

Tudor Arms Owners Corporation

Financial Statements

December 31, 2021 and 2020

Tudor Arms Owners Corporation

December 31, 2021 and 2020

CONTENTS

	<u>Page</u>
Financial Statements	
Independent Auditors' Report	1 - 3
Balance Sheets	4
Statements of Operations	5
Statements of Shareholders' Equity	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 11
Schedules of Expenses - Supplementary Information	12 - 13

LAWRENCE S. HONIGMAN, P.C.

CERTIFIED PUBLIC ACCOUNTANT
500 EXECUTIVE BOULEVARD
SUITE 302
OSSINING, NEW YORK 10562

TEL. (914) 762-0230

FAX (914) 762-3260

Independent Auditors' Report

To the Board of Directors and Shareholders
Tudor Arms Owners Corporation

Opinion

I have audited the accompanying financial statements of Tudor Arms Owners Corporation, which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Tudor Arms Owners Corporation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibility of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tudor Arms Owners Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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Independent Auditors' Report

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tudor Arms Owners Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tudor Arms Owners Corporation's ability to continue as a going concern for a reasonable period of time.

I are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Supplementary Information

I have audited the financial statements of Tudor Arms Owners Corporation as of and for the year ended December 31, 2021, and have issued my report thereon March 10, 2022 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.

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Independent Auditors' Report

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.S. Honigman' with a stylized flourish.

Lawrence S Honigman, CPA P.C.
Ossining, New York
March 10, 2022

Tudor Arms Owners Corporation

Balance Sheets

December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 460,458	\$ 463,568
Accounts receivable	11,077	355
Escrow: real estate taxes	27,180	29,519
Prepaid Expenses	40,193	41,587
Property and improvements, net of accumulated depreciation	2,918,115	3,043,628
Investment in NCB	7,182	7,182
Total Assets	\$ 3,464,205	\$ 3,585,839
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	\$ 36,811	\$ 8,782
Mortgage Payable	2,765,486	2,833,508
Less: Mortgage Costs - Net	(44,568)	(55,709)
Income Received in Advance	19,277	14,270
Security Deposits Payable	8,250	20,504
Total Liabilities	2,785,256	2,821,355
Shareholders' Equity		
Capital stock - par value \$1.00; 32,125 shares authorized, issued, and outstanding	32,125	32,125
Additional paid-in capital	3,705,600	3,624,501
Deficit - ending	(2,983,776)	(2,817,142)
Less: treasury stock	(75,000)	(75,000)
Total Shareholders' Equity	678,949	764,484
Total Liabilities and Shareholders' Equity	\$ 3,464,205	\$ 3,585,839

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

Tudor Arms Owners Corporation

Statements of Operations

For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenue		
Maintenance	\$ 662,028	\$ 645,881
Less: Abatements	(22,721)	(27,723)
Less: Contributed for Mortgage Amortization	(68,022)	(65,139)
Transfer Fees	6,646	9,394
Parking	19,786	20,700
Laundry	7,800	7,800
Storage	2,172	2,103
Legal	3,550	3,750
Interest income	151	2,808
Dividend	8,357	4,825
Other revenue	874	410
Total revenue	620,621	604,809
Expenses		
Operating Expenses	258,949	208,398
Administrative	61,813	50,048
Repairs and maintenance	130,141	92,885
Property taxes - net of abatements	103,312	95,697
Corporate Taxes	600	1,179
Interest on mortgage indebtedness	108,540	111,424
Total expenses	663,355	559,631
Income from operations	(42,734)	45,178
Depreciation	(125,513)	(124,949)
Amortization	(11,141)	(11,141)
Net Income (Loss)	\$ (179,388)	\$ (90,912)

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, 2021 and 2020

	Capital Stock	Additional Paid in Capital	Retained Earnings (Deficit)
Balance as of Year End 2019	32,125	\$ 3,559,362	\$ (2,726,230)
Net Income (Loss)	-	-	(90,912)
Shareholder's Contributions for Mortgage Amortization	-	65,139	-
Balance as of Year End 2020	32,125	3,624,501	(2,817,142)
Net Income (Loss)	-	-	(179,388)
Prior period adjustment	-	-	12,754
Shareholder's Contributions for Mortgage Amortization	-	68,022	-
PPP Grant	-	13,077	-
Balance as of Year End 2021	\$ 32,125	\$ 3,705,600	\$ (2,983,776)

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	\$ (179,388)	\$ (90,912)
Depreciation and amortization	136,654	136,090
Changes in receivables	(10,722)	1,579
Changes in prepaid maintenance	5,007	7,084
Changes in security deposits	(12,254)	(250)
Changes in prepaid expenses	1,394	3,649
Changes in escrow	2,339	(17,611)
Changes in accounts payable and accrued expenses	28,029	(6,273)
Prior period adjustment	12,754	-
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(16,187)	33,356
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property and Equipment	-	(31,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Mortgage Principal Payments	(68,022)	(65,139)
Contributed for Mortgage Amortization	68,022	65,139
PPP Grant	13,077	-
NET CASH USED BY FINANCING ACTIVITIES	13,077	-
OTHER ACTIVITIES:		
Net cash increase (decreases) in cash and cash equivalents	(3,110)	2,356
Cash and cash equivalents at beginning of period	463,568	461,212
Cash and cash equivalents at end of period	\$ 460,458	\$ 463,568
Supplemental disclosure of cash flow data		
Interest Paid	108,540	111,424
Corporation Taxes Paid	600	1,179
Cash and cash equivalents consist of the following:		
Cash: Operating	5,132	5,999
Cash: Reserve	455,326	457,569
Total Cash	\$ 460,458	\$ 463,568

