

**350 Bleecker Street Apartment Corp.**  
**Financial Statements**  
**December 31, 2021 and 2020**

# **350 Bleecker Street Apartment Corp.**

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**December 31, 2021 and 2020**

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## **Independent Auditors' Report**

**To the Board of Directors and Shareholders of  
350 Bleecker Street Apartment Corp.**

### ***Opinion***

We have audited the accompanying financial statements of 350 Bleecker Street Apartment Corp. (the "Corporation") which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 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***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of the Board of Directors for the Financial Statements***

The Board of Directors (the "Board") 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, the Board is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audits of the Financial Statements***

Our 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 auditors' report that includes our 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, including omissions, 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 statements.

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

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.
3. 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 the Corporation's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Board, as well as evaluate the overall presentation of the financial statements.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We 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 we identified during the audit.

***Omission of Required Supplementary Information about Future Major Repairs and Replacements***

The Board has omitted 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 missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Report on Other Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 14 through 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Board, and 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 audits 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.

A handwritten signature in black ink, appearing to read "William J. Guttag".

New York, New York

August 8, 2022

**350 Bleecker Street Apartment Corp.****Balance Sheets****December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 1,289,046	\$ 955,579
Restricted cash - security deposits	50,000	36,500
Due from shareholders	48,091	72,255
Due from commercial tenant	132,752	62,254
Prepaid expenses	43,840	37,925
Property and equipment - net	6,210,671	6,215,153
<b>Total Assets</b>	<b>\$ 7,774,400</b>	<b>\$ 7,379,666</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 58,848	\$ 65,168
Capital improvements payable	10,443	86,524
Abatements payable	105,347	104,910
Maintenance charges received in advance	46,479	10,602
Mortgage payable	4,300,000	4,300,000
Less: Mortgage costs - net	(5,896)	(11,335)
Line of credit	188,500	249,700
Security deposits payable	70,600	64,350
<b>Total Liabilities</b>	<b>4,774,321</b>	<b>4,869,919</b>
<b>Shareholders' Equity</b>		
Capital stock: \$1 par value per share, 20,000 shares authorized, 17,246 shares issued and outstanding	17,246	17,246
Additional paid-in capital	10,671,128	10,671,128
Retained earnings (deficit)	(7,688,295)	(8,178,627)
<b>Total Shareholders' Equity</b>	<b>3,000,079</b>	<b>2,509,747</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 7,774,400</b>	<b>\$ 7,379,666</b>

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

**350 Bleecker Street Apartment Corp.**  
**Statements of Operations**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Income</b>		
Maintenance charges	\$ 2,448,070	\$ 2,353,907
Less: Abatements	(206,882)	(205,575)
Less: Designated for capital improvements	(210,000)	(210,000)
Operating assessments	313,360	308,014
Commercial rent	318,115	316,688
Transfer fees	262,180	88,000
Other income	124,234	55,519
Sublet fees	31,020	28,424
Laundry income	23,349	18,770
<b>Total Income</b>	<b>3,103,446</b>	<b>2,753,747</b>
<b>Expenses</b>		
Real estate taxes	1,791,278	1,768,477
Less: Abatements	(206,882)	(205,575)
Mortgage/line of credit interest	170,791	163,751
Payroll and related expenses	441,499	400,622
Electric and gas	24,125	13,827
Heating	43,204	44,968
Water and sewer	36,584	34,939
Repairs and maintenance	130,269	88,204
Insurance	68,399	62,718
Management fees	62,867	61,036
Professional fees	61,352	47,259
Corporation taxes	4,278	14,692
Office and administration	17,569	21,020
<b>Total Expenses</b>	<b>2,645,333</b>	<b>2,515,938</b>
<b>Income from Operations</b>	<b>458,113</b>	<b>237,809</b>
<b>Other Items</b>		
Charges designated for capital improvements	210,000	210,000
Depreciation	(172,342)	(152,818)
Interest - amortization of mortgage costs	(5,439)	(5,439)
<b>Net Income</b>	<b>\$ 490,332</b>	<b>\$ 289,552</b>

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

**350 Bleecker Street Apartment Corp.**  
**Statements of Changes in Shareholders' Equity**  
**For the Years Ended December 31, 2021 and 2020**

