



FAIRVIEW OWNERS CORPORATION

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May 20, 2016

To Whom It May Concern:

On March 15, 2015 the Fairview Owners Corp refinance its mortgage. Part of the refinancing was a one-time prepayment interest charge for paying off the old mortgage. As you can see on page five of the 2015 Financials, Statement of Revenues and Expenses, a line item after Depreciation and amortization called "Prepayment premium on mortgage retirement. This prepayment was funded out of the proceeds of the refinance and was a one-time expense. This expense will not happen again.

If you need further information, please do not hesitate to communicate to the undersigned.

Cooperatively yours,

Gregory Carlson

Managing Agent for

Fairview Owners Corp

FAIRVIEW OWNERS CORP
(A Cooperative Housing Corporation)
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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MICHAEL YASTRAB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the board of directors
Fairview Owners Corp.

We have audited the accompanying financial statements of Fairview Owners Corp., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of revenues and expenses, changes in shareholders equity 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 Fairview Owners Corp. as of December 31, 2015 and 2014, 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.

Other Matter

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. As discussed in Note 14, the Cooperative has not promulgated a study to determine the estimated remaining lives of the components of the building and current estimates of major repairs and replacements that may be required and therefore, has not presented such information. In addition, the Cooperative records payments for note amortization as a direct charge to shareholders' equity. This method is in conformity with the income tax basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Had the payments been recorded as maintenance income, revenue would have increased by \$290,350 in 2015 and \$348,936 in 2014.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York

May 17, 2016

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
BALANCE SHEETS
AS OF DECEMBER 31,

EXHIBIT A

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 906,877	\$ 361,510
Receivable from tenant/shareholders	86,954	91,136
Real estate tax escrow deposits (Note 6)	114,992	97,838
Cash security deposits (Note 11)	81,081	69,976
Prepaid expenses and other current assets (Note 7)	504,713	748,735
Total current assets	1,694,617	1,369,195
PROPERTY, AT COST (Notes 2,9)		
Building and building improvements	43,461,074	41,589,005
Pool furnishings, playground and other equipment	466,208	428,673
	43,927,282	42,017,678
Less: accumulated depreciation	34,779,428	33,643,494
	9,147,854	8,374,184
Land	850,000	850,000
Net property	9,997,854	9,224,184
OTHER ASSETS		
Unamortized loan cost (Note 9)	378,446	222,946
Cash & cash equivalents for future major repairs and replacement (Notes 8 and 14)	3,118,055	190,335
Other assets	4,560	4,560
	3,501,061	417,841
Total assets	\$ 15,193,532	\$ 11,011,220

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

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
BALANCE SHEETS
AS OF DECEMBER 31,

EXHIBIT A

2015 **2014**

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses (Note 10)	\$ 1,369,632	\$ 2,267,627
Current portion of debt (Note 9)	225,141	360,571
Deposits & other payables (Note 11)	101,945	123,702
Total current liabilities	1,696,718	2,751,900

LONG-TERM LIABILITIES

Notes payable (Note 9)	16,798,700	9,287,548
Less: current portion	(225,141)	(360,571)
Total long-term liabilities	16,573,559	8,926,977

SHAREHOLDERS' EQUITY

Capital stock par value \$1 a share, 400,000 shares authorized, 341,550 issued and outstanding	341,550	341,550
Shareholders' assessment for loan amortization	2,994,444	2,704,094
Shareholders' assessment for major repairs and replacement of building	245,233	245,233
Capital paid in excess of par (Note 13)	28,786,927	28,784,521
Accumulated deficit	(35,444,899)	(32,743,055)
Total shareholders' equity	(3,076,745)	(667,657)

