350 BLEECKER STREET APARTMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2000

350 BLEECKER STREET APARTMENT CORPORATION

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Marin
& Montanye LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD B. MONTANYE, CPA
PATRICIA A. PRUSINSKI, CPA

FRANK LIONEL, CPA

Independent Auditor's Report

To The Board of Directors and Shareholders of
350 Bleecker Street Apartment Corporation:

We have audited the accompanying balance sheet of 350 BLEECKER STREET APARTMENT CORPORATION as of December 31, 2000, and the related statements of operations and accumulated deficit (and supporting schedules) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Detailed property records have not been maintained and certain prior year records and supporting data were not available for our audit. Therefore, we are not able to satisfy ourselves about the amounts at which cash, machinery and equipment, and related accumulated depreciation are recorded in the accompanying balance sheet at December 31, 2000, and the amount of certain income and expense items for the year then ended.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

April 16, 2001

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350 BLEECKER STREET APARTMENT CORPORATION EXHIBIT A

BALANCE SHEET

As of December 31, 2000

ASSETS

CURRENT ASSETS		
Cash in Bank	- Operating account - Managing agent	$ 29,373
	- Operating account	96,340
	- First Union	902
		126,615
Shareholders arrears		1,911
Commercial arrears - Note 6		18,875
Prepaid Expenses:		
Insurance		6,044
Real estate tax		141,066
Management fee - Note 6		4,083
TOTAL CURRENT ASSETS		298,594
RESERVE FUND		
Fidelity investment - Schedule 1 - Note 3		119,875
PROPERTY AND EQUIPMENT		
Land		2,779,843
Building		10,542,862
Building Equipment		31,267
Building Improvements		1,812,768
		15,166,740
Less: Accumulated depreciation		(8,608,532)
NET PROPERTY AND EQUIPMENT		6,558,208
OTHER ASSETS		
Unamortized mortgage costs		85,031
TOTAL ASSETS		$ 7,061,708

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION EXHIBIT A

BALANCE SHEET

As of December 31, 2000

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable and accrued expenses - Schedule 2	$ 40,939
Real estate tax abatements payable	7,273
SCRIE payable	327
Move in/out and alterations deposits	8,000
Payroll taxes payable	8,693
Accrued mortgage interest	22,048
Current portion of mortgage payable	29,288
TOTAL CURRENTL LIABILITIES	116,568
LONG TERM LIABILITIES	
Mortgage Payable - Note 5	3,383,387
Less: Current portion	(29,288)
TOTAL LONG TERM LIABILITIES	3,354,099
TOTAL LIABILITIES	3,470,667
STOCKHOLDERS' EQUITY	
Capital Stock Common, authorized 17,222 shares, Issued and outstanding 17,222 shares at $1 par value	17,222
Paid-in Capital	10,541,150
Accumulated deficit - December 31, 2000 - Restated - Note 10	(6,967,331)
TOTAL STOCKHOLDERS' EQUITY	3,591,041
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,061,708

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION EXHIBIT A

SUPPORTING SCHEDULES

As of December 31, 2000

RESERVE FUND		Schedule 1
Balance - January 1,		$ 257,362
Add:	Interest income	12,913
	Net transfers to Reserve Fund from operating account	25,000
Less:	Real estate tax payments	(140,400)
	Sale of Class B1 stock - NCB - Note 4	(35,000)
Balance - December 31,		$ 119,875

Consisting of:

Fidelity Investments - Note 3	$ 119,875

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	Schedule 2
Legal	$ 13,814
Miscellaneous administrative	338
Electricity	1,273
Gas	9,674
Water and sewer	2,500
Uniforms	260
Heating and plumbing expenses	5,352
Supplies	315
Miscellaneous repairs	357
Corporate taxes	2,800
Building improvements	4,256
TOTAL ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 40,939

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION EXHIBIT B

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For The Year Ended December 31, 2000

