

Tudor Arms Owners Corporation

Financial Statements

December 31, 2019 and 2018

Tudor Arms Owners Corporation

December 31, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors and Shareholders
Tudor Arms Owners Corporation

I have audited the accompanying financial statements of Tudor Arms Owners Corporation, which comprise the balance sheets as of December 31, 2019 and 2018 and the related statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tudor Arms Owners Corporation as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Independent Auditors' Report

Supplementary Information

I have audited the financial statements of Tudor Arms Owners Corporation as of and for the year ended December 31, 2019, and have issued my report thereon February 15, 2020 which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Required Supplementary Information

The corporation has not presented the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the omission of this supplementary information.

A handwritten signature in black ink, appearing to read 'L. Honigman', is positioned above the typed name of the auditor.

Lawrence S Honigman, CPA P.C.
Ossining, New York
February 15, 2020

Tudor Arms Owners Corporation

Balance Sheets

December 31, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 461,212	\$ 510,755
Accounts receivable	1,934	235
Escrow: real estate taxes	11,908	31,904
Prepaid Expenses	45,236	13,824
Property and improvements, net of accumulated depreciation	3,137,577	3,261,962
Investment in NCB	7,182	7,182
Total Assets	\$ 3,665,049	\$ 3,825,862
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 15,055	\$ 29,968
Mortgage Payable	2,898,647	2,961,618
Less: Mortgage Costs - Net	(66,850)	(77,991)
Income Received in Advance	7,186	4,221
Security Deposits Payable	20,754	14,754
Total Liabilities	2,874,792	2,932,570
Stockholders' Equity		
Capital stock - par value \$1.00; 32,125 shares authorized, issued, and outstanding	32,125	32,125
Additional paid-in capital	3,559,362	3,496,391
Deficit - ending	(2,726,230)	(2,560,224)
Less: treasury stock	(75,000)	(75,000)
Total Stockholders' Equity	790,257	893,292
Total Liabilities and Stockholders' Equity	\$ 3,665,049	\$ 3,825,862

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

Tudor Arms Owners Corporation

Statements of Operations

For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenue		
Maintenance	\$ 645,881	\$ 624,040
Less: Abatements	(33,421)	(34,664)
Less: Contributed for Mortgage Amortization	(62,971)	(60,583)
Transfer Fees	7,515	10,620
Parking	20,424	13,125
Laundry	7,800	7,800
Storage	2,372	1,968
Legal	5,855	4,950
Interest income	7,966	4,039
Dividend	3,274	2,579
Other revenue	1,990	702
Total revenue	606,685	574,576
Expenses		
Operating Expenses	243,628	224,388
Administrative	51,816	53,543
Repairs and maintenance	140,286	109,175
Property taxes - net of abatements	86,913	77,753
Corporate Taxes	930	957
Interest on mortgage indebtedness	113,591	115,980
Total expenses	637,164	581,796
Income from operations	(30,479)	(7,220)
Depreciation	(124,386)	(124,386)
Amortization	(11,141)	(11,141)
Net Income (Loss)	\$ (166,006)	\$ (142,747)

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

Tudor Arms Owners Corporation

Statements of Shareholders' Equity

For the Years Ended December 31, 2019 and 2018

	Capital Stock	Additional Paid in Capital	Retained Earnings (Deficit)
Balance as of Year End 2017	32,125	\$ 3,435,808	\$ (2,417,477)
Net Income (Loss)	-	-	(142,747)
Shareholder's Contributions for Mortgage Amortization	-	60,583	-
Balance as of Year End 2018	32,125	3,496,391	(2,560,224)
Net Income (Loss)	-	-	(166,006)
Shareholder's Contributions for Mortgage Amortization	-	62,971	-
Balance as of Year End 2019	\$ 32,125	\$ 3,559,362	\$ (2,726,230)