Total liabilities and shareholders' equity **\$ 15,193,532** **\$ 11,011,220**

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

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT B

	2015	2014
INCOME:		
Tenant/shareholders:		
Maintenance (Note 3)	\$ 5,727,710	\$ 5,727,745
Less: payment for note amortization	(290,350)	(348,936)
	<u>5,437,360</u>	<u>5,378,809</u>
Parking	488,375	489,671
Laundry and sundry	190,934	168,946
Interest	1,683	15
Pool, net of expenses	(74,285)	(82,628)
Total income	<u>6,044,067</u>	<u>5,954,813</u>
EXPENSES:		
Administrative	323,502	306,054
Operating	1,466,775	1,570,128
Maintenance	2,247,166	2,032,454
Financial	2,023,711	1,875,339
Total expenses	<u>6,061,154</u>	<u>5,783,975</u>
(Deficit)/ Surplus of revenues over expenses before depreciation and amortization	(17,087)	170,838
Depreciation and amortization	<u>(1,329,432)</u>	<u>(1,207,770)</u>
(Deficit)/ Surplus of revenues over expenses before extraordinary item	(1,346,519)	(1,036,932)
Prepayment premium on mortgage retirement	<u>(1,355,325)</u>	<u>0</u>
NET DEFICIENCY OF REVENUES OVER EXPENSES	(2,701,844)	(1,036,932)
DEFICIT - BEGINNING OF YEAR	(32,743,055)	(31,706,123)
DEFICIT - END OF YEAR	\$ (35,444,899)	\$ (32,743,055)

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

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

EXHIBIT C

	Capital Stock	Assessment for Loan Amortization	Assessment for Major Repairs & Building	Capital Paid in Excess of Par	Accumulated Deficit	Total
<i>EQUITY - January 1, 2015</i>	\$ 341,550	\$ 2,704,094	\$ 245,233	\$ 28,784,521	\$ (32,743,055)	\$ (667,657)
Net deficiency of revenues over expenses					(2,701,844)	(2,701,844)
Payment for note amortization		290,350				290,350
Sponsor capital contribution				2,406		2,406
<i>EQUITY - December 31, 2015</i>	\$ 341,550	\$ 2,994,444	\$ 245,233	\$ 28,786,927	\$ (35,444,899)	\$ (3,076,745)

	Capital Stock	Assessment for Loan Amortization	Assessment for Major Repairs & Building	Capital Paid in Excess of Par	Accumulated Deficit	Total
<i>EQUITY - January 1, 2014</i>	\$ 341,550	\$ 2,355,158	\$ 245,233	\$ 28,778,353	\$ (31,706,123)	\$ 14,171
Net deficiency of revenues over expenses					(1,036,932)	(1,036,932)
Payment for note amortization		348,936				348,936
Sponsor capital contribution				6,168		6,168
<i>EQUITY - December 31, 2014</i>	\$ 341,550	\$ 2,704,094	\$ 245,233	\$ 28,784,521	\$ (32,743,055)	\$ (667,657)

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

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT D

	2015	2014
<i>OPERATING ACTIVITIES</i>		
Net loss	\$ (2,701,844)	\$ (1,036,932)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	1,329,432	1,207,770
Decrease in receivables	4,182	37,399
(Increase) in real estate escrow deposits	(17,154)	(12,698)
Decrease (Increase) in other current assets	244,022	(22,097)
(Decrease) Increase in operating payables	(1,966,825)	217,103
Net cash (used) provided by operating activities	(3,108,187)	390,545
<i>INVESTING ACTIVITIES</i>		
Cash payments for improvements and equipment	(25,735)	(41,508)
Cash payments for loan costs	(348,998)	(42,500)
Shareholders' contribution for loan amortization	290,350	348,936
Transmittal to the reserve fund	(3,773,215)	0
Net cash (used) provided by investing activities	(3,857,598)	264,928
<i>FINANCING ACTIVITIES</i>		
Proceeds from refinancing of notes payable	17,000,000	0
Repayment of notes payable	(9,488,848)	(348,936)
Net cash provided (used) by financing activities	7,511,152	(348,936)
Increase in cash	545,367	306,537
Cash at beginning of year	361,510	54,973
<i>CASH AT END OF YEAR</i>	\$ 906,877	\$ 361,510

Supplemental Cash Flow Information:

Cash paid for income taxes	\$ 12,219	\$ 8,277
Cash paid for interest	\$ 660,909	\$ 530,559

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

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1 - Organization

Fairview Owners Corp., a Cooperative Housing Corporation, (the Cooperative), was incorporated on March 28, 1984 under the laws of the State of New York. The Cooperative became effective on June 26, 1985 when the building began operations as a cooperative corporation and first issued proprietary leases. The Cooperative owns one fourteen story building containing three wings located at 61-20 Grand Central Parkway in Forest Hills, New York consisting of 422 residential apartments.