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	Capital Stock	Additional Paid in Capital	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance - December 31, 2019	\$ 17,246	\$ 10,671,128	\$ (8,468,179)	\$ 2,220,195
Net Income - 2020	-	-	289,552	289,552
Balance - December 31, 2020	17,246	10,671,128	(8,178,627)	2,509,747
Net Income - 2021	-	-	490,332	490,332
Balance - December 31, 2021	<u>\$ 17,246</u>	<u>\$ 10,671,128</u>	<u>\$ (7,688,295)</u>	<u>\$ 3,000,079</u>

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



**350 Bleecker Street Apartment Corp.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 490,332	\$ 289,552
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	177,781	158,257
Changes in assets and liabilities		
Due from shareholders	24,164	(66,694)
Due from commercial tenant	(70,498)	(14,511)
Prepaid expenses	(5,915)	3,752
Accounts payable and accrued expenses	(6,320)	(12,457)
Abatements payable	437	5,819
Maintenance charges received in advance	35,877	(9,373)
Security deposits payable	6,250	1,250
<b>Net Cash Provided by Operating Activities</b>	<u>652,108</u>	<u>355,595</u>
<b>Cash Flows from Investing Activities</b>		
Additions to property and equipment	(167,860)	(569,928)
Capital improvements payable	<u>(76,081)</u>	<u>(50,186)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(243,941)</u>	<u>(620,114)</u>
<b>Cash Flows from Financing Activities</b>		
Borrowings from line of credit	-	249,700
Repayment on line of credit	<u>(61,200)</u>	<u>-</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>(61,200)</u>	<u>249,700</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	346,967	(14,819)
<b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>	<u>992,079</u>	<u>1,006,898</u>
<b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>	<u>\$ 1,339,046</u>	<u>\$ 992,079</u>
Cash and cash equivalents	\$ 1,289,046	\$ 955,579
Restricted cash - security deposits	<u>50,000</u>	<u>36,500</u>
<b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>	<u>\$ 1,339,046</u>	<u>\$ 992,079</u>
<b>Supplemental Disclosure</b>		
Cash Paid During the Year for		
Interest expense	<u>\$ 170,791</u>	<u>\$ 163,751</u>

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

**350 Bleecker Street Apartment Corp.**  
**Notes to the Financial Statements**  
**December 31, 2021 and 2020**

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**Note 1      Organization**

350 Bleecker Street Apartment Corp. (the "Corporation"), a cooperative housing corporation, began operations in July 1985 under the laws of the State of New York to provide housing to shareholders on a cooperative basis. The Corporation's property, which is located at 350 Bleecker Street, in the Borough of Manhattan, consists of 140 residential apartments (some of which have been combined), commercial space, and a parking garage.

**Note 2      Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements were prepared using the accrual method of accounting. The Corporation prepares its tax returns using the cash method of accounting.

**Estimates**

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.

**Cash and Cash Equivalents**

For purposes of the balance sheets and statements of cash flows, the Corporation considers all highly liquid investments acquired with a maturity of three months or less to be cash and cash equivalents.

**Restricted Cash Deposits/Security Deposits**

Restricted cash deposits represent monies collected by the Corporation to cover damages that result from shareholders' moving in or out of the building and damages that result from shareholders' alterations.

**Property and Equipment**

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.

**Mortgage and Line of Credit Costs**

Mortgage and line of credit acquisition costs of approximately \$54,000 are amortized on a straight-line basis, which approximates the yield method, over the term of the loans. Amortization of mortgage costs are classified as interest expense in the accompanying statement of operations.

**Note 2      Summary of Significant Accounting Policies (Continued)**

**Maintenance Charges and Assessments/Due from Shareholders**

Shareholders are subject to monthly charges based upon the annual budget. The purpose of maintenance charges and assessments are to provide funds for operating expenses and capital improvements. Monthly maintenance charges and assessments represent multiple performance obligations which, on a standalone basis, are not considered separate and distinct and therefore have been deemed to be a single performance obligation. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for maintenance charges and assessments are satisfied over time on a daily pro-rata basis using the input method. Any excess of revenues over expenses at year end are retained by the Corporation for use in the succeeding year.

Due from shareholders at the balance sheet dates represent maintenance and other charges due from shareholders. According to the by-laws, the Corporation shall, at all times, have a first lien upon the shares of each shareholder to secure the payment by such shareholder. The Board of Directors' (the Board) intention is to reacquire shares of stock relating to severely delinquent units and sell them to recover the delinquent fees. All shareholder receivables have been deemed collectible at both December 31, 2021 and 2020.

