76th Street Owners' Corp.

Financial Statements
as of December 31, 2020 and 2019
and for the years then ended

Syed N. Haque, CPA & Associates, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
76th Street Owners' Corp.:

We have audited the accompanying financial statements of 76th Street Owners' Corp. (the "Corporation"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of revenues, expenses and accumulated deficit, 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

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 76th Street Owners' Corp. 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.

Other Matter

As discussed in Note 16, the Corporation has not estimated the remaining useful lives and replacement costs of the real 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.

Syed N. Haque, CPA & Associates, P.C.

Rego Park, New York
March 31, 2021

76th Street Owners' Corp.
(A Cooperative Housing Corporation)

Balance Sheets
as of December 31, 2020 and 2019

ASSETS:

	2020	2019
Cash (Note 3)	$1,334,398	$754,085
Accounts Receivable (Note 4)	13,759	13,446
Prepaid expenses (Note 5)	70,961	64,037
Property and equipment, net of accumulated depreciation of $7,061,140 and $6,995,811 (Notes 2 and 6)	2,142,686	2,204,215
Total assets	$3,561,804	$3,035,783

LIABILITIES AND STOCKHOLDERS' EQUITY:

	2020	2019
Accounts payable and accrued expenses	$66,486	$56,377
Deferred maintenance charges	41,136	23,752
Abatements due to shareholders	30,651	25,259
Due to sponsor	15,549	8,305
Security deposits payable	7,999	7,999
Mortgage note payable (Note 7)	3,629,959	3,178,523
Total liabilities	3,791,780	3,300,215
Stockholders' equity:		
Common stock, par value $1; authorized 80,000 shares; issued and outstanding 74,715 shares	74,715	74,715
Additional paid-in capital	5,410,493	5,410,493
Accumulated deficit	(5,715,184)	(5,749,640)
Total stockholders' equity	(229,976)	(264,432)
Total liabilities and stockholders' equity	$3,561,804	$3,035,783

The accompanying notes are an integral
part of these financial statements

76th Street Owners' Corp.
(A Cooperative Housing Corporation)

Statements of Revenues, Expenses and Accumulated Deficit
for the years ended December 31, 2020 and 2019

	2020	2019
REVENUES:		
Maintenance charges (Note 2)	$926,295	$865,696
Special assessments (Note 13)	82,934	76,957
Rent income - storage bins	22,775	22,050
Laundry income	13,200	13,200
Interest income	7,230	10,240
Insurance refund	-	2,626
Tax Refund	-	4,135
Other	4,206	4,244
Total revenues	1,056,640	999,148
EXPENSES:		
Payroll and related expenses	137,784	116,076
Union pension and benefits	55,750	47,864
Real estate taxes	302,885	284,290
Interest expenses	184,534	137,833
Fuel, gas and electric	72,002	87,770
Repairs, maintenance and supplies (Note 9)	57,855	80,975
Insurance	50,803	49,294
Professional fees	7,368	9,388
Water and sewer	51,035	50,170
Management fees (Note 10)	20,000	19,833
Income taxes (Note 12)	1,422	1,600
Permits and fees	1,228	13
Telephone	7,037	7,030
Other	511	1,726
Total expenses before depreciation and interior painting	950,214	893,862
Excess of revenues over expenses before depreciation and interior painting	106,426	105,286
Less: depreciation	(65,329)	(53,540)
interior painting	(6,641)	(15,132)
Excess of revenues over expenses	34,456	36,614
Accumulated deficit as previously reported at January 1, 2020 and 2019	(5,749,640)	(5,734,913)
Prior period adjustment (Note 15)	-	(51,341)
Accumulated deficit at December 31, 2020 and 2019	($5,715,184)	($5,749,640)

The accompanying notes are an integral part of these financial statements

76th Street Owners' Corp.
(A Cooperative Housing Corporation)

Statements of Cash Flows
for the years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	$34,456	$36,614
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities:		
Depreciation	65,329	53,540
Amortization of debt issuance costs	26,218	8,053
Prior period adjustments	-	(51,341)
Changes in operating assets and liabilities:		
Receivables from shareholders	(313)	84,066
Prepaid expenses	(6,924)	(1,292)
Accounts payable and accrued expenses	10,109	(407,076)
Deferred maintenance charges	17,384	6,306
Security deposits payable	-	2,000
Abatements due to shareholders	5,392	2,895
Due to sponsor	7,244	3,440
Net cash provided by (used in) operating activities	158,895	(262,795)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Decrease) increase in property and equipment	(3,800)	83,411
Net cash (used in) provided by investing activities	(3,800)	83,411
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in mortgage note payable	520,033	-
Increase in mortgage refinancing costs	(94,815)	-
Net cash provided by financing activities	425,218	-
Net increase (decrease) in cash	580,313	(179,384)
Cash, beginning of year	754,085	933,469
Cash, end of year	$1,334,398	$754,085
SUPPLEMENTAL DISCLOSURE FOR STATEMENTS OF CASH FLOWS:		
Interest paid	$126,927	$129,779
Income taxes paid	$1,686	$1,648

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76th Street Owners' Corp.
(A Cooperative Housing Corporation)

Notes to Financial Statements
as of December 31, 2020 and 2019

1. Organization:

76th Street Owners' Corp. (the "Corporation"), a cooperative housing corporation, was incorporated in the State of New York on June 4, 1984. The Corporation owns the building located at 35-36 76th Street, Jackson Heights, New York. This building has 113 residential units, and a superintendent apartment.