Note 2 - Summary of significant accounting policies

Cash and cash equivalents

For purposes of the statement of cash flows, cash equivalents are defined as highly liquid investments, which mature in three months or less at the time of purchase. Due to the short term nature of cash equivalents, the carrying value approximates fair value.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Fair value of financial instruments

Substantially all of the Cooperatives' financial instruments are carried at fair value or amounts approximating fair value. Assets, including cash and cash equivalents and certain other current assets are carried at fair value or contracted amounts which approximate fair value. Similarly, accounts payable and other liabilities are carried at fair value or contracted amounts approximating fair value.

Property

Property, consisting principally of a building and improvements, are carried at cost. Depreciation of the property was computed, whereby the building was depreciated on a straight-line basis principally over a forty year period, and the improvements principally over a twenty-seven year period. Capital expenditures for 2015 were expended both from the operating account as well as the capital reserve account.

<p>FAIRVIEW OWNERS CORP. (A Cooperative Housing Corporation) NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014</p>
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Note 3 - Revenue

Maintenance charges are based on an annual budget determined by the board of directors. Tenant-shareholders are billed monthly based on their respective stock holdings. The Cooperative retains excess operating funds, if any, at the end of the operating year, for use in future operating periods. The board increased maintenance in January 2014 to \$1.295 a share per month. In January 2008, an additional special assessment of \$422,000 was charged. The assessment continued until 2015 and then was included in maintenance charges.

The revenue consisted of the following:

	<u>2015</u>	<u>2014</u>
Maintenance:	\$ 5,727,710	\$ 5,305,745
Assessment:	<u>0</u>	<u>422,000</u>
	<u>\$ 5,727,710</u>	<u>\$ 5,727,745</u>

The special assessment is being used to fund the major repairs and maintenance of Fairview Owners Corp.

Note 4 - Sponsor

At December 31, 2015, the sponsor, (Grandway Associates, ZooCare Realty LP) owned approximately eleven percent (11%) of the Cooperative's outstanding shares.

Note 5 - Management and related parties

The principal of the management company, Carlson Realty, Inc., is a shareholder.

<p>FAIRVIEW OWNERS CORP. (A Cooperative Housing Corporation) NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014</p>
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Note 6 - Real estate tax escrow deposits

The Cooperatives escrow balance, maintained at Amalgamated Bank, is used to make disbursements for real estate taxes on the Cooperatives behalf. The tax payment of \$157,247, due in January 2016, was prepaid in December 2015 (Note 7). The balance in the escrow account was \$114,992 at December 31, 2015. In 2014, the Cooperative was required, pursuant to the terms of the first mortgage, to advance monthly payments to New York Urban, the escrow agent for the first mortgagee, in order to make timely disbursements for real estate taxes on behalf of the Cooperative. The balance in the New York Urban escrow account was \$97,838 at December 31, 2014.

Note 7 - Prepaid expenses and other current assets

The full insurance premiums are accrued at the anniversary of the policies. Through June 30, 2015, a portion of the water and sewer charges was billed annually in July and covered the period July 1 to June 30. The entire amount of the bill was accrued including the prepayment. Beginning July 1, 2015, the Cooperative pays the water and sewer charges based on actual usage.

	<u>2015</u>	<u>2014</u>
Prepaid real estate taxes	\$ 157,247	\$ 129,691
Water and sewer	0	207,278
Unexpired insurance premiums	313,768	335,797
Other current assets	33,698	75,969
	<u>\$ 504,713</u>	<u>\$ 748,735</u>

Note 8 - Cash in bank - for future major repairs and replacement

The sponsor, in accordance with the offering plan and an agreement with the Cooperative, established a fund to be used exclusively for making capital repairs, replacement and improvements to the building. The sponsor is required to make a contribution to the fund based on a formula of \$2 per sold share from the proceeds of the sales of each of his units. There were sales of 1,203 shares in 2015 and 3,084 shares in 2014 and corresponding deposits by the sponsor in the amount of \$2,406 in 2015 and \$6,168 in 2014 into the reserve fund.

