

**FAIRVIEW OWNERS CORP**  
**(A Cooperative Housing Corporation)**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 & DECEMBER 31, 2010**

**FAIRVIEW OWNERS CORP.**  
**(A Cooperative Housing Corporation)**  
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**DECEMBER 31, 2011 AND 2010**

INDEX

		Page
Auditors' report		1
Balance sheet	Exhibit A	2 to 3
Statement of revenues and expenses	Exhibit B	4
Statement of changes in shareholders' equity	Exhibit C	5
Statement of cash flows	Exhibit D	6
Notes to financial statements		7 to 15
Supplemental information		
Schedule of operating expenses	Schedule A	16
Comparison of the 2011 budget to pro forma receipts and disbursements report	Schedule B	17

# MICHAEL YASTRAB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL YASTRAB, CPA  
RICHARD YASTRAB, CPA  
DAVID YASTRAB, CPA

363 SEVENTH AVENUE  
NEW YORK, NEW YORK 10001  
(212) 629-8268

FACSIMILE: (212) 643-0275

## ACCOUNTANTS' REPORT

To the board of directors  
Fairview Owners Corp.

We have audited the accompanying balance sheets of Fairview Owners Corp., a Cooperative Housing Corporation, as of December 31, 2011 and 2010 and the related statement of revenues and expenses, changes in shareholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, except for the effects noted below, the financial statements referred to above present fairly, in all material respects, the financial position of Fairview Owners Corp., as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

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 that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be part of, the basic financial statements. 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 \$220,802 in 2011 and \$216,378 in 2010.

  

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CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
April 27, 2012

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

***EXHIBIT A***

	2011	2010
<i><b>ASSETS</b></i>		
<i><b>CURRENT ASSETS</b></i>		
Cash and cash equivalents	\$ 1,160	\$ 46,820
Receivable from tenant/shareholders	76,506	61,216
Real estate tax escrow deposits (Note 6)	136,935	63,906
Cash security deposits (Note 11)	69,551	69,120
Prepaid expenses and other current assets (Note 7)	753,700	552,855
<b>Total current assets</b>	<b>1,037,852</b>	<b>793,917</b>
 <i><b>PROPERTY, AT COST (Notes 2,9)</b></i>		
Building and building improvements	41,327,442	40,044,189
Pool furnishings, playground and other equipment	364,001	354,281
	41,691,443	40,398,470
Less: accumulated depreciation	30,215,678	29,121,588
	11,475,765	11,276,882
 Land	 850,000	 850,000
<b>Net property</b>	<b>12,325,765</b>	<b>12,126,882</b>
 <i><b>OTHER ASSETS</b></i>		
Unamortized loan cost (Note 9)	338,738	391,502
Cash & cash equivalents for future major repairs and replacement (Notes 8 and 14)	151,276	449,590
Other assets	4,560	4,560
	494,574	845,652
 <b>Total assets</b>	 <b>\$ 13,858,191</b>	 <b>\$ 13,766,451</b>

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

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

*EXHIBIT A*

**2011**                      **2010**

***LIABILITIES AND SHAREHOLDERS' EQUITY***

***CURRENT LIABILITIES***

Accounts payable and accrued expenses (Note 10)	\$ 1,998,705	\$ 795,300
Current portion of debt (Note 9)	225,274	220,814
Deposits & other payables (Note 11)	96,331	88,747
<b>Total current liabilities</b>	<b>2,320,310</b>	<b>1,104,861</b>

***LONG-TERM LIABILITIES***

Notes payable (Note 9)	10,091,683	10,312,485
Less: current portion	(225,274)	(220,814)
	9,866,409	10,091,671
Payment agreement (Note 16)	112,459	191,752
<b>Total long-term liabilities</b>	<b>9,978,868</b>	<b>10,283,423</b>

***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	1,899,954	1,679,152
Shareholders' assessment for major repairs and replacement of building	245,233	245,233
Capital paid in excess of par (Note 13)	28,763,313	28,761,671
Accumulated deficit	(29,691,037)	(28,649,439)
<b>Total shareholders' equity</b>	<b>1,559,013</b>	<b>2,378,167</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 13,858,191</b>	<b>\$ 13,766,451</b>