2. Summary of Significant Accounting Policies:

Use of Estimates:
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.

Property and Equipment:
Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets.

Debt Issuance Costs:
Debt issuance costs are amortized on the straight-line method over the term of the loan. Amortization on the interest method would not be materially different.

Maintenance Charges:
Maintenance charges are based on an annual budget determined by the Board of Directors. Shareholders are billed monthly based on their respective share holdings. The Corporation retains excess operating funds, if any, at the end of the operating year, for use in future operating periods. Effective January 1, 2020, the Corporation increased maintenance charges by approximately 7%.

Cash and Cash Equivalents:
For statement of cash flows, all cash in bank, including demand deposits, certificate of deposits and money market accounts are considered cash by the Corporation.

3. Cash:

At December 31, 2020 and 2019, the cash balances consist of the following:

	2020	2019
Operating accounts	$147,177	$145,031
Interest bearing accounts	1,187,221	609,054
	$1,334,398	$754,085

4. Accounts Receivable:

At December 31, 2020 and 2019, receivables from shareholders amounted to $13,759 and $13,446, respectively. The Corporation has first lien upon the shares owned by shareholders for indebtedness arising under the provision of the proprietary lease issued to the shareholders. As a result, the Corporation believes that the fair market value of delinquent shares is sufficient to cover maintenance and other receivables in arrears. Accordingly, no allowance for uncollectible maintenance receivable is deemed necessary.

5. Prepaid Expenses:

At December 31, 2020 and 2019, prepaid expenses comprised of the following:

	2020	2019
Real estate taxes	$56,052	$48,353
Insurance	14,909	13,550
Boiler service contract	-	2,134
	$70,961	$64,037

6. Property and Equipment:

At December 31, 2020 and 2019, property and equipment comprised of the followings:

	2020	2019
Land	$996,757	$996,757
Building and improvements	8,207,069	8,203,269
	9,203,826	9,200,026
Less: accumulated depreciation	(7,061,140)	(6,995,811)
	$2,142,686	$2,204,215

7. Mortgage Note Payable:

On June 5, 2020, the Corporation refinanced its mortgage note payable with Apple Bank for $3,750,000 at an interest rate of 3.25% per annum. The mortgage note is secured by the land and building, and requires monthly principal and interest payments of approximately $16,320. The mortgage will mature on July 1, 2030 at which time the remaining balance will be due.

On September 4, 2012, the Corporation had obtained a mortgage loan with Valley National Bank for $3,200,000 at an interest rate of 4% per annum. The mortgage note was secured by the land and building, and required monthly interest only payment of approximately $10,667. On June 5, 2020, this mortgage note was fully paid-off as part of refinancing as described in the preceding paragraph.

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(A Cooperative Housing Corporation)

Notes to Financial Statements
as of December 31, 2020 and 2019

At December 31, 2020 and 2019, the mortgage note payable and unamortized debt issuance costs are as follows:

	2020	2019
Mortgage note payable	$3,720,033	$3,200,000
Less: unamortized debt issuance costs	(90,074)	(21,477)
Net mortgage note payable	$3,629,959	$3,178,523

Principal maturities of the mortgage note payable for each of the years ending December 31 are as follows:

Year	
2021	$76,308
2022	78,825
2023	81,426
2024	84,112
2025	86,886
Thereafter	3,312,476
	$3,720,033

8. Debt Issuance Costs:

Effective January 1, 2016, the Corporation adopted Accounting Standards Update (ASU) 2015-03 (Subtopic 835-30) which requires debt issuance costs to be presented on the balance sheet as a direct reduction of the carrying amount of the related debt liability. As of December 31, 2020 and 2019, unamortized debt issuance costs amounted to $82,377 and $21,477, respectively, as reported in Note 7 above.

9. Repair, Maintenance and Supplies:

For the years ended December 31, 2020 and 2019, repair, maintenance and supplies comprised of the following:

	2020	2019
Boiler and plumbing	$18,745	$24,465
Hardware and supplies	7,869	11,784
General repair and maintenance	9,722	20,839
Exterminating	3,890	7,601
Elevator	10,489	9,349
Landscaping	7,140	6,937
	$57,855	$80,975

10. Related Party Transactions:

Maxx Management Corp. (Maxx), an affiliate of the Sponsor, Equity Investments, is the managing agent of the Corporation. For the years ended December 31, 2020 and 2019, the Corporation incurred management fees of $20,000 and $19,833, respectively.