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 8 - Continued

The following is a historical summary of the activity in the cash accounts for future major repairs and replacement.

	<u>2015</u>	<u>2014</u>
Sponsor contributions on sales (Note 1)	\$ 1,437,927	\$ 1,435,521
Contributions from shareholders	245,233	245,233
Income earned	591,648	589,970
Expenditures for capital improvements	(6,388,122)	(5,540,221)
Proceeds from mortgage refinancing	1,750,000	1,750,000
Proceeds from note	5,250,000	1,600,000
Transfer to operating	(250,382)	(371,919)
NYSERDA grant (net)	498,260	498,260
Other expenses	(16,509)	(16,509)
Balances December 31,	<u>\$ 3,118,055</u>	<u>\$ 190,335</u>

Note 9 - Notes Payable

In November 2004, the mortgage, secured by the building, was refinanced for 15 years for \$9,000,000 with interest at 5.82% by John Hancock Mutual Life Insurance Company. For the first ten years of the mortgage, the monthly payment amount was \$43,650 which consisted of only interest. In 2014, this amount increased to \$52,922 and applied to interest first and then to principal. The principal balance of the mortgage was \$8,885,714 as of December 31, 2014. This mortgage was fully paid off in 2015.

In September 2009, Fairview was granted a loan by Herald Bank in conjunction with the New York State Energy Research and Development Authority (NYSERDA). The cooperative received a seven year loan of \$1,600,000. The interest rate on the loan is 8.5%. NYSERDA paid 6.5% and Fairview was responsible for the remaining 2%. The 6.5% interest on the life of the loan was prepaid in full by NYSERDA. Fairview was required to remain in full compliance with the NYSERDA energy agreement or the full interest would become due by Fairview. The monthly payment by Fairview was \$20,448. The principal balance of the loan was \$401,834 as of December 31, 2014. This loan was fully paid off in 2015.

FAIRVIEW OWNERS CORP. (A Cooperative Housing Corporation) NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

Note 9 - Continued

In March 2015, the mortgage, secured by the building, was refinanced for \$17,000,000 with Amalgamated Bank. The refinancing period is 15 years with an interest rate of 3.835%. The monthly payment amount is \$162,286, which consists of principal, interest and escrow deposits. Fairview is required to maintain a ratio of revenues to debt service of 1:01 to 1:00. The principal balance of the mortgage was \$16,798,700 as of December 31, 2015.

In 2014, the cost of the John Hancock mortgage refinancing was \$766,094, which was being amortized over the fifteen year term of the mortgage. The cost of the Herald Bank loan was \$11,837 which were being amortized over the seven year life of the loan. The costs of the Amalgamated Bank refinancing were \$391,496, which are being amortized over the fifteen year life of the loan. The debt financing costs consist of the following:

	<u>2015</u>	<u>2014</u>
Brokerage fee	\$ 0	\$ 44,000
Mortgage tax	228,029	63,388
Legal fees	45,000	35,464
Prepayment fee	0	631,028
Servicing Fees	65,179	0
Surveys and other costs	53,288	46,551
	<u>\$ 391,496</u>	<u>\$ 820,431</u>
Accumulated amortization	13,050	597,485
Unamortized mortgage cost	<u>\$ 378,446</u>	<u>\$ 222,946</u>

Aggregate principal payments for the years succeeding December 31, 2015 are expected to be as follows:

Year	<u>Total Payments</u>
2016	225,141
2017	235,215
2018	252,349
2019	262,467
Thereafter	15,823,528
	<u>16,798,700</u>
Less: current portion	225,141
Long-term portion	<u>\$ 16,573,559</u>

<p>FAIRVIEW OWNERS CORP. (A Cooperative Housing Corporation) NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014</p>
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Note 10 - Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of the following:

