

TWENTY-SIXTH AMENDMENT TO OFFERING PLAN
for
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twenty-Sixth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27-47 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty-five prior amendments.

The Plan is hereby amended as follows:

1. **Extension of Offering.** The term of the offering made by the Plan is hereby extended for an additional twelve (12) month period commencing on the date this Twenty-Sixth Amendment is accepted for filing by the Department of Law.

2. **Financial Disclosure.** The following information is provided in accordance with the regulations of the Attorney General of the State of New York:

(a) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472
3-I	461

<u>Apartment</u>		<u>Shares</u>	
	3-J		356
	5-J		362
	2-K		463
	3-K		466
	4-L		569
Total		Total	
Units	22	Shares	9,915

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$20,304.01.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$28,384.00.

(d) The Sponsor has no financial obligations to the Apartment Corporation which will become due within twelve months from the date of this amendment, other than payment of maintenance.

(e) None of the unsold shares has been pledged as collateral for any loan or otherwise represents security for financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

(h) Sponsor or principals of Sponsor, as individual holders of unsold shares or as general partner or principal of Sponsor, own more than ten (10%) percent of the shares of the following buildings which have been converted to cooperative or condominium ownership:

445 Gramatan Avenue, Mount Vernon, New York
File No. C87-0246
31 Pondfield Road, Bronxville, New York
File No. C83-0117
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
1-15 Bryant Crescent, White Plains, New York

File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

The offering plans for these buildings are on file with the Department of Law and are available for public inspection.

(i) The Sponsor, principals of sponsor and holders of unsold shares, as individual holders of unsold shares or as general partner or principal of the Sponsor, are current in their financial obligations in other cooperatives, condominiums or homeowners associations in which they own shares or units as an individual, general partner or principal.

(j) The Sponsor relinquished control of the Board of Directors on May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 29.9% of the outstanding shares of the Corporation.

3. **Maintenance, Parking Charges and Special Assessment.** By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 4, 2012, after reviewing a projected budget of building operations for the calendar year 2013, the per share monthly maintenance was fixed at \$1.85978 for the calendar year 2013, representing a 3% increase over the prior year. The Board also approved the continuation of monthly parking charges for 2013 of \$45.00 for an outdoor space and \$60.00 for an indoor space. At that meeting a special annual assessment of \$1.69 per share for fuel oil, to be billed monthly throughout the year, was approved.

4. **Budget.** Attached hereto is the budget for the 2013 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational purposes only, and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

5. **Election of Officers and Directors.** At the annual meeting of shareholders held on November 5, 2012, the following officers and directors of the Corporation were elected:

Arnold Bell, President and Director
Jimmy Rosi, Vice-President and Director
Robert Orlofsky, Secretary and Director
Jeremy Ingpen, Treasurer and Director
*Nancy Heller, Director
Sponsor designee

6. **Financial Statements.** The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 2010 and December 31, 2011 prepared by Bloom and Streit LLP, Certified Public Accountants, is attached hereto. These financial statements are contained herein for informational purposes only. Sponsor does not adopt the financial statements and does not represent, assure or guarantee their accuracy, adequacy or completeness.

7. **Mortgage Refinancing and Line of Credit.** In 2007, the Apartment Corporation refinanced its mortgage with National Cooperative Bank ("NCB"). The principal amount of the NCB first mortgage is \$2,500,000.00. From each monthly installment in the amount of \$14,652.91 there will be applied interest at the fixed rate of 5.79% per annum and the balance in reduction of principal based on a 30-year amortization schedule. The mortgage requires the corporation to make monthly payments in escrow for real estate taxes. No such escrow payments are required for insurance premiums. The mortgage matures on April 1, 2017, at which time the principal balance due will be approximately \$2,107,000.00. There is no assurance that refinancing will be available on the same or better terms at the time of maturity. The mortgage may not be prepaid prior to November 1, 2015. Thereafter it may be prepaid in whole only, on not more than 30 or less than 90 days notice, subject to a prepayment penalty of 2% of the outstanding principal balance of the loan; however the loan may be prepaid in full without penalty on or after January 1, 2017. Loan payments are due on the first of the month. A late charge of 5% of the overdue amount is payable for any payment not received by the tenth day of the month.