Maxx also serves as the paymaster for the employees of the Corporation and is reimbursed for all payroll and related costs incurred on the Corporation's behalf. Employees of Maxx serve on the board of directors of the Corporation.

At December 31, 2020 and 2019, the sponsor owned approximately 9.6% of the outstanding shares of the Corporation. Maintenance charges to the sponsor amounted to $88,805 and $82,995 in 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the sponsor also paid a special assessment of $7,955 and $7,378, respectively.

11. Multi-employer Pension Plan:

The Corporation contributes to a multi-employer defined benefit pension plan under the terms of a collective bargaining agreement that covers its union represented employees. The risks of participating in a multi-employer plan differ from those of a single employer plan in the following respects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if the Corporation chooses to stop participating in the multi-employer plan, the Corporation 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.

The Corporation's participation in plan is outlined in the table below:

Pension Plan	Employer Identification number	Pension Plan number	PPA Zone Plan Years 1/1/19 to 12/31/19 1/1/20 to 12/31/20	FIP/RP Status Implemented	Surcharge Imposed	Expiration date Collective Bargaining Agreement
Building Service 32BJ Fund	13-3289511	001	Green	Implemented	None	4/20/2022

The Corporation's pension contributions for the years ended December 31, 2020 and 2019 were $12,548 and $10,747, respectively. The Corporation has not contributed more than 5% of the total contribution to the plan.

12. Income Taxes:

The Corporation qualifies under Section 216 of the Internal Revenue Code as a cooperative housing corporation. This section permits shareholders to deduct their proportionate share of real estate taxes and mortgage interest on their own tax returns.

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Notes to Financial Statements
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The Corporation is qualified to prepare its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income is patronage income within the meaning of Subchapter T.

For the years ended December 31, 2020 and 2019, the Corporation has a net taxable loss of \$28,282 and \$3,102, respectively. As a result, the Corporation is not subject to federal income tax in 2020 and 2019. State and local franchise taxes are computed based on the capital method for cooperative housing corporations, which amounted to \$1,422 and \$1,600 in 2020 and 2019, respectively.

At December 31, 2020 and 2019, the Corporation has federal net operating loss carryforwards of \$710,923 and \$682,991, respectively, which are available to reduce future taxable income.Net operating loss carryforwards expire through the year 2040.

The net losses per financial statements reconciled to taxable (loss) income on federal income tax returns are as follows:

	2020	2019
Net income per financial statements	\$34,456	\$36,614
Principal payment	(29,967)	-
Penalties	-	100
Financial statements depreciation over (under) tax depreciation	(32,771)	(39,816)
Taxable loss	(\$28,282)	(\$3,102)

The Corporation's tax filings are subject to audit by various taxing authorities. The Corporation's federal, state and city income tax returns for years ended December 31, 2017 through 2020 remain open to examination by various taxing authorities. In evaluating the Corporation's tax provisions and accruals, the Corporation believes that its estimates are appropriate based on current facts and circumstances.

13. Special Assessments:

In 2020 and 2019, the Board of Directors approved a special assessment as described in Note 14 below, for tax abatement which amounted to \$82,934 and \$76,957, respectively, which was recorded as assessment income.

14. Real Estate Tax Abatements:

The New York City grants real estate tax abatements to certain shareholders of the Corporation under its Coop and STAR abatements program. The abatements are provided by means of credits to the Corporation's real estate taxes and the Corporation in turn passes on the abatements to the eligible shareholders. In 2020 and 2019, the Corporation distributed \$79,973 and \$76,570, respectively, as Coop and STAR abatements to eligible shareholders.

15. Prior period adjustment:

Accumulated deficit at January 1, 2019 has been restated from amount previously reported to reflect an overstatement of property and equipment of $32,613, understatement of deferred revenue of $9,250 and understatement of accounts payable of $9,478. The net prior period adjustments amount to $51,341. The financial statements for the year 2018 have not been restated.

16. Future Major Repairs and Replacements:

The Corporation has not conducted a study to determine the remaining useful lives of the components of real property and current estimates of the costs of major repairs and replacements that may be required in the future. The Board has also not developed a plan to fund those needs. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation has the right to increase regular maintenance, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

17. Concentration of Credit Risk:

The Corporation maintains accounts with financial institutions. At times, cash balances may exceed the maximum coverage provided by the Federal Deposit Insurance Corporation ("FDIC") on insured depositor accounts. The Corporation believes that it mitigates risk by investing its cash and cash equivalents with major financial institutions. As of December 31, 2020 and 2019, the uninsured cash balances amounted to $574,100 and $3,935, respectively.

18. Impairment:

In accordance with FASB ASC 360, long-lived assets, including property and equipment, are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future discounted cash flows. The amount of the impairment loss is the excess of the carrying amount of the impaired assets over the fair value of the assets based upon discounted future cash flows. Management believes that there has not been any impairment in 2020 and 2019.

19. Date of Management's Review:

Management has evaluated subsequent events through March 31, 2021, the date on which the financial statements were available to be issued. As of March 31, 2021, there are no subsequent events to be recognized or reported.