**Transfer Fees**

It is the Corporation's policy to charge transfer fees to shareholders upon the resale of shares applicable to their apartments equal to 2% of the gross sales price of the unit. Transfer fees are recognized as revenue as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for transfer fees is satisfied on the closing date of the apartment when the shares are legally transferred.

**Subsequent Events**

The Board has evaluated events and transactions that occurred through the date of the auditors' report, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. (see Note 11)

**350 Bleecker Street Apartment Corp.**  
**Notes to the Financial Statements**  
**December 31, 2021 and 2020**

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**Note 3      Property and Equipment**

Property and equipment consisted of the following, at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,779,843	\$ 2,779,843
Building	10,542,862	10,542,862
Improvements, equipment and furniture and fixtures	<u>6,007,870</u>	<u>5,840,010</u>
	19,330,575	19,162,715
Less: Accumulated depreciation	<u>13,119,904</u>	<u>12,947,562</u>
Total	<u>\$ 6,210,671</u>	<u>\$ 6,215,153</u>

**Note 4      Mortgage and Line of Credit Indebtedness**

Indebtedness consists of a \$4,300,000 mortgage note payable to National Consumer Cooperative Bank ("NCB"). The mortgage is secured by the property, requires payments of interest only at the fixed rate of 3.67% per annum, and matures February 1, 2023. Prepayment is subject to penalties, as set forth in the agreement.

In addition, the Corporation has available a \$500,000 line of credit with NCB. The line of credit is secured by a second mortgage on the property, bears interest at the greater of 4.5%, or one-month LIBOR plus 3.75%, and also matures February 1, 2023. Payments of interest and a required principal payment of \$100 per month are due monthly. The Corporation is also required to pay a facilities maintenance fee of \$1,250 per annum if no monies have been drawn on the line of credit. For the years ended December 31, 2021 and 2020 the Corporation borrowed from the line of credit and had an outstanding balance of \$188,500 and \$249,700, respectively.

**Note 5      Commercial Rent**

The Corporation is the lessor under a master lease agreement for the rental of its commercial space and parking garage. The lease, which expires July 31, 2060, requires minimum rent of \$86,000 per annum. The Corporation is also entitled to additional rents based on a percentage of the increase in real estate taxes and certain operating expenses in excess of base amounts. For both years ended December 31, 2021 and 2020, these additional rents totaled approximately \$231,000.

On a periodic basis, the Board evaluates the collectability of accounts receivable from commercial tenants. Accounts receivable due from the commercial tenant has been deemed collectible at both December 31, 2021 and 2020.

**350 Bleecker Street Apartment Corp.**  
**Notes to the Financial Statements**  
**December 31, 2021 and 2020**

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**Note 6      Real Estate 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 \$206,882 and \$205,575, respectively.

**Note 7      Corporation Taxes**

The Corporation is subject to taxation as a cooperative corporation for federal, state, and local purposes. A cooperative corporation is required to classify its income and expenses as patronage or nonpatronage. Expenses attributable to producing patronage income cannot be deducted from nonpatronage income. As a result, nonpatronage income in excess of allocable expenses is subject to income tax, even if the Corporation generates an overall taxable loss. The Board believes there is substantial authority to classify all its activity as patronage, and accordingly, for the years ended December 31, 2021 and 2020, no provision for income tax is required.

At December 31, 2021 and 2020, the Corporation had a net operating loss carryover of approximately \$3,011,000 and \$3,450,000, respectively, which may be used to offset future taxable income. The federal net operating loss carryforwards at December 31, 2021, will expire between the years 2022 and 2034 for losses incurred prior to January 1, 2018 (approximately \$2,941,000). Net operating losses incurred starting January 1, 2018 (approximately \$70,000) do not expire. In addition, for net operating losses incurred starting January 1, 2021, the deduction of such losses will be limited to 80% of taxable income. The Corporation is unable to determine the future benefit, if any, of the loss carryover and accordingly, a valuation allowance has been provided to offset any potential future benefit.

In addition to taxes based on income, New York State and New York City calculate tax based on alternative and minimum tax bases, of which the applicable taxes have been recorded in the accompanying financial statements.

The Corporation evaluates its tax provisions and accruals and believes that they are appropriate based upon current facts and circumstances. The Corporation's income tax returns are subject to examination by taxing authorities for a period of three years from the filing date of the tax returns. There are currently no tax examinations in progress.