At the same time as the first mortgage refinancing, the Corporation also entered into an agreement with NCB for a secured line of credit in the amount of \$350,000, which loan is secured by a second mortgage. The Apartment Corporation pays interest on the line of credit from the date that it is used. The rate of interest is 100 basis points above NCB's Base Rate, adjusted monthly. Advances, which are available to the Apartment Corporation throughout the term of the loan, are made in minimal increments of \$10,000. In November 2011, the Corporation drew down \$50,000, and NCB has made no other advances to date. Payments of interest only were due from the date of the loan through April 30, 2012. Effective May 1, 2012, the Corporation was required to make minimum monthly payments of \$100.00 in reduction of principal. As of November 1, 2012, the outstanding balance on the credit line loan was \$49,400.00 at which time monthly interest at the annual rate of 4.25% in the amount of \$180.88 was payable, together with principal in the amount of \$100.00. Any loans under the line of credit

mature on April 1, 2017, or the refinancing of the first mortgage if sooner. The purpose of the loan is to fund extraordinary non-recurring expenses and to fund reserves.

8. **Change of Address.** The address of Sponsor, is c/o Estates Supervision, 845 Third Avenue, 16th floor, New York, New York 10022.

9. **Litigation.** As of December 13, 2012, there is no litigation pending against either the Sponsor or the Corporation.

10. **No Other Material Changes in Plan.** There have been no material changes in the Plan, except as set forth in this Twenty-Sixth Amendment. The Plan, as amended hereby; does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: **DECEMBER 17** , 2012

DALE ESTATES, LLC, Sponsor

PlanAm26v2.wpd



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
Attorney General

DIVISION OF ECONOMIC JUSTICE
REAL ESTATE FINANCE BUREAU

(212) 416-8959

Dale Estates, LLC
c/o Peck & Heller, Esq.
Attention: Nancy Heller
845 3rd Avenue, 16floor
New York, NY 10022

RE: 27 North Central Ave.
File Number: C 810234 Amendment No: 26
Date Amendment Filed: 12/17/2012 Filing Fee: \$225.00
Receipt Number: 119347

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. This filing is effective for the greater of six months from the date of filing this amendment or twelve months from the acceptance of the original offering literature. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment, including amending the plan to disclose the most recent certified financial statement and budget, which should be done as soon as either of these documents is available.

Any misstatement or concealment of material fact in the material submitted as part of this amendment renders this filing void ab initio. This office has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or any waiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this letter is conditioned upon the collection of all fees imposed by law. This letter is your receipt for the filing fee.

Very truly yours,

A handwritten signature in cursive script that reads "Judith Kaufman" followed by a stylized flourish.

Judith Kaufman
Assistant Attorney General

**HARTSDALE GARDENS OWNERS CORP.
APPROVED OPERATING BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2013**

RECEIPTS

CARRYING CHARGES	739,531	
SPECIAL ASSESSMENT/SURCHARGE	56,000	
PARKING	59,500	
PROFESSIONAL APARTMENTS	11,400	
RENTAL INCOME	49,000	
LAUNDRY ROOM INCOME	6,000	
STORAGE UNITS	6,000	
INTEREST INCOME	500	
MISCELLANEOUS INCOME	500	
	<u> </u>	
TOTAL RECEIPTS		928,431

EXPENDITURES

ADMINISTRATIVE EXPENSES

MANAGEMENT FEE	30,000	
LEGAL EXPENSES	5,000	
AUDITING	8,400	
TELEPHONE AND ANSWERING SERVICE	1,500	
OFFICE AND ADMIN EXPENSES	5,503	
	<u> </u>	
TOTAL ADMINISTRATIVE EXPENSES		50,403

MAINTENANCE EXPENSES

PAYROLL	96,500	
SUPPLIES	13,500	
REPAIRS AND MAINTENANCE	52,000	
ELEVATOR MAINTENANCE	10,500	
LANDSCAPING AND TREE SERVICE	18,000	
SNOW REMOVAL AND SUPPLIES	6,000	
EXTERMINATING SERVICES	6,000	
RENT EXPENSE	10,500	
	<u> </u>	
TOTAL MAINTENANCE EXPENSES		213,000

