

# **Tudor Arms Owners Corporation**

## **Financial Statements**

**December 31, 2020 and 2019**

# Tudor Arms Owners Corporation

December 31, 2020 and 2019

## CONTENTS

	<u>Page</u>
<b>Financial Statements</b>	
Independent Auditors' Report	1 - 2
Balance Sheets	3
Statements of Operations	4
Statements of Shareholders' Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 10
Schedules of Expenses - Supplementary Information	11 - 12

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**Independent Auditors' Report**

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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, 2020 and 2019 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, 2020 and 2019, 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, 2020, and have issued my report thereon February 26, 2021 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.



Lawrence S Honigman, CPA P.C.  
Ossining, New York  
February 26, 2021

# Tudor Arms Owners Corporation

## Balance Sheets

December 31, 2020 and 2019

	2020	2019
<b>Assets</b>		
Cash	\$ 463,568	\$ 461,212
Accounts receivable	355	1,934
Escrow: real estate taxes	29,519	11,908
Prepaid Expenses	41,587	45,236
Property and improvements, net of accumulated depreciation	3,043,628	3,137,577
Investment in NCB	7,182	7,182
<b>Total Assets</b>	<b>\$ 3,585,839</b>	<b>\$ 3,665,049</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable and accrued expenses	\$ 8,782	\$ 15,055
Mortgage Payable	2,833,508	2,898,647
Less: Mortgage Costs - Net	(55,709)	(66,850)
Income Received in Advance	14,270	7,186
Security Deposits Payable	20,504	20,754
<b>Total Liabilities</b>	<b>2,821,355</b>	<b>2,874,792</b>
<b>Stockholders' Equity</b>		
Capital stock - par value \$1.00; 32,125 shares authorized, issued, and outstanding	32,125	32,125
Additional paid-in capital	3,624,501	3,559,362
Deficit - ending	(2,817,142)	(2,726,230)
Less: treasury stock	(75,000)	(75,000)
<b>Total Stockholders' Equity</b>	<b>764,484</b>	<b>790,257</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,585,839</b>	<b>\$ 3,665,049</b>

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

# Tudor Arms Owners Corporation

## Statements of Operations

For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Revenue</b>		
Maintenance	\$ 645,881	\$ 645,881
Less: Abatements	(27,723)	(33,421)
Less: Contributed for Mortgage Amortization	(65,139)	(62,971)
Transfer Fees	9,394	7,515
Parking	20,700	20,424
Laundry	7,800	7,800
Storage	2,103	2,372
Legal	3,750	5,855
Interest income	2,808	7,966
Dividend	4,825	3,274
Other revenue	410	1,989
<b>Total revenue</b>	<b>604,809</b>	<b>606,684</b>
<b>Expenses</b>		
Operating Expenses	208,398	243,628
Administrative	50,048	51,816
Repairs and maintenance	92,885	140,285
Property taxes - net of abatements	95,697	86,913
Corporate Taxes	1,179	930
Interest on mortgage indebtedness	111,424	113,591
<b>Total expenses</b>	<b>559,631</b>	<b>637,163</b>
<b>Income from operations</b>	<b>45,178</b>	<b>(30,479)</b>
Depreciation	(124,949)	(124,386)
Amortization	(11,141)	(11,141)
<b>Net Income (Loss)</b>	<b>\$ (90,912)</b>	<b>\$ (166,006)</b>

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, 2020 and 2019

	Capital Stock	Additional Paid in Capital	Retained Earnings (Deficit)
<b>Balance as of Year End 2018</b>	32,125	\$ 3,496,391	\$ (2,560,224)
Net Income (Loss)	-	-	(166,006)
Shareholder's Contributions for Mortgage Amortization	-	62,971	-
<b>Balance as of Year End 2019</b>	32,125	3,559,362	(2,726,230)
Net Income (Loss)	-	-	(90,912)
Shareholder's Contributions for Mortgage Amortization	-	65,139	-
<b>Balance as of Year End 2020</b>	<b>\$ 32,125</b>	<b>\$ 3,624,501</b>	<b>\$ (2,817,142)</b>

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, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss) for the period	\$ (90,912)	\$ (166,006)
Depreciation and amortization	136,090	135,527
Changes in receivables	1,579	(1,699)
Changes in prepaid maintenance	7,084	2,965
Changes in security deposits	(250)	6,000
Changes in prepaid expenses	3,649	(31,413)
Changes in escrow	(17,611)	19,996
Changes in accounts payable and accrued expenses	(6,273)	(14,913)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>33,356</b>	<b>(49,543)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to Property and Equipment	(31,000)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Mortgage Principal Payments	(65,139)	(62,971)
Contributed for Mortgage Amortization	65,139	62,971
<b>OTHER ACTIVITIES:</b>		
<b>Net cash increase (decreases) in cash and cash equivalents</b>	<b>2,356</b>	<b>(49,543)</b>
Cash and cash equivalents at beginning of period	461,212	510,755
<b>Cash and cash equivalents at end of period</b>	<b>\$ 463,568</b>	<b>\$ 461,212</b>
<b>Supplemental disclosure of cash flow data</b>		
Interest Paid	111,424	113,591
Corporation Taxes Paid	1,179	930
Cash and cash equivalents consist of the following:		
Cash: Operating	5,999	9,025
Cash: Reserve	457,569	452,187
<b>Total Cash</b>	<b>\$ 463,568</b>	<b>\$ 461,212</b>