**350 Bleecker Street Apartment Corp.**  
**Notes to the Financial Statements**  
**December 31, 2021 and 2020**

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**Note 8      Future Major Repairs and Replacements**

The Corporation has not presented a study of 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. The Corporation's governing documents do not require the accumulation of funds to finance future major repairs and replacements. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation has the right to utilize available cash, increase maintenance charges, impose special assessments, borrow, and delay repairs and replacements until the funds are available or, any combination of the above. The effect on future charges to shareholders has not been determined at this time.

**Note 9      Concentrations**

**Sponsor**

At December 31, 2021, the Sponsor owned shares attributable to 9 apartments, representing approximately \$220,000 (approximately 9%) of total maintenance charges and assessments for the year then ended. At December 31, 2020, the Sponsor owned shares attributable to 10 apartments, representing approximately \$242,000 (approximately 10%) of total maintenance charges and assessments for the year then ended. At both December 31, 2021 and 2020, there were no amounts owed from the Sponsor.

**Credit Risk**

The Corporation maintains cash balances and investments at institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At times during the year, account balances exceed insured levels. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss.

**Note 10      Charges Designated for Capital Improvements**

The Corporation has designated a portion of maintenance charges to fund capital improvements for the year ended December 31:

2020	\$210,000 (\$12.18 per share)
2021	\$210,000 (\$12.18 per share)
2022	\$237,410 (\$13.77 per share)

Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. As the maintenance charges designated for capital improvements are for explicit purpose of replenishing the capital reserve fund, the performance obligation for these charges and are satisfied when the charges are imposed.

**350 Bleecker Street Apartment Corp.**  
**Notes to the Financial Statements**  
**December 31, 2021 and 2020**

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**Note 11     Subsequent Events**

The Board is in the process of evaluating options and obtaining proposals for the rehabilitation and installation of a back-flow preventer system. The estimated cost of the work is approximately \$135,000 to \$150,000. As of the date of the auditors' report, no contracts have been signed.

**Note 12     Other Matter - COVID-19**

In late 2019, a novel strain of coronavirus, COVID-19, emerged globally. As the impact of the spread of the COVID-19 coronavirus continues in the United States and around the world, the Corporation may experience disruptions that could impact its ability to carry out all of its activities. As of the date of the auditors' report, the Board cannot reasonably estimate the impact to the Corporation's future activities, revenues, financial condition or results of operations.