UTILITIES EXPENSES

FUEL	132,000	
ELECTRICITY AND GAS	24,000	
WATER	17,000	
	<u> </u>	
TOTAL UTILITIES EXPENSES		173,000

**HARTSDALE GARDENS OWNERS CORP.
 APPROVED OPERATING BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2013**

TAXES AND INSURANCE		
REAL ESTATE TAXES	221,000	
PAYROLL TAXES	8,100	
LICENSES AND PERMITS	500	
INSURANCE	48,500	
UNION WELFARE AND PENSION FUND	32,800	
FRANCHISE TAXES	1,900	
TOTAL TAXES AND INSURANCE		312,800
 FINANCIAL EXPENSES		
INTEREST ON MORTGAGE	134,072	
INTEREST ON CREDIT LINE	2,400	
TOTAL FINANCIAL EXPENSES		136,472
 CONTRIBUTIONS TO EQUITY/RESERVES		
AMORTIZATION OF MORTGAGE	41,556	
AMORTIZATION OF CREDIT LINE	1,200	
TOTAL CONTRIBUTIONS TO EQUITY		42,756
 TOTAL EXPENDITURES		928,431
 NET SURPLUS		0

NOTES

1. CARRYING CHARGES - 3% INCREASE JAN 2013
2. SURCHARGE - 1.69/SHARE/YEAR - BILLED MONTHLY
4. FUEL - 41,000 GALLONS AT 3.10/GALLON PLUS TAX

HARTSDALE GARDENS OWNERS CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

HARTSDALE GARDENS OWNERS CORP.

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ROGER BERMAN, CPA
WILLIAM J. RANK, CPA, CFP
MARK COHEN, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders HARTSDALE GARDENS OWNERS CORP.

We have audited the accompanying balance sheets of HARTSDALE GARDENS OWNERS CORP., as of December 31, 2011 and 2010, and the related statements of income (loss), retained earnings (deficit) and cash flows for the years 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 HARTSDALE GARDENS OWNERS CORP., as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8, 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
March 26, 2012

HARTSDALE GARDENS OWNERS CORP.

Balance Sheets

As of December 31,

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	28,377	1,877
Cash in Bank - Money Market Account	1,026	1,023
Cash in Bank - Investment Account	61,544	145,059
Tenants' Accounts Receivable	7,885	4,643
Miscellaneous Receivables	0	144
Mortgagee Escrow Deposits	106,087	102,058
Prepaid Expenses	4,248	7,988
Total	<u>209,167</u>	<u>262,792</u>
Less: Allocated to Funds (see below)	<u>(61,500)</u>	<u>(145,000)</u>
Total Current Assets	<u>147,667</u>	<u>117,792</u>
FUNDS		
Contingency Reserve:		
Allocated from Current Assets (see above)	<u>61,500</u>	<u>145,000</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>2,029,302</u>	<u>2,123,500</u>
OTHER ASSETS		
Investment in National Cooperative Bank	10,234	10,234
Deferred Mortgage Financing Expenses	23,574	27,995
Total Other Assets	<u>33,809</u>	<u>38,229</u>
TOTAL ASSETS	<u>2,272,277</u>	<u>2,424,521</u>

	<u>2011</u>	<u>2010</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITES		
Accounts Payable	34,432	71,902
Accrued Interest	11,911	11,877
Star Credit Due to Stockholders	46,255	44,983
Rents Received in Advance	9	11
Security Deposits	8,055	7,080
Mortgage Amortization Payments due within one year	<u>38,821</u>	<u>36,984</u>
Total Current Liabilities	<u>139,483</u>	<u>172,836</u>
LONG-TERM LIABILITIES		
First Mortgage Payable - Net of Payments due within one year	2,306,339	2,345,161
Line of Credit Payable	<u>50,000</u>	<u>0</u>
Total Long Term Liabilities	<u>2,356,339</u>	<u>2,345,161</u>
STOCKHOLDERS' EQUITY		
Common Stock \$1.00 par value; 33,137 shares authorized, issued and outstanding	33,137	33,137
Paid-in Capital	3,637,095	3,637,095
Retained Earnings (Deficit)	<u>(3,893,777)</u>	<u>(3,763,708)</u>
Total Stockholders' Equity	<u>(223,545)</u>	<u>(93,476)</u>
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	<u>2,272,277</u>	<u>2,424,521</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Income (Loss)