**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,**

<i><b>EXHIBIT B</b></i>		
	<b>2011</b>	<b>2010</b>
<i><b>INCOME:</b></i>		
Tenant/shareholders:		
Maintenance (Note 3)	\$ 5,306,565	\$ 5,213,615
Less: payment for note amortization	(220,802)	(216,378)
	5,085,763	4,997,237
Parking	482,703	480,125
Laundry and sundry	150,277	156,280
Interest	63	1,885
Pool, net of expenses	(73,883)	(81,791)
Total income	5,644,923	5,553,736
<i><b>EXPENSES:</b></i>		
Administrative	259,969	358,044
Operating	1,660,826	1,629,988
Maintenance	1,822,243	1,710,255
Financial	1,796,629	1,823,630
Total expenses	5,539,667	5,521,917
<i><b>SURPLUS OF REVENUES OVER EXPENSES</b></i>		
<i><b>BEFORE DEPRECIATION</b></i>	105,256	31,819
<i><b>AND AMORTIZATION</b></i>		
<i><b>DEPRECIATION AND AMORTIZATION</b></i>	(1,146,854)	(1,133,927)
<i><b>NET DEFICIENCY OF REVENUES</b></i>		
<i><b>OVER EXPENSES</b></i>	(1,041,598)	(1,102,108)
<i><b>DEFICIT - BEGINNING OF YEAR</b></i>	(28,649,439)	(27,547,331)
<i><b>DEFICIT - END OF YEAR</b></i>	\$ (29,691,037)	\$ (28,649,439)

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

**FAIRVIEW OWNERS CORP.**  
**(A Cooperative Housing Corporation)**  
**STATEMENT OF CHANGES IN SHAREHOLDER' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

*EXHIBIT C*

	Capital Stock	Assessment for Loan Amortization	Assessment for Major Repairs & Building	Capital Paid in Excess of Par	Accumulated Deficit	Total
<b><i>EQUITY - January 1, 2011</i></b>	\$ 341,550	\$ 1,679,152	\$ 245,233	\$ 28,761,671	\$ (28,649,439)	\$ 2,378,167
Net deficiency of revenues over expenses					(1,041,598)	(1,041,598)
Payment for note amortization		220,802				220,802
Sponsor capital contribution				1,642		1,642
<b><i>EQUITY - December 31, 2011</i></b>	<b>\$ 341,550</b>	<b>\$ 1,899,954</b>	<b>\$ 245,233</b>	<b>\$ 28,763,313</b>	<b>\$ (29,691,037)</b>	<b>\$ 1,559,013</b>

	Capital Stock	Assessment for Loan Amortization	Assessment for Major Repairs & Building	Capital Paid in Excess of Par	Accumulated Deficit	Total
<b><i>EQUITY - January 1, 2010</i></b>	\$ 341,550	\$ 1,462,774	\$ 245,233	\$ 28,750,391	\$ (27,547,331)	\$ 3,252,617
Net deficiency of revenues over expenses					(1,102,108)	(1,102,108)
Payment for note amortization		216,378				216,378
Sponsor capital contribution				11,280		11,280
<b><i>EQUITY - December 31, 2010</i></b>	<b>\$ 341,550</b>	<b>\$ 1,679,152</b>	<b>\$ 245,233</b>	<b>\$ 28,761,671</b>	<b>\$ (28,649,439)</b>	<b>\$ 2,378,167</b>

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***

	<b>2011</b>	<b>2010</b>
<b><i>OPERATING ACTIVITIES</i></b>		
Net loss	\$ (1,041,598)	\$ (1,102,108)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	1,146,854	1,133,927
Income earned (net) - capital reserve accounts	(41)	(1,817)
(Increase) in receivables	(15,290)	(307)
(Increase) in real estate escrow deposits	(73,029)	(10,516)
(Increase) decrease in other current assets	(200,846)	40,071
Increase (decrease) in operating payables	451,318	(17,473)
<b>Net cash provided by operating activities</b>	<b>267,368</b>	<b>41,777</b>
<b><i>INVESTING ACTIVITIES</i></b>		
Cash acquisition of improvements and equipment	(375,028)	(66,173)
Shareholders' contribution for loan amortization	220,802	216,378
Transmittal from (to) the reserve fund	62,000	(5,000)
<b>Net cash (used) provided by investing activities</b>	<b>(92,226)</b>	<b>145,205</b>
<b><i>FINANCING ACTIVITIES</i></b>		
Amortization of loan	(220,802)	(216,378)
<b>Net cash used by financing activities</b>	<b>(220,802)</b>	<b>(216,378)</b>
(Decrease) in cash	(45,660)	(29,396)
Cash at beginning of year	46,820	76,216
<b><i>CASH AT END OF YEAR</i></b>	<b>\$ 1,160</b>	<b>\$ 46,820</b>
<b><i>Supplemental Cash Flow Information:</i></b>		
Cash paid for income taxes	\$ 10,060	\$ 11,207
Cash paid for interest	\$ 548,374	\$ 553,309