## SUPPLEMENTARY INFORMATION



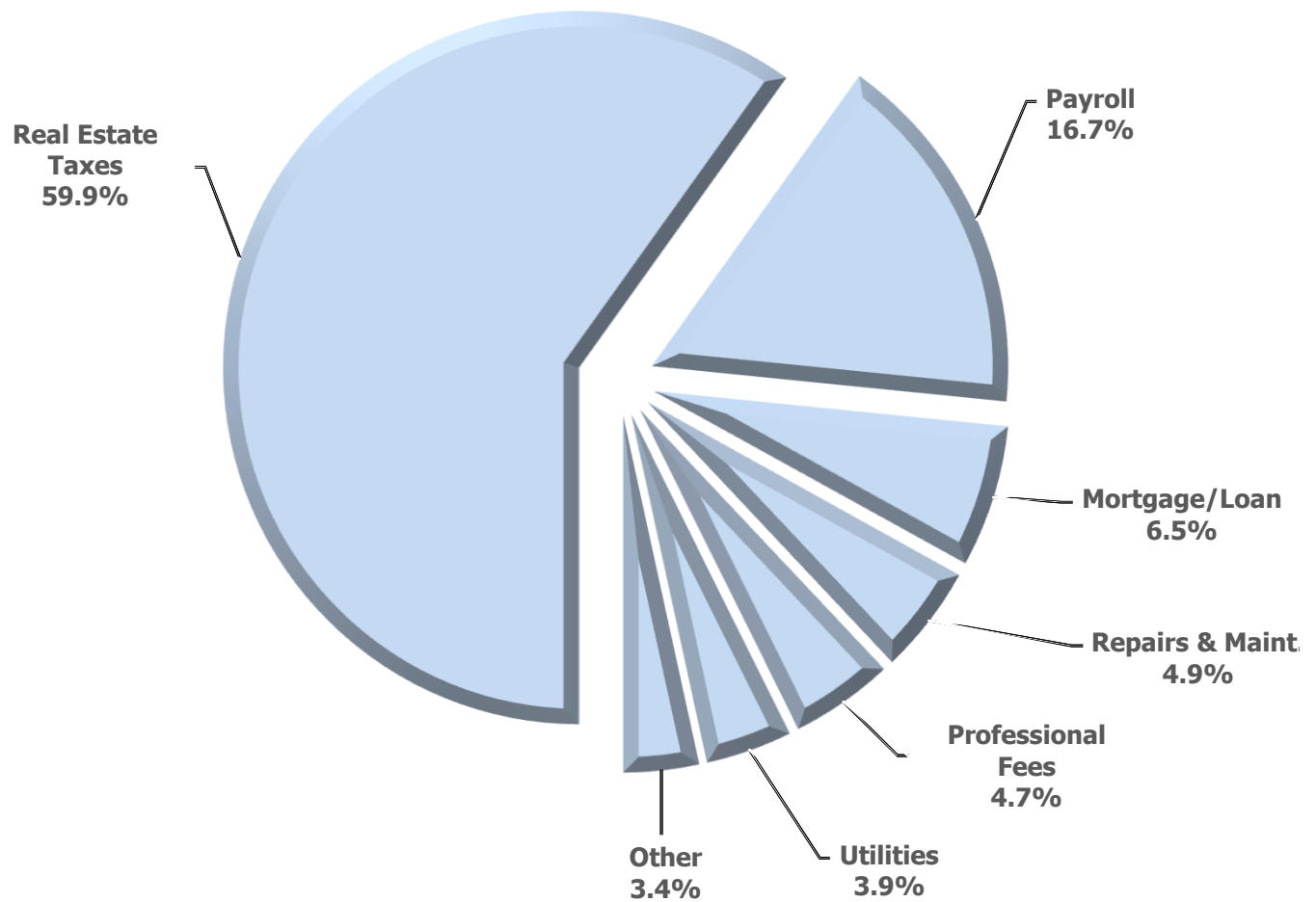
**350 Bleecker Street Apartment Corp.****Actual vs. Budget****For the Year Ended December 31, 2021**

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	Actual	Budget (Unaudited)
<b>Income</b>		
Maintenance charges	\$ 2,448,070	\$ 2,448,040
Less: Abatements	(206,882)	(210,000)
Less: Designated for capital improvements	(210,000)	(210,000)
Operating assessments	313,360	310,000
Commercial rent	318,115	302,000
Transfer fees	262,180	-
Other income	124,234	48,800
Sublet fees	31,020	20,000
Laundry income	23,349	23,000
<b>Total Income</b>	<b>3,103,446</b>	<b>2,731,840</b>
<b>Expenses</b>		
Real estate taxes	1,791,278	1,914,752
Less: Abatements	(206,882)	(208,583)
Mortgage/line of credit interest	170,791	165,502
Payroll	329,026	311,000
Payroll taxes	26,372	27,000
Pension and welfare	69,866	94,000
Other payroll related expenses	16,235	19,600
Electric and gas	24,125	20,000
Heating	43,204	41,000
Water and sewer	36,584	40,000
Building supplies	23,235	25,000
Elevator maintenance	18,958	17,000
Other repairs and maintenance	88,076	61,900
Insurance	68,399	69,200
Management fees	62,867	62,000
Professional fees	61,352	34,500
Corporation taxes	4,278	14,000
Office and administration	17,569	16,599
<b>Total Expenses</b>	<b>2,645,333</b>	<b>2,724,470</b>
<b>Income from Operations</b>	<b>\$ 458,113</b>	<b>\$ 7,370</b>

**350 Bleecker Street Apartment Corp.**  
**Expense Analysis by Percentage**  
**For the Year Ended December 31, 2021**

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**350 Bleecker Street Apartment Corp.**  
**Schedule of Increases in Shareholders' Cost Basis**  
**December 31, 2021**

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Special assessments and the portion of maintenance charges designated for capital improvements, and the portion of maintenance charges applicable to the payment of principal on the mortgage indebtedness, can increase a shareholders' cost basis in their stock of the corporation. These increases, on a per share basis, are as follows, for the years ended December 31:

2021	\$ 15.72
2020	12.18
2019	7.54
2018	8.70
2017	9.92
2016	9.74
2015	9.74
2014	9.74
2013	9.28
2012	4.65
2011 - 2003	-
2002	1.82
2001	1.55
2000	7.92