INCOME		
Income from Shareholders		
Maintenance charges - apartments		$ 960,988
Apartment resale fee		62,820
Sublet fees		4,200
Storage room		9,600
Storage room - bike rental		1,105
TOTAL INCOME		1,038,713
OTHER INCOME		
Commercial income - Note 6		104,875
Laundry income		8,807
Interest income		14,257
Patronage dividend - Note 4		1,252
Miscellaneous income		214
TOTAL INCOME		1,168,118
COST OF OPERATIONS		
Administrative expenses	Schedule 1	143,941
Operating expenses	Schedule 2	305,795
Maintenance expenses	Schedule 3	40,665
Taxes	Schedule 4	323,000
Financial expenses	Schedule 5	287,808
TOTAL COSTS OF OPERATIONS		1,101,209
INCOME FROM OPERATIONS BEFORE DEPRECIATION, AMORTIZATION AND OTHER ITEM		66,909
Depreciation and amortization expense	Schedule 6	(470,603)
Special assessment - Note 7		109,542
NET LOSS		(294,152)
Beginning Accumulated Deficit - Restated - Note 10		(6,673,179)
Ending Accumulated Deficit		$(6,967,331)

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION EXHIBIT B

SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS

For The Year Ended December 31, 2000

ADMINISTRATIVE EXPENSES	Schedule 1
Management fee	$ 49,000
Auditing	7,000
Legal	56,404
Stationery, printing, miscellaneous administrative expenses	13,170
Communications	967
Consulting	731
Insurance	16,669
TOTAL ADMINISTRATIVE EXPENSES	$ 143,941

OPERATING EXPENSES	Schedule 2
Water and sewer charges	$ 36,235
Electricity	17,615
Gas	40,666
Payroll	165,496
Payroll taxes	13,284
Payroll insurance	11,110
Employee benefits	17,485
Permits	435
Miscellaneous operating	3,199
Uniforms	270
TOTAL OPERATING EXPENSES	$ 305,795

MAINTENANCE EXPENSES	Schedule 3
Exterminating	$ 4,170
Plumbing and heating repairs	9,027
Grounds expense	2,392
Elevator repair and maintenance	9,171
General repairs and maintenance	8,576
Supplies and janitorial materials	7,329
TOTAL MAINTENANCE EXPENSES	$ 40,665

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION EXHIBIT B

SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS

For The Year Ended December 31, 2000

TAXES	Schedule 4
New York City real estate tax	$ 318,970
New York State franchise taxes	2,136
New York City corporate tax	1,894
TOTAL TAXES	$ 323,000

FINANCIAL EXPENSES	Schedule 5
Interest on mortgage	$ 287,790
Other interest	18
TOTAL FINANCIAL EXPENSES	$ 287,808

DEPRECIATION AND AMORTIZATION	Schedule 6
Building	$ 383,377
Building equipment	4,206
Building improvements	65,919
Amortization of mortgage costs	17,101
TOTAL DEPRECIATION AND AMORTIZATION	$ 470,603

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION — EXHIBITS C & D

STATEMENT OF CASH FLOWS — EXHIBIT C

For The Year Ended December 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Loss	$ (294,152)
Adjustments to reconcile net loss to net cash Provided by operating activities:	
Depreciation and amortization expense	470,603
Increase in receivables	(20,785)
Increase in prepaid expenses	(151,193)
Increase in accounts payable and accrued expenses	69,874
Prior period adjustment	91,849
Interest earned	(12,913)
Total adjustments	447,429
CASH PROVIDED BY OPERATING ACTIVITIES	153,277
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property (construction services) and equipment	(241,556)
Increase in Reserve Fund - net transfer from operations	(25,000)
Decrease in Reserve Fund - payment of real estate taxes	140,400
CASH USED BY INVESTING ACTIVITIES	(126,156)
CASH FLOW FROM FINANCING ACTIVITY	
Payments of mortgage principal	(27,093)
Decrease in Class B1 stock	35,000
CASH PROVIDED BY FINANCING ACTIVITY	7,907
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,028
Cash and cash equivalents at beginning of year	91,587
Cash and cash equivalents at end of year	$ 126,615

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION — EXHIBIT D

Cash paid during the year:	
Corporate taxes	$ 1,230
Interest	$ 265,760

Non-Cash Investing and Financing Activities
Additions to property and equipment accrued at year ended December 31, 2000: $4,256
Total acquisitions of property and equipment for year ended December 31, 2000 was $245,812

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2000

NOTE 1 - ORGANIZTION

350 Bleecker Street Apartment Corporation is a cooperative housing corporation incorporated in the state of New York in August 1985. The corporation owns the land and seven story building located in the borough of Manhattan, New York which originally consisted of 137 residential apartments (some of which have been subsequently combined), two commercial stores, a laundry room and a garage. The primary purpose of the Corporation is to manage the operations of 350 Bleecker Street Apartment Corporation, and maintain common elements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents
For purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments (not used to meet Reserve Fund requirements) purchased with a maturity of three months or less to be cash equivalents.