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



**FAIRVIEW OWNERS CORP.**  
**(A Cooperative Housing Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

***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 2011 were expended both from the operating account as well as the capital reserve account. In 2010, a grant of \$254,000 was received as part of an energy project initiated by the Cooperative. The Cooperative expects to receive an additional grant of \$84,000.

<p><b>FAIRVIEW OWNERS CORP.</b>  <b>(A Cooperative Housing Corporation)</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>DECEMBER 31, 2011 AND 2010</b></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 2011 to \$1.157 a share per month. An energy surcharge was enacted in 2005 to meet rising energy costs. The amount of the energy surcharge remained consistent with 2010 at \$.035 a share per month. In January of 2008, there was an additional special assessment of \$422,000, payable over the year. The assessment remained unchanged through 2011.

The revenue consisted of the following:

	<u>2011</u>	<u>2010</u>
Maintenance:	\$ 4,740,454	\$ 4,647,504
Assessment:	422,000	422,000
Energy surcharge:	<u>144,111</u>	<u>144,111</u>
	<u>\$ 5,306,565</u>	<u>\$ 5,213,615</u>

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

**Note 4 - Sponsor**

At December 31, 2011, the sponsor, (Grandway Associates, ZooCare Realty LP) owned approximately fourteen percent (14%) 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><b>FAIRVIEW OWNERS CORP.</b>  <b>(A Cooperative Housing Corporation)</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>DECEMBER 31, 2011 AND 2010</b></p>
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**Note 6 - Real estate tax escrow deposits**

The Cooperative is 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 for the escrow agent to make timely disbursements for real estate taxes on behalf of the Cooperative. The tax payment of \$180,496, due in January 2012, was prepaid in December 2011 (Note 7). The balance in the escrow account was \$136,935 at December 31, 2011 and \$63,906 at December 31, 2010.

**Note 7 - Prepaid expenses and other current assets**

A portion of the water and sewer charges are billed annually in July and cover the period July 1, to June 30. The amount of the bill was accrued including the prepayment. The insurance premiums are recorded at the anniversary of the policies.

	<u>2011</u>	<u>2010</u>
Prepaid health insurance	\$ 18,234	\$ 16,329
Water and sewer	205,167	190,854
Prepaid real estate taxes	180,496	182,784
Unexpired insurance premiums	343,203	162,888
Other receivable	6,600	0
	<u>\$ 753,700</u>	<u>\$ 552,855</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 the units. There were sales of 821 shares in 2011 and 5,640 shares in 2010 and corresponding deposits by the sponsor in the amount of \$1,642 in 2011 and \$11,280 in 2010 into the reserve fund.

**FAIRVIEW OWNERS CORP.**  
**(A Cooperative Housing Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

*Note 8 - Continued*

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

	<u>2011</u>	<u>2010</u>
Sponsor contributions on sales	\$ 1,414,313	\$ 1,412,671
Contributions from shareholders	245,233	245,233
Income earned	589,970	589,929
Expenditures for capital improvements	(5,172,812)	(4,934,815)
From mortgage refinancing	1,750,000	1,750,000
Note proceeds	1,600,000	1,600,000
Transfer to operating	(258,919)	(196,919)
Other expenses	(16,509)	(16,509)
Balances December 31,	<u>\$ 151,276</u>	<u>\$ 449,590</u>

*Note 9 - Notes Payable*

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. Each month for the first ten years of the mortgage, the payment amount will be \$43,650 which consists of only interest. This amount will increase to \$52,922 for the remaining five years. The payments will be applied to interest first and then to principal.

