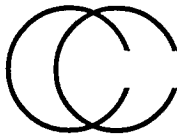


**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
PERIOD FROM MARCH 11, 2005 (COMMENCEMENT
OF OPERATIONS)
TO FEBRUARY 28, 2006**

THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
FOR THE PERIOD FROM MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS)
TO FEBRUARY 28, 2006

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Citricooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

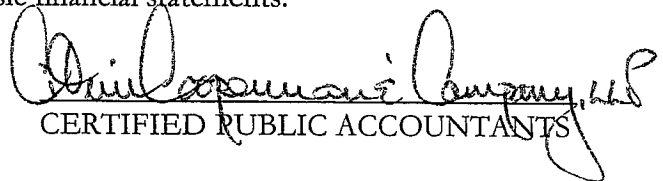
To the Residential Board of Managers and Members
The Residential Section of Beacon Court Condominium

We have audited the accompanying balance sheet of the residential property known as the Residential Section of the Beacon Court Condominium (the "Residential Section") as of February 28, 2006, and the related statements of revenues, expenses and net assets and cash flows for the period from March 11, 2005 (commencement of operations) to February 28, 2006. These financial statements are the responsibility of the Residential Section's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Residential Section of the Beacon Court Condominium as of February 28, 2006, and the results of its operations and its cash flows for the period from March 11, 2005 (commencement of operations) to February 28, 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, management of the Residential Section has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.


CITRICOOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2007

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
BALANCE SHEET
FEBRUARY 28, 2006**

ASSETS

Cash	\$ 2,022,449
Common charges receivable - residential unit owners	311,235
Prepaid expenses and other assets	16,065
Tenants' security deposits	<u>569,852</u>
TOTAL ASSETS	<u>\$ 2,919,601</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 126,357
Due to residential unit owners	140,959
Common charges payable to the Beacon Court Condominium	695,294
Common charges received in advance	82,107
Tenants' security deposits payable	<u>567,352</u>
Total liabilities	1,612,069
Net assets	<u>1,307,532</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 2,919,601</u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
STATEMENT OF REVENUES, EXPENSES AND NET ASSETS
FOR THE PERIOD FROM MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS)
TO FEBRUARY 28, 2006**

Revenues:	
Common charges - residential unit owners	\$ 3,905,916
Unit owner electric charges	198,818
Other income	<u>5,223</u>
Total revenues	<u>4,109,957</u>
Expenses:	
Common expense charges - Beacon Court Condominium	1,074,644
Operating expenses	1,741,685
Maintenance expenses	175,155
Administrative expenses	119,001
Taxes	<u>8,451</u>
Total expenses	<u>3,118,936</u>
Net income	991,021
Net assets - beginning	-
Initial capital contributions	<u>316,511</u>
NET ASSETS - ENDING	<u>\$ 1,307,532</u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS)
TO FEBRUARY 28, 2006**

Cash flows from operating activities:	
Net income	\$ 991,021
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Common charges - residential unit owners	(311,235)
Prepaid expenses and other assets	(16,065)
Tenants' security deposits	(569,852)
Accounts payable	126,357
Due to residential unit owners	140,959
Due to Beacon Court Condominium	695,294
Common charges received in advance	82,107
Tenants' security deposits payable	<u>567,352</u>
Net cash provided by operating activities	1,705,938
Cash provided by investing activities:	
Initial capital contributions	<u>316,511</u>
Net increase in cash	2,022,449
Cash and cash equivalents - beginning	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 2,022,449</u></u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006**

NOTE 1. NATURE OF ORGANIZATION

Pursuant to a declaration of condominium declared effective on January 24, 2005 (the "Declaration"), the condominium known as the Beacon Court Condominium (the "Condominium") was organized pursuant to Article 9-B of the Real Property Law of the State of New York for the purpose of maintaining and preserving the premises located at 151 East 58th Street, New York City (the "Property") as an unincorporated entity. The Condominium and the Property consist of 105 residential units (collectively, the "Residential Section"), two office units and one retail unit. Owners of the residential units in the Condominium are referred to as the Residential Members throughout the notes to the financial statements. The Residential Section has been formed as an unincorporated association pursuant to the laws of the State of New York.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Property and equipment

The Residential Section's real property and common areas acquired from the Condominium's sponsor, and subsequent improvements to such property, are not recorded in the Residential Section's financial statements because those properties are owned by the individual unit owners in common.

Member assessments

The Residential Section's members are subject to monthly assessments to provide funds for the Residential Section operating expenses. Common charges receivable - residential unit owners at the balance-sheet date represent assessments due from residential unit owners. Any excess assessments at year end are retained by the Residential Section for use in the succeeding year. At February 28, 2006, the Residential Section's delinquent assessments were not material. It is the opinion of the board of managers that the Residential Section will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary at February 28, 2006.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Residential Section qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the period from March 11, 2005 (commencement of operations) to February 28, 2006. Under that Section, the Residential Section is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of the Residential Section's property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government.