Depreciation
Property and equipment are recorded at cost and are being depreciated over their estimated useful lives using the straight-line method.

Amortization
Amortization of mortgage cost is computed using the straight-line method over the term of the loan.

Shareholder Maintenance
Tenant-shareholders are subject to monthly maintenance charges to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose maintenance charges are substantially delinquent. Any excess maintenance charges at year end are retained by the Corporation for use in future years.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect 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 may differ from those estimates.

Marketable Securities
The Corporation's policy is to classify equity securities as available for sale securities and record them at current market prices with any unrealized gains and losses reported as a component of equity. Realized gains and losses are reported as income.

NOTE 3 - MARKETABLE SECURITIES

The Corporation has investments in marketable equity securities which are being reported at fair value. These investments are classified as "available-for-sale" and are accounted for in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investment in Debt and Equity Securities."

As of December 31, 2000, the investments are:

	Cost	Unrealized Gain/(loss)	Fair Value
Fidelity Investments	$ 119,875	-0-	$ 119,875

NOTE 4 - INVESTMENT IN NATIONAL COOPERATIVE BANK

In 1995, the Corporation purchased 350 shares of National Cooperative Bank's Class Bl Capital Stock, par value, $100 per share for $35,000. The investment in the capital stock was a requirement of the mortgage agreement between National Cooperative Bank and 350 Bleecker Street Apartment Corporation and is equal to 1% of the mortgage principal of $3,500,000. As of the balance sheet date, the Class B1 Stock has been sold and refunded to the Corporation.

The Corporation also holds Class B2 Stock of its mortgage holder, the National Cooperative Bank. Class B2 Stock is acquired through patronage refunds. The stock is currently non-transferable and non-redeemable. The Bank Act does not allow a dividend to be paid on this stock.

Class C Stock is acquired through patronage refunds. The stock is currently non-transferrable and non-redeemable. National Cooperative Bank will now pay a cash dividend on its Class C Stock equal to as much as 2 percent of National Cooperative Bank's net income. The dividend will be distributed among all holders of Class C Stock regardless of patronage.

Under National Cooperative Bank's Capitalization and Patronage Refund Policy, the cash portion of each cooperative's patronage refund may be between 35 percent and 55 percent based on the amount of National Cooperative Bank Class B and Class C Stock owned by the Cooperative relative to the loan amount or loan commitment made to the Cooperative by National Cooperative Bank. In addition, the stock portion of the patronage refund will consist of Class B Stock until the Cooperative accumulates 16 percent of its aggregate loan amount in Class B Stock. Any further stock distributions will consist of Class C Stock. All Class B Stock may be used by the Cooperative to offset any future purchase requirements.

NOTE 5 - MORTGAGE PAYABLE

On December 31, 1995, the Corporation refinanced its mortgage with National Cooperative Bank at a rate of 7.82% for a ten-year term in the amount of $3,500,000. Monthly payments of $24,403 are due on the 1st of every month based on a 35-year amortization schedule. The monthly payments are applied first to interest and the balance in reduction of principal, until and including, the maturity date. As part of the refinancing agreement, the Corporation incurred $171,007 of mortgage refinancing costs. These costs have been deferred and are being amortized over the ten-year life of the mortgage.

A prepayment provision requires the Mortgagor, except during 90 days prior to maturity, to pay 2% of the outstanding mortgage balance if it desires to prepay the mortgage. Prepayment of the mortgage requires notice at least 30 days before the intended prepayment date, but not to exceed 90 days.

Principal maturities of the mortgage payable during the next five years are as follows:

Year Ending December 31,	Amount
2001	$ 29,288
2002	31,458
2003	34,008
2004	36,765
2005 - Maturity	3,251,868

Total interest expense for the year ended December 31, 2000 was $287,790.

NOTE 6 - RELATED PARTY TRANSACTIONS

Management Contract

The Corporation has a management agreement with a managing agent whose principal is the general partner of Bleecker Charles Company, the Cooperative's Sponsor. For the year ended December 31, 2000, the Sponsor was compensated $53,083, inclusive of a prepayment in the amount of $4,083, for rendering management services to the Cooperative.

Sponsor Owned Apartments

At December 31, 2000, the Sponsor owned 4,042 of the outstanding shares, approximately 23.46%. Maintenance charges attributed to the Sponsor totaled approximately $225,650 for the year ended December 31, 2000. As of December 31, 2000, the Sponsor is current with maintenance on these apartments.