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

Tudor Arms Owners Corporation

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	\$ (166,006)	\$ (142,747)
Depreciation and amortization	135,527	135,527
Changes in receivables	(1,699)	846
Changes in prepaid maintenance	2,965	4,221
Changes in security deposits	6,000	1,500
Changes in prepaid expenses	(31,413)	17,152
Changes in escrow	19,996	(19,355)
Changes in accounts payable and accrued expenses	(14,913)	(31,124)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(49,543)	(33,980)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property and Equipment	-	(5,800)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Mortgage Principal Payments	(62,971)	(60,583)
Contributed for Mortgage Amortization	62,971	60,583
OTHER ACTIVITIES:		
Net cash increase (decreases) in cash and cash equivalents	(49,543)	(39,780)
Cash and cash equivalents at beginning of period	510,755	550,535
Cash and cash equivalents at end of period	\$ 461,212	\$ 510,755
Supplemental disclosure of cash flow data		
Interest Paid	113,591	115,980
Corporation Taxes Paid	930	957
Cash and cash equivalents consist of the following:		
Cash: Operating	9,025	6,534
Cash: Reserve	452,187	504,221
Total Cash	\$ 461,212	\$ 510,755

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

Tudor Arms Owners Corporation

Notes to the Financial Statements

December 31, 2019

Note 1. Summary of Significant Accounting Policies

Nature of the organization: Tudor Arms Owners Corporation (the "Corporation") was incorporated on January 26, 1983 for the purpose of owning and operating the property located at 31 West Pondfield Road, Bronxville, New York. The Corporation qualifies as a co-op corporation under Section 216 of the Internal Revenue Code, and consists of fifty six (56) residential apartments).

Property and equipment are stated at cost. Expenditures which represent improvements to property are capitalized, while repairs and maintenance are charged to operations. Depreciation is computed using rates adequate to depreciate the cost of applicable assets over their expected useful lives.

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash investments. Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. The Corporation maintains its temporary cash investment with high credit quality financial institutions. At times, such investments may exceed Federally insured limits.

Shareholders are subject to various charges and assessments to fund the corporation's operations. In addition, the corporation may periodically impose special assessments and/or designate a portion of maintenance charges to provide funds for major repairs, replacements, and improvements. These charges and assessments are recognized as income by the corporation when billed.

The corporation considers all receivables to be fully collectible and, accordingly, an allowance for uncollectible accounts is deemed unnecessary.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the corporation to make certain estimates and assumptions that may 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.

The Cooperative's governing documents do not require the accumulation of funds in advance of actual need to finance estimated future major repairs and replacements. Consistent with general practice in New York State, the Corporation has not promulgated a study to determine the remaining useful lives of the components of the building and estimates of the costs of major repairs and replacements that may be required. When funds are required for major repairs and replacements, the Corporation has the right to utilize available cash reserves, increase common charges, implement special assessments, or delay repairs and replacements until funds are available.

The Corporation generally is taxed only on nonmembership Income, such as interest income and earnings from commercial operations. Earnings from tenant/stockholders, if any, may be excluded from taxation if certain elections are made. In addition, the state assesses a tax based on capital.

The corporation has evaluated events and transactions that occurred through February 15, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Certain reclassifications have been made to the December 31, 2018 financial statements to conform to the December 31, 2019 financial statement presentation.

Tudor Arms Owners Corporation

Notes to the Financial Statements

December 31, 2019

Note 2. Property and Equipment

Property and equipment consist of the following:

	2019	2018
Land	\$ 1,284,000	\$ 1,284,000
Building	3,312,626	3,312,626
Building Improvements	1,746,785	1,746,785
Equipment	21,720	21,720
Total cost	6,365,131	6,365,131
Less: Accumulated Depreciation	(3,227,554)	(3,103,169)
Total	\$ 3,137,577	\$ 3,261,962

Capital Improvements for the years ended December 31, 2019 and 2018 were as follows

	2019	2018
Roof	\$ -	\$ 5,800
Total Capital Improvements Cost	\$ -	\$ 5,800

Note 3. Mortgage

On August 26, 2015, the Corporation refinanced its existing mortgage with the National Cooperative Bank ("NCB"). The new loan is in the amount of \$3,150,000, contains interest at the rate of 3.82%, for a ten (10) year term, amortizing on a thirty (30) year schedule. Costs incurred to obtain the loan will be amortized over the life of the loan.

Future minimum principal repayments approximate as follows:

2020	\$64,779
67	\$67,298
2022	\$69,914
2023	\$72,632
Thereafter	<u>\$2,624,024</u>
Total	<u>\$2,898,647</u>

Note 4. Management Agreement

The Corporation is obligated under an annual agreement for the management of the property which amounted to \$36,000 in 2019 and \$36,000 in 2018.

