exchanges	3,227
Net cash provided (used) by operating activities	<u>373,013</u>
Cash Flows From Investing Activities	
Purchase of Property and Equipment	<u>(328,350)</u>
Net cash provided (used) by investing activities	<u>(328,350)</u>
Cash Flows From Financing Activities	
Portion of Carrying Charges applied to Amortization of Mortgage	347,198
Purchase of Treasury Stock	(27,304)
Amortization Payments on Mortgage	(341,232)
Amortization Payments on Second/Third Mortgage	<u>(5,966)</u>
Net cash provided (used) by financing activities	<u>(27,304)</u>
Increase (Decrease) in Cash and Cash Equivalents (carryforward)	17,359

See accompanying notes and auditors' report

BRYANT GARDENS CORP.

Statement of Cash Flows

For the Year Ended December 31,

2010

**Increase (Decrease) in Cash
and Cash Equivalents (brought forward)**

17,359

Cash and Cash Equivalents
at Beginning of Year

443,487

**Cash and Cash Equivalents
at End of Year (see below)**

460,845

Represented by:

Cash in Operating Account

11,846

Cash in Bank - Money Market Account

19,971

Cash in Bank - Security Deposits

31,591

Cash in Bank - Reserve Account

397,437

Cash and Cash Equivalents (as above)

460,845

Supplemental Disclosure:

Interest Paid

386,088

See accompanying notes and auditors' report

BRYANT GARDENS CORP.

Notes to Financial Statements

December 31, 2010

Note 1

Organization

BRYANT GARDENS CORP., a 409 unit Cooperative Housing Corporation (the Corporation), acquired land, buildings and improvements (the Property) from Bryant Gardens Associates (the Sponsor), on September 15, 1981 and commenced operations on that date. The common real property included in this acquisition consists of parking facilities, public hallways, roofs, sidewalks and professional office space. All of the corporation's outstanding stock is owned by the residential tenants of the buildings. The primary purpose of the corporation is to manage the operations of the buildings and maintain the common elements.

Note 2

Summary of Significant Accounting Policies

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative and condominium housing corporations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of income (loss).

Property and equipment is being carried at cost. Depreciation of the buildings, improvements and equipment is being computed from the date of acquisition by various methods over periods of from five to forty years.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

BRYANT GARDENS CORP.

Notes to Financial Statements

December 31, 2010

Note 2

Summary of Significant Accounting Policies - continued

The corporation has investments in marketable equity securities which are classified as available for sale securities. Available for sale securities are reported at fair value and include securities not classified as held to maturity or trading securities. It is the corporation's policy to record these securities at current market prices with any unrealized gains and losses reported as a component of equity. Realized gains and losses are reported as a component of the statements of operations.

The cooperative maintains various bank and money market accounts that at times may exceed insured credit limits. The cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances. However, should any of these institutions fail, the cooperative could suffer a loss.

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested. In accordance with recent government programs, some of these funds may be insured for a limited time.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. The cooperative's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are delinquent. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

BRYANT GARDENS CORP.

Notes to Financial Statements

December 31, 2010

Note 3

Property and Equipment

Property and Equipment consists of the following:

	<u>2010</u>
Land	572,960
Buildings	5,255,727
Building Equipment	<u>7,261,260</u>
	13,089,947
Less: accumulated depreciation	<u>6,823,531</u>
Total Property and Equipment	<u>6,266,416</u>

Depreciation expense for the year ended December 31, 2010 \$368,355.

Note 4

Long-Term Debt

Mortgage Payable

On December 17, 2002, the corporation refinanced their previous mortgages with NCB (National Cooperative Bank) in the amount of \$7,000,000. At the time of pay-off, the first mortgage had a balance due of approximately \$4,170,000 and the second mortgage had a balance due of approximately \$475,000.

Commencing February 1, 2003 and continuing thereafter through January 1, 2013, monthly installments of \$51,586 are due, including interest at 5.62% per annum and reduction of principal based on an 18 year amortization schedule. The entire indebtedness of the loan is due and payable on January 1, 2013. Principal maturities of the mortgage are as follows:

2011	360,911
2012	381,725
2013 (including payoff)	4,014,084

Second Mortgage - Line of Credit

At the time of the original refinancing referred to above, the corporation established a \$750,000 credit line. In August 2006, the corporation withdrew funds in the amount of \$385,000 from this credit line. This Line of Credit was rolled over into the third mortgage payable (referred to below) on September 1, 2006.