Master Commercial Lease

The Corporation has a master commercial lease agreement with the Sponsor, Bleecker Charles Company, entered into in July 31, 1985, with the then President of 350 Bleecker Street Apartment Corporation, who is the general partner of Bleecker Charles Company. Under the terms of the master commercial lease, monthly payments of $7,167 monthly or $86,000 annually, are to be paid by the Sponsor to the Cooperative. The term of the lease agreement is for 75 years, commencing July 31, 1985 and terminating on July 31,2060. In addition to the annual charge to the Sponsor, additional rent is due the Cooperative in direct proportion to increases or decreases in the annual real estate taxes attributable to 350 Bleecker Street Apartment Corporation in excess of such taxes for 1984/1985 (the "base period"), but no such increase shall exceed 12% of any increase of such taxes for the whole premises over the base period. Additional rent payable, shall be paid by the Sponsor within 30 days following submission of copies of paid bills. At December 31, 2000, the amount due to the Corporation from this provision is $18,875. As of the balance sheet date, this amount had not been billed to or paid by the Sponsor.

NOTE 7 - SPECIAL ASSESSMENT

A special assessment was instituted by the Board of Directors of the Corporation as to generate funds to be used for capital improvements. The assessment became effective as of January 1, 1998 and had an original term of 30 months. The term of the assessment was extended an additional six months to December 31, 2000. The assessment was for $.53 per share to be collected monthly.

NOTE 8 - CONTRIBUTIONS TO CAPITAL

The Corporation treats special assessments used for the acquisition of capital improvements and maintenance charges used for amortization of mortgage principal as contributions to capital for tax purposes only.

For the year ended December 31, 2000, Paid-in Capital for tax purposes is:

Mortgage amortization	$ 27,093
Special assessment	109,542

NOTE 9 - COOP/CONDO TAX ABATEMENTS

As a result of the revisions to Section 467(a) of the New York Real Property Tax Law, certain shareholders of the Cooperative units are eligible for partial abatements of their real estate taxes over the tax years 1996/97 to 2000/01.

As of December 31, 2000, the Corporation received credits of $58,650 on its tax bills representing the abatements for the tax year 1999/2000 and the first two quarters of the tax year 2000/2001. This amount is being credited to the eligible shareholders.

NOTE 10 - PRIOR YEAR INCOME, EXPENSES, AND PAID-IN CAPITAL

For the year ended December 31,2000, the financial statements have been prepared on an accrual basis of accounting. Due to the fact that the prior financial statements were prepared on a cash basis, a prior period adjustment was made to beginning accumulated earnings in order for the financial statements to conform with generally accepted accounting principles. An adjustment was made in the amount of $607,775, representing under and overaccruals of certain added income expenses. Paid-in Capital was overstated on a tax basis as well. The adjustments consisted of the following:

Understatement of shareholder arrears	$ (81)
Understatement of prepaid real estate tax	(114,388)
Understatement of prepaid insurance	(2,917)
Understatement of water and sewer expense	3,877
Understatement of legal expenses	7,789
Understatement of audit fee	3,375
Understatement of miscellaneous administrative expenses	220
Understatement of electricity and gas	780
Understatement of miscellaneous operating expenses	122
Understatement of plumbing repair expenses	8,443
Understatement of supplies purchases	686
Understatement of elevator repairs	149
Understatement of payroll taxes payable	102
Overstatement of paid-in capital	(515,932)
	$(607,775)

NOTE 11 - CORPORATION TAX

During 1996, in a case involving a conventional cooperative, the United States Tax Court ruled that Subchapter T of the Internal Revenue Code, not Section 277, applies to housing cooperatives that qualify under Section 216 of the Internal Revenue Code. Subchapter T requires allocations of patronage and non-patronage source income. For federal tax purposes, the Corporation's taxes are computed pursuant to Subchapter T of the Internal Revenue Service.

NOTE 12 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation 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 Corporation may have the right to borrow, utilize available cash, increase maintenance 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.

The Corporation has a Reserve Fund in the amount of $119,875 which may be used for major repairs and replacements, when needed.

NOTE 13 - SUBSEQUENT EVENTS

During 2000, the Corporation retained new auditors and, on February 1, 2001, replaced the managing agent with Tudor Realty. The managing agent has no connection with the Cooperative's Sponsor.