Tudor Arms Owners Corporation

Notes to the Financial Statements

December 31, 2019

Note 5. Abatements

Pursuant to various real estate tax abatement programs, certain shareholders are entitled to real estate tax abatements. The abatements are credited against the real estate tax due on the property and the corporation is required to pass on the abatements to the eligible shareholders. For the years ended December 31, 2019 and 2018, abatements received by the corporation totaled \$33,421 and \$34,664, respectively. The abatements and exemptions not credited at December 31, 2019, have been recorded as due to shareholders, if applicable.

Note 6. Legal Proceedings

The corporation has commenced a certiorari (real estate tax reduction) proceeding against the City of Yonkers and the County of Westchester. No provision for legal fees has been made as they are to be paid on a contingency fee basis.

Note 7. Multiemployer Union Pension Plan

The corporation contributes to a multiemployer defined benefit pension plan under the terms of a collective bargaining agreement that covers its union-represented employees. The risks of participating in a multiemployer plan differ from those of a single-employer plan in the following respects: (a) contributions to the plan by one employer may be used to provide benefits to employees of other participating employers; (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (c) if the corporation chooses to stop participating in the plan, it may be required to pay the plan an amount based on the unfunded status of the plan, which is referred to as the withdrawal liability.

For the years ended December 31, 2019 and 2018, the corporation's participation in the multiemployer plan is outlined below:

Legal Name: Building Service 32BJ Pension Fund ("Plan") Employer Identification Number: 13-1879376
Plan Number: 001
Collective Bargaining Agreement Expiration Date: April 20, 2021 Pension Protection Act Zone Status:
Year Beginning January 01, 2020 - Red (less than 65% funded)
Year Beginning January 01, 2019 - Red (less than 65% funded)
Funding Improvement Plan/Rehabilitation Plan Status: Implemented Surcharges Paid to Plan: No
Corporation's Contributions:
Year Ended December 31, 2019 \$28,995
Year Ended December 31, 2018 \$23,368

The information provided above is from the Plan's most current annual report for the year ended June 30, 2019. The Pension Protection Act Zone Status is the most recent zone status available, was provided to the corporation by the Plan, and is certified by the Plan's actuary. The corporation's contributions to the Plan are less than 5% of all employers' contributions to the Plan, and there have been no significant changes that would affect the comparability of the contributions for the years ended December 31, 2019 and 2018. In addition, under the Collective Bargaining Agreement ("Agreement"), certain retired employees are eligible for health benefits as defined in the Agreement.

Note 8. Transfer Fees

The corporation charges a transfer fee that is \$3.00 per share upon the sale of a unit.

Tudor Arms Owners Corporation

Schedules of Expenses - Supplementary Information

For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Expenses		
Electricity and Gas	\$ 75,737	\$ 64,111
Water	12,076	11,753
Fuel costs	9,870	8,530
Telecommunications	3,030	3,259
Insurance	45,676	46,330
Payroll and Related Expenses	68,244	67,037
Employee benefits	28,995	23,368
Total Operating Expenses	243,628	224,388
Administrative Expenses		
Management	36,000	36,000
Office Expenses	8,761	10,633
Accounting fees	6,625	5,950
Engineer fees	430	960
Total Administrative Expenses	51,816	53,543
Repairs and Maintenance		
Boiler	13,078	12,490
Plumbing	23,364	3,496
Elevator	11,500	9,173
Building Supplies	14,745	23,394
Exterminating	3,114	3,136
Painting and Plastering	-	2,672
Doors, Locks, and Glass	3,294	10,819
Fire System	8,573	-
Equipment	370	2,801
Landscaping & Grounds	7,805	9,990
Roof	14,356	-
Janitorial	34,196	28,478
Other repairs and maintenance	5,891	2,730
Total Repairs and Maintenance	140,286	109,179

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

Tudor Arms Owners Corporation

Schedules of Expenses - Supplementary Information

For the Years Ended December 31, 2019 and 2018

	2019	2018
Additional Expenses		
Interest on mortgage indebtedness	113,591	115,980
Property taxes - net of abatements	86,913	77,753
Corporate Taxes	930	957
Total Expenses	\$ 637,164	\$ 581,800

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