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
INCOME		
Carrying Charges	717,992	690,376
Surcharge Income	87,706	56,000
Rental Income	30,975	25,425
Parking Income	59,160	48,940
Professional Apartments	10,825	10,165
Laundry Room Income	6,000	6,000
Storage Units	5,841	6,551
Interest Income	1,641	1,582
Miscellaneous Income	1,498	688
Total Income	<u>921,637</u>	<u>845,726</u>
EXPENSES		
Administrative Expenses	54,347	55,178
Maintenance Expenses	220,764	231,036
Utilities Expenses	169,328	150,909
Taxes and Insurance	290,980	283,191
Financial Expenses	138,885	140,781
Total Expenses Before Depreciation and Amortization	<u>874,303</u>	<u>861,096</u>
NET INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	47,334	(15,370)
Depreciation and Amortization of Mortgage Financing Expenses and Lease Commissions	<u>(177,404)</u>	<u>(175,027)</u>
NET INCOME (LOSS) FOR THE YEAR	<u>(130,069)</u>	<u>(190,397)</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Retained Earnings (Deficit)

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(3,763,708)	(3,573,311)
Net Income (Loss) for the Year	<u>(130,069)</u>	<u>(190,397)</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(3,893,777)</u>	<u>(3,763,708)</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Net Income (loss)	(130,069)	(190,397)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and Amortization	177,404	175,027
Revenue allocated to financing activities	(36,984)	(34,880)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(3,242)	3,776
Mortgagee Escrow Deposits	(4,029)	(4,490)
Prepaid Expenses	3,740	3,208
Miscellaneous Receivables	144	(144)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(37,469)	28,447
Accrued Interest	34	(174)
Star Credit Due to Stockholders	1,272	434
Rents Received in Advance	(2)	10
Security Deposits	975	815
Net cash provided (used) by operating activities	<u>(28,226)</u>	<u>(18,370)</u>
Cash Flows From Investing Activities		
Redemption of NCB Stock	0	1,108
Purchase of Property and Equipment	<u>(78,785)</u>	<u>(26,446)</u>
Net cash provided (used) by investing activities	<u>(78,785)</u>	<u>(25,338)</u>
Cash Flows From Financing Activities		
Line of Credit - Net Proceeds	50,000	0
Portion of Carrying Charges applied to Amortization of Mortgage	36,984	34,880
Amortization Payments on Mortgage	<u>(36,984)</u>	<u>(34,880)</u>
Net cash provided (used) by financing activities	<u>50,000</u>	<u>0</u>
Increase (Decrease) in Cash and Cash Equivalents (carryforward)	(57,011)	(43,707)

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
Increase (Decrease) in Cash and Cash Equivalents (brought forward)	(57,011)	(43,707)
Cash and Cash Equivalents at Beginning of Year	<u>147,959</u>	<u>191,666</u>
Cash and Cash Equivalents at End of Year (see below)	<u>90,947</u>	<u>147,959</u>
Represented by:		
Cash in Operating Account	28,377	1,877
Cash in Bank - Money Market Account	1,026	1,023
Cash in Bank - Investment Account	<u>61,544</u>	<u>145,059</u>
Cash and Cash Equivalents (as above)	<u>90,947</u>	<u>147,959</u>
Supplemental Disclosure:		
Interest Paid	<u>138,919</u>	<u>140,607</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 1

Organization

Hartsdale Gardens Owners Corp., a Cooperative Housing Corporation (the Corporation), was incorporated in the State of New York in February 1981. The corporation owns and operates an apartment building located at 27 North Central Avenue, Hartsdale, New York, consisting of 73 residential units. The primary purpose of the cooperative is to manage the operations of the building 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 building is being computed by the straight line method over an estimated useful life of 30 years. Building improvements and equipment are depreciated on the straight line method over estimated lives that range from 15 to 27.5 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

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 2

Summary of Significant Accounting Policies - continued

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.