In September 2009, Fairview was granted a special loan agreement 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 will pay 6% and Fairview is responsible for the remaining 2%. The 6.5% interest on the life of the loan was prepaid in full by NYSERDA. Fairview is 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 is \$20,448 which will be applied to interest first and then to principal.

<b>FAIRVIEW OWNERS CORP.</b> <b>(A Cooperative Housing Corporation)</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>DECEMBER 31, 2011 AND 2010</b>
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*Note 9 - Continued*

The John Hancock mortgage was refinanced in 2004. The cost of the refinancing was \$766,094, which is being amortized over the fifteen year term of the mortgage. The cost of the 2009 Herald Bank loan was \$11,837. These costs are being amortized over the seven year life of the loan. The debt financing costs consist of the following:

	2011	2010
Brokerage fee	\$ 44,000	\$ 44,000
Mortgage tax	63,388	63,388
Legal fees	35,464	35,464
Prepayment fee	588,528	588,528
Surveys and other costs	46,551	46,551
	\$ 777,931	\$ 777,931
 Accumulated amortization	 439,193	 386,429
Unamortized mortgage cost	\$ 338,738	\$ 391,502

Aggregate principal payments for the following years succeeding December 31, 2011 are as follows:

Year	Total Payments
2012	\$ 225,274
2013	229,944
2014	243,923
2015	354,367
2016	284,292
Thereafter	8,753,883
	10,091,683
 Less: current portion	 225,274
 Long-term debt portion	 \$ 9,866,409

<b>FAIRVIEW OWNERS CORP.</b> <b>(A Cooperative Housing Corporation)</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>DECEMBER 31, 2011 AND 2010</b>
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*Note 10 - Accounts payable and accrued expenses*

Accounts payable and accrued expenses consist of:

	<u>2011</u>	<u>2010</u>
Mortgage interest	\$ 45,910	\$ 45,910
Unexpired insurance premiums	249,906	97,250
Water and sewer	693,200	199,256
Water and sewer - payment agreement	84,672	84,672
Capital expenditure accruals	679,947	63,400
Union benefit payments	25,893	28,673
Settlement fee	0	42,070
Electric	111,473	22,589
Other invoices and accruals	107,704	211,480
	<u>\$ 1,998,705</u>	<u>\$ 795,300</u>

*Note 11 - Deposits & other payables*

Deposits & other payables consist of the following:

	<u>2011</u>	<u>2010</u>
Payroll tax liabilities	\$ 8,953	\$ 9,213
Tenant security deposits	69,551	69,120
Prepaid maintenance	14,271	7,257
Other	3,556	3,157
	<u>\$ 96,331</u>	<u>\$ 88,747</u>

<p><b>FAIRVIEW OWNERS CORP.</b>  <b>(A Cooperative Housing Corporation)</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>DECEMBER 31, 2011 AND 2010</b></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 \$13,000,000. 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 20 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.

*Note 13 - Capital paid in excess of par*

Capital in excess of par consists of:	<u>2011</u>	<u>2010</u>
Excess of book value over \$ 1 par value	\$ 27,324,000	\$ 27,324,000
Sponsor initial working capital	25,000	25,000
Sponsor contributions from share sales (Note 8)	1,414,313	1,412,671
	<u>\$ 28,763,313</u>	<u>\$ 28,761,671</u>

<p><b>FAIRVIEW OWNERS CORP.</b>  <b>(A Cooperative Housing Corporation)</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>DECEMBER 31, 2011 AND 2010</b></p>
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**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.

**Note 16 - Contingencies**

In 2009, the Cooperative entered into a payment agreement with the New York City Department of Environmental Protection to satisfy its outstanding water bill. After an initial deposit of \$37,762, the Cooperative agreed to make 60 monthly payments of \$7,056 to the NYC Water and Sewer Board. The payments commenced in March 2009. Interest was computed at an annual rate of 9%

The minimum required payments for the following years succeeding December 31, 2011 are as follows:

<u>Year</u>	<u>Total Payments</u>
2012	\$ 84,672
2013	84,672
2014	<u>27,787</u>
	197,131
Less: current portion	84,672
Long-term portion	<u>\$ 112,459</u>



**FAIRVIEW OWNERS CORP.**  
**(A Cooperative Housing Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

***Note 16 - Continued***

In 2010, the Cooperative agreed to pay \$72,100 in liquidated damages to its labor union as settlement of a dispute over benefits owed from prior years. Late fees of \$29,334 were assessed. The balance owed to the union at the end of 2011 was \$0.