	<u>2015</u>	<u>2014</u>
Mortgage interest	\$ 37,580	\$ 43,788
Insurance premiums	0	245,516
Water and sewer	90,182	1,719,880
Capital expenditure accruals	1,035,968	7,500
Union benefit payments	0	118,494
Electric	31,176	60,612
Other invoices and accruals	174,726	71,837
	<u>\$ 1,369,632</u>	<u>\$ 2,267,627</u>

Note 11 - Deposits & other payables

Deposits & other payables consist of the following:

	<u>2015</u>	<u>2014</u>
Payroll tax liabilities	\$ 2,594	\$ 8,432
Tenant security deposits	81,081	69,976
Maintenance received in advance	15,358	43,916
Other	2,912	1,378
	<u>\$ 101,945</u>	<u>\$ 123,702</u>

<p>FAIRVIEW OWNERS CORP. (A Cooperative Housing Corporation) NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014</p>
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Note 12 - Income taxes

The Corporation is a Cooperative Housing Corporation under Section 216 of the Internal Revenue Code. Under this section real estate taxes and interest paid by the Cooperative are deductible for income tax purposes by the tenant-shareholders, based upon their pro-rata ownership of shares of the Cooperative. The Cooperative has available net operating tax loss carry-forwards in excess of \$18,000,000. These losses expire over 15 and 20 year periods, depending on the year the loss was incurred. Early losses have expired and additional losses will expire each year. In view of the taxable losses over the last 25 years and due to the structure and taxable cost basis of the building, this is not expected to have any material effect as no taxable income in the foreseeable future is expected.

Section 277 of the Internal Revenue Code provides that a membership organization that is operated primarily to furnish services to members is permitted to deduct expenses attributable to the furnishing of such services only to the extent of the income derived during the year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating that income. Accordingly, income from non-membership sources such as interest, commercial rentals, etc. in excess of expenses attributable thereto, may be subject to federal tax if the Internal Revenue Service were to successfully take the position that Section 277 applies to cooperative housing corporations. Recent tax court decisions have been in favor of co-ops as relating to interest income.

The Cooperative follows the policy of not applying the provisions of Section 277 when preparing its annual federal, New York State and New York City income tax returns. Accordingly, no provision for taxes, if any, that could result for the application of Section 277 to the Cooperative's net non-membership income has been reflected in the financial statements. The financial statements, however, do reflect both New York State and New York City provisions for taxes on other than an income basis. As of December 31, 2015, the years that remain subject to examination by taxing authorities begin with 2012.

Note 13 - Capital paid in excess of par

Capital in excess of par consists of:		
Excess of book value over \$ 1 par value	\$	\$
	<u>2015</u>	<u>2014</u>
	27,324,000	27,324,000
Sponsor initial working capital	25,000	25,000
Sponsor contributions from share sales (Note 8)	1,437,927	1,435,521
	<u>\$ 28,786,927</u>	<u>\$ 28,784,521</u>

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 14 - Future major repairs and replacement

The Cooperative has not promulgated a study to determine the remaining useful lives of the components of the building and current estimates of costs of major repairs and replacements that may be required. When funds for these projects are required, the Cooperative has the right to borrow, including using lines of credit, utilize available funds from reserve accounts, increase maintenance charges, levy a special assessment, or delay the repairs or replacements until funds are available.

Note 15 - Pension plan

The Cooperative makes contributions to a collectively bargained, multi-employer pension plan in accordance with the provisions of negotiated labor contracts. Information from the plans' administrators is not available to permit the Cooperative to determine its relative position or estimate its future liability under the plans.

The Cooperative has a collective bargaining agreement with 32BJ Service Employees International Union, which details rates of pay, hours of work and conditions of employment for those covered employees. All employees of the Cooperative are covered by the union agreement. The employees are covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity and health insurance plan. Contributions to the plan are determined in accordance with the provisions of the negotiated labor contract.

Pursuant to the Employee Retirement Income Security Act, as amended, an employer upon withdrawing from a multiemployer plan, is required to pay its share of the plan's unfunded vested benefits. The Cooperative has no intention of withdrawing from the plan.