Mortgage acquisition costs are being amortized over the life of the related mortgage using the straight line method.

Note 3

Concentration of Credit Risk

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.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 4

Property and Equipment

Property and Equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Land	858,440	858,440
Building	3,433,760	3,433,760
Building improvements	<u>1,726,817</u>	<u>1,648,032</u>
	6,019,017	5,940,232
Less: accumulated depreciation	<u>3,989,715</u>	<u>3,816,732</u>
Total Property and Equipment	<u>2,029,302</u>	<u>2,123,500</u>

Depreciation expense for the year ended December 31, 2011 and 2010 is \$172,984 and \$170,607 respectively.

Note 5

Mortgage Payable

During 2007, the cooperative obtained a mortgage with NCB (National Cooperative Bank) in the amount of \$2,500,000. The mortgage, which is secured by the property, is payable in monthly installments of \$14,653, including interest at the rate of 5.79% per annum, based on a 30 year amortization period. The note matures on April 1, 2017, at which time a balloon payment of approximately \$2,107,000 is due. The mortgage requires the corporation to make monthly payments into an escrow account held by the mortgagee for real estate taxes. At December 31, 2011 and 2010, the balance in the escrow account was \$106,087 and \$102,058, respectively.

In conjunction with refinancing, the cooperative was required to purchase shares of NCCB's Class B1 and B2 stock. Class B1 shares earn a patronage dividend payable in cash and in Class B2 stock, as determined by NCCB. Class B1 shares are redeemable by NCCB upon satisfactory repayment of all loans made to or guaranteed by eligible customers. Class B2 shares are non-redeemable, non-transferable, and pay no dividends.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 5

Mortgage Payable - continued

No patronage dividends were paid during the year ended December 31, 2011 and December 31, 2010. At December 31, 2011 and 2010, the cooperative owned 102 Class B1 shares. At December 31, 2011 and December 31, 2010, the corporation owns 171 class B2 shares.

Principal maturities of the mortgage are as follows:

2012	38,821
2013	41,556
2014	44,062
2015	46,719
2016	49,173
Thereafter	2,124,829

The loan agreements also provide for a \$350,000 available line of credit. The interest rate is 1% over the lender's base rate. The line of credit expires on April 1, 2017. As of December 31, 2010, the line of credit had not been accessed. In November 2011 the cooperative borrowed \$50,000 from the Line of Credit. As of December 31, 2011 \$50,000 is owed on the line of credit.

As part of the aforementioned refinancings, the cooperative has paid closing costs of approximately \$44,000, which are being amortized over the life of the new mortgage.

Note 6

Sponsor Ownership

At both December 31, 2011 and December 31, 2010, the Sponsor owned twenty two (22) residential units, or approximately 28% of the total residential units. Carrying charges received from the Sponsor's residential units aggregated approximately \$215,000 and \$207,000 for the year ended December 31, 2011 and 2010 respectively. As of that date, the Sponsor was current in the payment of carrying charges.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 7

Income Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative 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 cooperative'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 cooperative's capital base.

As of December 31, 2011, the cooperative has available net operating loss carryforwards to apply to future taxable income in the approximate amount of \$598,000. Unless used, these net operating losses are set to expire from the year 2012 to 2031.

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.

Note 8

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.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 9

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 2011 and 2010. 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 10

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>2011</u>	<u>2010</u>
Payroll	95,174	90,770
Union Welfare and Pension Fund	31,389	29,867

Note 11

Carrying Charges

Pursuant to a meeting of the Board of Directors, the cooperative has approved an increase of 2% effective January 1, 2010 and 4% effective January 1, 2011. Each of these increases, in addition to the existing surcharge, were necessary to offset higher operating costs and present a balanced budget.