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

Tudor Arms Owners Corporation

Notes to the Financial Statements

December 31, 2021

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.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Corporation believes that its revenue transactions are not within the scope of Topic 606 because their revenue transactions are not with customers but with owners who elect a board to represent them, have voting rights as well as other incidents of ownership. Accordingly, the Corporation has concluded that Topic 606 is not applicable to these financial statements.

Tudor Arms Owners Corporation

Notes to the Financial Statements

December 31, 2021

In February 2016, the Financial Accounting Standards Board ("FASB" or "the Board") issued its highly-anticipated leasing standard in ASU 2016-02 ("ASC 842" or "the new standard") for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use ("ROU") assets and related lease liabilities on the balance sheet for all arrangements with terms longer than 12 months. No adjustments to the financial statements for the years ended December 31, 2021 and 2020 were required.

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 March 10, 2022, 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, 2020 financial statements to conform to the December 31, 2021 financial statement presentation.

Note 2. Property and Equipment

Property and equipment consist of the following:

	2021	2020
Land	\$ 1,284,000	\$ 1,284,000
Building	3,312,626	3,312,626
Building Improvements	1,777,785	1,777,785
Equipment	21,720	21,720
Total cost	6,396,131	6,396,131
Less: Accumulated Depreciation	(3,478,016)	(3,352,503)
Total	\$ 2,918,115	\$ 3,043,628

Capital Improvements for the years ended December 31, 2021 and 2020 were as follows

	2021	2020
Waterproofing	\$ -	\$ 17,500
Fuel Grade Garage	-	13,500
Total Capital Improvements Cost	\$ -	\$ 31,000

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.

Tudor Arms Owners Corporation

Notes to the Financial Statements

December 31, 2021

Future minimum principal repayments approximate as follows:

2022	\$69,914
2023	\$72,632
2024	\$75,455
2025	<u>\$2,547,485</u>
Total	<u>\$2,765,486</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 2021 and \$36,000 in 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, 2021 and 2020, abatements received by the corporation totaled \$22,721 and \$27,723, respectively. The abatements and exemptions not credited at December 31, 2021, have been recorded as due to shareholders, if applicable.

Note 6. 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, 2021 and 2020, 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, 2021 - Green (greater than 80% funded)	
Year Beginning April 01, 2020 - Green (greater than 80% funded)	
Funding Improvement Plan/Rehabilitation Plan Status: Implemented	Surcharges Paid to Plan: No
Corporation's Contributions:	
Year Ended December 31, 2021	\$30,720
Year Ended December 31, 2020	\$30,740

The information provided above is from the Plan's most current annual report for the year ended June 30, 2021. 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, 2021 and 2020. In addition, under the Collective Bargaining Agreement ("Agreement"), certain retired employees are eligible for health benefits as defined in the Agreement.

Tudor Arms Owners Corporation

Notes to the Financial Statements

December 31, 2021

Note 7. Transfer Fees

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

Note 8. 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.

Note 9. PPP Grant

In 2021 the Corporation applied for a paycheck protection program loan as authorized by Section 1106 of the CARES Act. The Corporation met all of the conditions required for loan forgiveness under the program, and in 2021 the loan was forgiven (\$13,077), and became a tax free grant.

Tudor Arms Owners Corporation

Schedules of Expenses - Supplementary Information

For the Years Ended December 31, 2021 and 2020

	2021	2020
Operating Expenses		
Electricity and Gas	\$ 52,940	\$ 54,521
Water	12,613	11,996
Fuel costs	26,274	5,139
Telecommunications	3,448	2,162
Insurance	57,118	37,720
Payroll and Related Expenses	75,836	66,122
Employee benefits	30,720	30,740
Total Operating Expenses	258,949	208,400
Administrative Expenses		
Management	36,000	36,000
Office Expenses	7,857	7,433
Legal fees	1,931	440
Accounting fees	8,025	6,175
Engineer fees	8,000	-
Total Administrative Expenses	61,813	50,048
Repairs and Maintenance		
Boiler	9,063	4,412
Plumbing	21,791	8,912
Elevator	10,293	12,724
Building Supplies	13,074	16,037
Exterminating	2,874	2,515
Painting and Plastering	4,594	1,227
Doors, Locks, and Glass	5,268	3,488
Fire System	952	1,094
Landscaping & Grounds	5,657	2,603
Roof	18,629	-
Janitorial	33,565	34,193
Other repairs and maintenance	4,381	5,680
Total Repairs and Maintenance	130,141	92,885

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, 2021 and 2020

	2021	2020
Additional Expenses		
Interest on mortgage indebtedness	108,540	111,424
Property taxes - net of abatements	103,312	95,697
Corporate Taxes	600	1,179
Total Expenses	\$ 663,355	\$ 559,633

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