***Note 17 - Concentration of Credit Risk***

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

In 2011, the maintenance and parking charges received from the sponsor amounted to \$818,228. The sponsor owned 14% of the outstanding shares of the cooperative.

***Note 18 - Subsequent Events***

The management of the Cooperative has determined that there are no material subsequent events as of April 30th, 2012 that need to be disclosed. These events could include but are not limited to any legal actions to which the cooperative is a major party or entering into any contracts that are not in the normal course of business.

## 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>			
		2011	2010
<b>ADMINISTRATIVE:</b>			
Management fees	\$	110,000	\$ 110,000
Professional fees		48,423	59,106
Settlement Fee		0	101,434
Licenses and permits		15,060	9,259
Telephone and office		86,486	78,245
		\$ 259,969	\$ 358,044
<b>OPERATING:</b>			
Security	\$	138,256	\$ 147,841
Fuel		431,705	407,042
Utilities - electric and gas		632,414	681,275
Water and sewer		458,451	393,830
		\$ 1,660,826	\$ 1,629,988
<b>MAINTENANCE:</b>			
Salaries and related costs:			
Building wages	\$	888,898	\$ 864,581
Payroll taxes		79,348	75,445
Workers' statutory insurance		25,197	20,825
Union and pension		310,323	273,277
Repairs and maintenance-general		406,587	338,137
Repairs and maintenance-elevator		32,215	43,702
Repairs and maintenance-flood damage (recovery)		(14,212)	0
Janitorial and building supplies		93,887	94,288
		\$ 1,822,243	\$ 1,710,255
<b>FINANCIAL:</b>			
Interest on mortgages	\$	548,374	\$ 553,309
Real estate taxes		1,007,765	1,080,668
Insurance - general		230,430	178,446
New York State & City corporation tax		10,060	11,207
		\$ 1,796,629	\$ 1,823,630

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

**FAIRVIEW OWNERS CORP.**  
**(A Cooperative Housing Corporation)**  
**COMPARISON OF THE 2011 BUDGET TO**  
**THE PRO FORMA RECEIPTS AND DISBURSEMENTS REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**SCHEDULE B**

	BUDGET 2011	PRO FORMA RECEIPTS AND DISBURSEMENTS	VARIANCE INCREASE (DECREASE)
<b>REVENUES:</b>			
Maintenance	\$ 5,306,565	\$ 5,306,565	\$ 0
Garage rentals	487,380	482,703	(4,677)
Laundry	72,000	72,000	0
Pool	10,000	(73,883)	(83,883)
Miscellaneous	67,752	78,340	10,588
	<u>5,943,697</u>	<u>5,865,725</u>	<u>(77,972)</u>
<b>EXPENSES:</b>			
Labor and benefits	1,302,153	1,353,791	51,638
Electricity and gas	700,000	632,414	(67,586)
Fuel oil	450,000	431,705	(18,295)
Water and sewer	435,000	458,451	23,451
Building supplies	95,000	93,887	(1,113)
Repairs and maintenance - service contrac	345,663	424,590	78,927
Security	147,000	138,256	(8,744)
Insurance	180,000	230,430	50,430
Management fees	110,000	110,000	0
Legal and audit fees	45,000	48,423	3,423
Real estate taxes	1,310,000	1,007,765	(302,235)
Corporate taxes	13,000	10,060	(2,940)
Miscellaneous and contingency	41,700	51,521	9,821
Mortgage Service	523,800	523,800	0
NYSERDA	245,381	245,376	(5)
Capital expenditures from operating		438,428	438,428
	<u>\$ 5,943,697</u>	<u>\$ 6,198,897</u>	<u>\$ 255,200</u>
<b>Deficit</b>	<u>\$ 0</u>	<u>\$ (333,172)</u>	<u>\$ (333,172)</u>