Note 12

Subsequent Events

Management has evaluated subsequent events through March 26, 2012, 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
HARTSDALE GARDENS OWNERS CORP.**

We have audited the financial statements of Hartsdale Gardens Owners Corp., as of and for the years ended December 31, 2011 and December 31, 2010, and our report thereon dated March 26, 2012, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts and detailed schedule of repairs, which are the responsibility of the cooperative's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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 our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



**BLOOM AND STREIT LLP
Certified Public Accountants
March 26, 2012**

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2011</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2011</u>	Actual Year Ended <u>Dec. 31, 2010</u>
RECEIPTS			
Carrying Charges	717,991	717,992	690,376
Surcharge Income	88,700	87,706	56,000
Rental Income	26,000	30,975	25,425
Parking Income	56,000	59,160	48,940
Professional Apartments	10,500	10,825	10,165
Laundry Room Income	6,000	6,000	6,000
Storage Units	5,800	5,841	6,551
Interest Income	1,000	1,641	1,582
Miscellaneous Income	2,000	1,498	688
Total Receipts	<u>913,991</u>	<u>921,637</u>	<u>845,726</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	5,000	6,295	9,177
Auditing	8,400	8,400	8,400
Telephone and Beeper	1,500	2,252	1,798
Office and Administrative Expenses	5,440	7,399	5,804
Total Administrative Expenses	<u>50,340</u>	<u>54,347</u>	<u>55,178</u>
MAINTENANCE EXPENSES			
Super and Maintenance Payroll	89,000	95,174	90,770
Supplies	11,000	12,332	13,898
Repairs and Maintenance(see schedule)	60,000	53,281	59,348
Elevator Maintenance	12,000	10,902	9,994
Landscaping and Tree Work	26,000	26,407	31,566
Snow Removal	7,700	7,290	9,495
Exterminating	6,500	5,929	6,656
Rent Expense	9,500	9,450	9,310
Total Maintenance Expenses	<u>221,700</u>	<u>220,764</u>	<u>231,036</u>
UTILITIES EXPENSES			
Fuel	140,000	139,649	120,220
Electricity and Gas	24,000	22,040	23,762
Water	8,000	7,639	6,926
Total Utilities Expenses	<u>172,000</u>	<u>169,328</u>	<u>150,909</u>

See auditors' report on supplementary information

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2011</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2011</u>	Actual Year Ended <u>Dec. 31, 2010</u>
TAXES AND INSURANCE			
Real Estate Taxes	203,000	203,819	196,279
Payroll Taxes	7,500	8,014	7,620
Licenses and Permits	500	923	0
Insurance	49,000	45,087	48,851
Union Welfare and Pension Fund	31,500	31,389	29,867
NYS Franchise Taxes	<u>2,800</u>	<u>1,747</u>	<u>575</u>
Total Taxes and Insurance	<u>294,300</u>	<u>290,980</u>	<u>283,191</u>
FINANCIAL EXPENSES			
Interest on Mortgage	138,667	138,667	140,781
Interest on Line of Credit	<u>0</u>	<u>218</u>	<u>0</u>
Total Financial Expenses	<u>138,667</u>	<u>138,885</u>	<u>140,781</u>
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgage	<u>36,984</u>	<u>36,984</u>	<u>34,880</u>
Total Expenditures	<u>913,991</u>	<u>911,287</u>	<u>895,976</u>
NET SURPLUS (DEFICIT) FOR THE YEAR	<u>0</u>	<u>10,350</u>	<u>(50,250)</u>

See auditors' report on supplementary information

HARTSDALE GARDENS OWNERS CORP.

Detailed Schedule of Repairs

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
REPAIRS		
Boiler and Burners	7,262	8,556
Plumbing and Pipes	18,748	4,484
Electrical	734	2,345
Painting, Plastering and Carpentry Work	9,099	3,005
Roofing and Waterproofing	3,981	10,347
Paving and Excavation	1,820	0
Masonry and Tile Work	0	13,453
Fencing and Gates	880	2,819
Window Repairs	1,059	649
Compactors	2,142	0
Locks	746	2,108
Intercom	994	0
Engineers and Architects	1,279	7,891
Uniforms	455	771
Rubbish Removal	1,944	0
Garage Door	537	0
General	1,600	2,920
Total Repairs	<u>53,281</u>	<u>59,348</u>

See auditors' report on supplementary information