The plan information for the multiemployer defined benefit plan is as follows:

Union Plan Employer ID #	13-1879376
Year End Date of Plan	June 30, 2015
Certified Pension Zone Status	July 1, 2015 - Red
Pension, Health and Other Benefit Contributions made during 2015	\$368,874

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 16 - Concentration of Credit Risk

The Cooperative maintains various bank and money market accounts that, at times, have exceeded federally insured credit limits. The Cooperative has not experienced any losses on such accounts.

In 2015, the maintenance received from the sponsor amounted to \$637,901. The sponsor owned 11% of the outstanding shares of the cooperative.

Note 17 - Date Of Management's Review

In preparing the financial statements, the management of the Cooperative has evaluated and determined that there are no subsequent events and transactions that need to be recognized as of May 17, 2016, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

The schedules following are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subject to the audit procedures applied in the examination of the basic financial statements, and accordingly, we express no opinion on the schedules.

The unqualified opinion on the basic financial statements taken as a whole are in no way affected by the above paragraph.

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	<i>SCHEDULE A</i>	
	2015	2014
ADMINISTRATIVE:		
Management fees	\$ 120,000	\$ 110,000
Professional fees	74,154	83,133
Licenses and permits	15,656	13,639
Office and clerical	113,692	99,282
	\$ 323,502	\$ 306,054
OPERATING:		
Security	\$ 160,766	\$ 141,302
Fuel	361,797	328,098
Utilities - electric and gas	546,620	591,270
Water and sewer	397,592	509,458
	\$ 1,466,775	\$ 1,570,128
MAINTENANCE:		
Salaries and related costs:		
Building wages	\$ 964,296	\$ 926,313
Payroll taxes	84,582	79,266
Workers' statutory insurance	59,791	44,922
Union and pension	368,874	333,602
Repairs and maintenance-general	615,790	522,739
Repairs and maintenance-elevator	36,967	36,856
Janitorial and building supplies	116,866	88,756
	\$ 2,247,166	\$ 2,032,454
FINANCIAL:		
Interest on mortgages	\$ 660,909	\$ 530,559
Real estate taxes	959,968	956,841
Insurance - general	377,055	379,662
Other financial fees	13,560	0
New York State & City corporation tax	12,219	8,277
	\$ 2,023,711	\$ 1,875,339

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

FAIRVIEW OWNERS CORP.
(A Cooperative Housing Corporation)
COMPARISON OF THE 2015 BUDGET TO
THE PRO FORMA RECEIPTS AND DISBURSEMENTS REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE B

	BUDGET 2015	PRO FORMA RECEIPTS AND DISBURSEMENTS	VARIANCE INCREASE (DECREASE)
REVENUES:			
Maintenance	\$ 5,727,710	\$ 5,727,710	\$ 0
Garage rentals	489,000	488,375	(625)
Laundry	72,000	74,918	2,918
Pool	10,000	(74,285)	(84,285)
Miscellaneous	86,110	117,700	31,590
	6,384,820	6,334,417	(50,403)
EXPENSES:			
Labor and benefits	1,507,169	1,543,100	35,931
Electricity and gas	625,000	546,620	(78,380)
Fuel oil	466,000	361,797	(104,203)
Water and sewer	400,000	397,592	(2,408)
Building supplies	75,000	116,866	41,866
Repairs and maintenance	491,592	652,757	161,165
Security	150,900	160,766	9,866
Insurance	376,215	377,055	840
Management fees	120,000	120,000	0
Legal and audit fees	35,000	74,154	39,154
Real estate taxes	933,639	959,968	26,329
Corporate taxes	8,500	12,219	3,719
Miscellaneous	88,100	77,351	(10,749)
Mortgage Service	983,359	744,493	(238,866)
NYSERDA	0	158,767	158,767
Capital expenditures from operating	0	374,731	374,731
Contingency	124,346	0	(124,346)
	\$ 6,384,820	\$ 6,678,236	\$ 293,416
Surplus (Deficit)	\$ 0	\$ (343,819)	\$ (343,819)

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