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



# Tudor Arms Owners Corporation

## Notes to the Financial Statements

December 31, 2020

### 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 26, 2021, 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, 2019 financial statements to conform to the December 31, 2020 financial statement presentation.

# Tudor Arms Owners Corporation

## Notes to the Financial Statements

December 31, 2020

### Note 2. Property and Equipment

Property and equipment consist of the following:

	2020	2019
Land	\$ 1,284,000	\$ 1,284,000
Building	3,312,626	3,312,626
Building Improvements	1,777,785	1,746,785
Equipment	21,720	21,720
<b>Total cost</b>	<b>6,396,131</b>	<b>6,365,131</b>
Less: Accumulated Depreciation	(3,352,503)	(3,227,554)
<b>Total</b>	<b>\$ 3,043,628</b>	<b>\$ 3,137,577</b>

Capital Improvements for the years ended December 31, 2020 and 2019 were as follows

	2020	2019
Waterproofing	\$ 17,500	\$ -
Fuel Grade Garage	13,500	-
<b>Total Capital Improvements Cost</b>	<b>\$ 31,000</b>	<b>\$ -</b>

### 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:

2021	\$67,298
2022	\$69,914
2023	\$72,632
2024	\$75,455
2025	<u>\$2,548,209</u>
Total	<u>\$2,833,508</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 2020 and \$36,000 in 2019.

# Tudor Arms Owners Corporation

## Notes to the Financial Statements

December 31, 2020

### 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, 2020 and 2019, abatements received by the corporation totaled \$27,723 and \$33,421, respectively. The abatements and exemptions not credited at December 31, 2020, 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, 2020 and 2019, 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 April 01, 2020 - Green (greater than 80% funded)  
Year Beginning April 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, 2020	\$30,740
Year Ended December 31, 2019	\$28,995

The information provided above is from the Plan's most current annual report for the year ended June 30, 2020. 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, 2020 and 2019. 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**

## **Notes to the Financial Statements**

**December 31, 2020**

### **Note 9. Contingencies**

In 2020, a worldwide pandemic emerged which is known as the Coronavirus (COVID-19.) COVID-19 has caused the New York metropolitan area to significantly curtail its economic and social activities. As of the date of issuance of the accompanying financial statements, the financial and operational impacts of COVID-19 on the Corporation and its shareholders were uncertain and cannot be reasonably estimated.

# Tudor Arms Owners Corporation

## Schedules of Expenses - Supplementary Information

For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Operating Expenses</b>		
Electricity and Gas	\$ 54,521	\$ 75,737
Water	11,996	12,076
Fuel costs	5,139	9,870
Telecommunications	2,162	3,030
Insurance	37,720	45,676
Payroll and Related Expenses	66,122	68,244
Employee benefits	30,740	28,995
<b>Total Operating Expenses</b>	<b>208,400</b>	<b>243,628</b>
<b>Administrative Expenses</b>		
Management	36,000	36,000
Office Expenses	7,433	8,761
Legal fees	440	-
Accounting fees	6,175	6,625
Engineer fees	-	430
<b>Total Administrative Expenses</b>	<b>50,048</b>	<b>51,816</b>
<b>Repairs and Maintenance</b>		
Boiler	4,412	13,078
Plumbing	8,912	23,364
Elevator	12,724	11,500
Building Supplies	16,037	14,745
Exterminating	2,515	3,114
Painting and Plastering	1,227	-
Doors, Locks, and Glass	3,488	3,294
Fire System	1,094	8,573
Equipment	-	370
Landscaping & Grounds	2,603	7,805
Roof	-	14,356
Janitorial	34,193	34,196
Other repairs and maintenance	5,680	5,890
<b>Total Repairs and Maintenance</b>	<b>92,885</b>	<b>140,285</b>

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, 2020 and 2019

	2020	2019
<b>Additional Expenses</b>		
Interest on mortgage indebtedness	111,424	113,591
Property taxes - net of abatements	95,697	86,913
Corporate Taxes	1,179	930
<b>Total Expenses</b>	<b>\$ 559,633</b>	<b>\$ 637,163</b>

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