BRYANT GARDENS CORP.

Notes to Financial Statements

December 31, 2010

Note 4

Long-Term Debt - continued

Third Mortgage Payable

In August 2006, Bryant Gardens Corp. obtained a commitment for a third mortgage in the amount of \$1,500,000. This new mortgage, replaced the second mortgage - line of credit, was closed on September 1, 2006. Commencing October 1, 2006 and continuing thereafter through January 1, 2013, monthly installments of \$9,793 are due, including interest at 7.43% per annum and reduction of principal based on a forty year amortization schedule. The entire indebtedness of the loan is due and payable on January 1, 2013.

Third Mortgage Payable

Principal maturities of the mortgage are as follows:

2011	6,431
2012	6,612
2013 (including payoff)	1,464,624

As part of the aforementioned refinancings, the cooperative has paid closing costs of approximately \$140,000, which are being amortized over the life of the new mortgage. The corporation is currently in negotiations to refinance all of the existing debt of the corporation. No commitment has been made and no expenditures have been paid in relation to these activities.

Note 5

Reserve Fund

The proceeds from all of the mortgage refinancings have been added to the cooperative's existing investments to establish a reserve fund which has been used to finance capital improvements such as hallway renovations, new entrances, roof/window/garage door replacements, landscaping upgrades, danfoss valve replacement and other assorted property improvements. In 2010 the cooperative incurred capital improvement costs of approximately \$342,000 related to the aforementioned items. As of December 31, 2010 the cooperative maintains a balance of approximately \$397,000 in the reserve fund.

Note 6

Future Professional Income

A portion of the cooperative's property is leased to one tenant under a leases for five years which expired on December 31, 2005. This lease continues to operate on a month-to-month basis until a new lease can be finalized.

BRYANT GARDENS CORP.

Notes to Financial Statements

December 31, 2010

Note 7

Treasury Stock

In 1997, 185 shares of stock, at a cost basis of \$3,574 were recorded as treasury stock due to an eviction of one of the cooperative's shareholders. In 2010, an additional 265 shares of stock, at a cost basis of \$27,304, was added as treasury stock due to another eviction of one of the cooperative's shareholders. The shares are recorded as treasury stock by the cooperative with a cost basis representing the unpaid carrying charges of the previous stockholder plus the cost of improvements to restore the apartment. Both apartments are rented and the income from the apartments is shown on the Statement of Income as Rental Income.

Note 8

Sponsor Ownership

As of both December 31, 2010 and December 31, 2009, the Sponsor and its partners owned approximately 15,400 shares, which represents approximately 13.6% of the outstanding shares. As of those dates, the Sponsor and its partners were current in the payment of carrying charges and garage charges.

Note 9

Income Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources, such as interest and commercial rents, in excess of expenses properly attributable thereto may be subject to tax. The corporation believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the corporation's income has been reflected in the accompanying financial statements. New York State Franchise tax is calculated by utilizing special tax rates available to cooperative housing corporations based on the corporation's capital base.

As of December 31, 2010, the cooperative has available net operating loss carryforwards to apply to future taxable income in the approximate amount of \$3,480,000. If not used, these carryforwards expire beginning in 2011 and continuing through 2030. In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

BRYANT GARDENS CORP.

Notes to Financial Statements

December 31, 2010

Note 10 **Future Major Repairs and Replacements**

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Note 11 **Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders from the State of New York during 2010 and 2009. The abatements, which include Star, Veterans, SCRIE and cooperative abatements (where applicable) are passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Star Credit Due to Stockholders. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 12 **Labor Agreement**

Service employees of the cooperative are members of Local 32-E of the Service Employees International Union, A.F.L., C.I.O. Health and pension benefits provided to certain employees are governed and regulated by the terms of a collective bargaining agreement. Information as to the cooperative's portion of accumulated plan benefits and plan assets is not determinable. Under the Employee Retirement Income Security Act of 1974, as amended, the employer, upon withdrawal from a multi-employer plan, is required to continue to pay its proportionate share of the plan's unfunded vested benefits. The cooperative has no intention of withdrawing from the plan.

Such expenses were as follows:

	<u>2010</u>
Payroll	367,103
Union Welfare and Pension Fund	108,200

BRYANT GARDENS CORP.

Notes to Financial Statements

December 31, 2010

Note 13

Charges

In 2009 the board of directors for the corporation approved the rollover of the operational surcharge into the monthly carrying charge effective January, 1, 2010.

Note 14

Subsequent Events

Management has evaluated subsequent events through February 24, 2011, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

**To the Board of Directors and Stockholders
BRYANT GARDENS CORP.**

Our report on our audit of the basic financial statements of BRYANT GARDENS CORP. for 2010 appears earlier in these financial statements. This audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached supplementary information included (Schedule of Budget with Actual Operating Amounts and Detailed Schedule of Repairs) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bloom and Streit LLP

**BLOOM AND STREIT LLP
Certified Public Accountants
February 24, 2011**

BRYANT GARDENS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2010</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2010</u>
RECEIPTS		
Carrying Charges	3,894,310	3,888,992
Garage Income	102,000	102,816
Professional Apartments	25,200	25,200
Rental Income	10,800	20,300
Laundry Room Income	30,000	30,000
Storage Units	21,000	20,650
Miscellaneous Income	7,000	5,103
Total Receipts	<u>4,090,310</u>	<u>4,093,060</u>
EXPENDITURES		
ADMINISTRATIVE EXPENSES		
Management Fee	87,890	87,894
Legal Expense	12,000	10,465
Auditing	11,400	11,400
Telephone and Answering Service	8,500	8,851
Community Services	23,000	31,484
Office and Administrative Expenses	24,698	21,753
Total Administrative Expenses	<u>167,488</u>	<u>171,846</u>
MAINTENANCE EXPENSES		
Payroll	355,000	367,103
Supplies	76,000	102,465
Repairs (see schedule)	160,000	206,843
Exterminating	9,000	8,868
Landscaping and Grounds	160,000	179,197
Tree Care	15,000	34,448
Snow Removal and Supplies	9,000	14,024
Security Services	45,000	43,788
Truck Expenses	10,000	10,557
Uniform Expense	7,000	3,330
Miscellaneous Maintenance	5,000	7,948
Total Maintenance Expenses	<u>851,000</u>	<u>978,571</u>

See auditors' report on supplementary information

BRYANT GARDENS CORP.**Schedule of Budget with Actual Operating Amounts**

	Budget Year Ended Dec. 31, 2010 (Unaudited)	Actual Year Ended Dec. 31, 2010
UTILITIES EXPENSES		
Fuel	565,000	534,755
Electricity	114,000	112,767
Gas	13,200	12,398
Water	56,000	59,657
Total Utilities Expenses	<u>748,200</u>	<u>719,576</u>
TAXES AND INSURANCE		
Real Estate Taxes (Inclusive of Star Credits)	1,112,200	1,113,769
Payroll Taxes	29,500	30,617
Licenses and Permits	1,000	800
Insurance	140,000	124,181
Union Welfare and Pension Fund	96,000	108,200
NYS Franchise Taxes	20,000	17,895
Total Taxes and Insurance	<u>1,398,700</u>	<u>1,395,462</u>
FINANCIAL EXPENSES		
Interest on Mortgage	276,206	276,206
Interest on Second/Third Mortgage	111,518	111,518
Total Financial Expenses	<u>387,724</u>	<u>387,725</u>
CONTRIBUTIONS TO EQUITY AND RESERVES		
Amortization of Mortgage	341,232	341,232
Amortization Second/Third Mortgage	5,966	5,966
Allocation for Capital Improvements	190,000	190,000
Total Contributions to Equity and Reserves	<u>537,198</u>	<u>537,198</u>
Total Expenditures	<u>4,090,310</u>	<u>4,190,378</u>
NET SURPLUS (DEFICIT) FOR THE YEAR	<u>0</u>	<u>(97,318)</u>

See auditors' report on supplementary information

BRYANT GARDENS CORP.

Detailed Schedule of Repairs

For the Years Ended December 31,

	<u>2010</u>
REPAIRS	
Boiler and Burners	18,476
Plumbing and Pipes	61,683
Electrical	39,490
Painting, Plastering and Carpentry Work	35,081
Roofing, Waterproofing and Gutter Work	16,353
Paving and Excavation	1,081
Masonry and Tile Work	20,444
Fencing and Gates	497
Window Capping and Repairs	9,439
Locks	2,799
Engineers and Architects	<u>1,500</u>
Total Repairs	<u>206,843</u>

See auditors' report on supplementary information