Superintendent's apartment

The Residential Section paid the common charges and real estate taxes on the superintendent's apartment. As of the date of these financial statements, ownership of the apartment has not been transferred to the Residential Section.

Future major repairs and replacements

The Condominium's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements either related to the Condominium as a whole, or as to the Residential Section in particular. Neither the Condominium nor the management of the Residential Section have conducted a study to determine the remaining useful lives of the components of the common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the board of managers developed a plan to fund those needs. When funds are required for major repairs and replacements, the management of the Residential Section and the Condominium plan to borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future common charges or assessments to the Residential Section unit holders has not been determined.

Initial capital contributions

In accordance with the Declaration and offering plan, at the time of closing by initial owners, one month's assessment was contributed to the Residential Section to provide additional working capital.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Common expense charges paid to the Condominium

The Residential Property is required to absorb and is allocated its proportionate share of the "general common expenses" related to the operation of the "general common elements" of the Property, as those terms are defined in the Declaration. These expenses consist of items incurred by the Condominium for the benefit of all units (residential and commercial). The Condominium's offering plan contains detailed formulas for the computation of general common expenses attributable to the residential section and the commercial section. The Residential Members are assessed the allocated expenses based on their percentage of aggregate common interest. These allocated expenses are included as estimated amounts in the members' monthly assessments. The Residential Property pays the estimated amounts monthly to the Condominium to fulfill its share of the general common-expense obligations. The residential section's balance sheet reflects the amounts due to the Condominium for the actual general common expenses incurred by the residential section over the estimated amounts paid during the year.

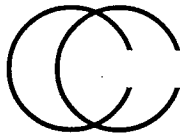
NOTE 3. CONCENTRATION OF CREDIT RISK

The Residential Section maintains various bank and money market accounts, which, at times, may exceed federally insured credit limits. The Residential Section makes every effort not to exceed federally insured credit limits with any one financial institution. The Residential Section has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances.

NOTE 4. MULTI-EMPLOYER PLAN

In connection with its collective bargaining agreement with Local 32B-32J, the Residential Section and the Condominium participates with other companies in the defined benefit pension plan and health benefit plan sponsored by Service Employees International Union, AFL-CIO. The plans cover all of the Residential Section and Condominium's employees who are members of the Service Employees International Plan. Aggregate contributions amounted to \$95,354 for the period from March 11, 2005 (commencement of operations) to February 28, 2006.

ADDITIONAL INFORMATION



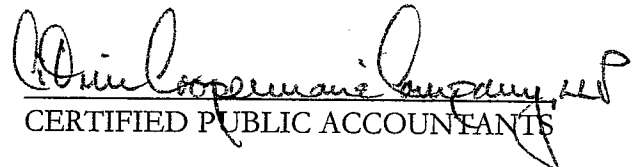
Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Managers and Members
Residential Section of the Beacon Court Condominium

Our report on our audit of the basic financial statements of the Residential Section of the Beacon Court Condominium for the period from March 11, 2005 (commencement of operations) to February 28, 2006, appears on page one. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained in the accompanying schedules of expenses on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2007

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
SCHEDULES OF EXPENSES
FOR THE PERIOD FROM MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS)
TO FEBRUARY 28, 2006**

Schedule I - operating expenses:

Salaries and benefits	\$ 847,050
Payroll taxes	84,206
Union welfare benefits	95,354
Workers' compensation	34,979
Electricity	422,886
Steam	176,632
Water and sewer	53,039
Uniforms	11,777
Superintendent's apartment common charges	8,012
Exterminating	<u>7,750</u>

TOTAL OPERATING EXPENSES

\$ 1,741,685

Schedule II - maintenance expenses:

Plumbing	\$ 14,911
Heating and air conditioning	2,666
Metal and marble repairs	5,928
Equipment repairs and maintenance	3,511
Lobby	60,137
General building repairs	56,514
Hardware and supplies	<u>31,488</u>

TOTAL MAINTENANCE EXPENSES

\$ 175,155

Schedule III - administrative expenses:

Management fees	\$ 71,500
Professional fees	25,000
Telephone	20,724
Miscellaneous	<u>1,777</u>

TOTAL ADMINISTRATIVE EXPENSES

\$ 119,001

Schedule IV - taxes:

Real estate taxes	<u>\$ 8,451</u>
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TOTAL TAXES

\$ 8,451

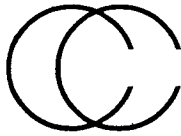
See independent auditors' report on additional information.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEAR ENDED FEBRUARY 28, 2007 AND THE
PERIOD FROM MARCH 11, 2005
(COMMENCEMENT OF OPERATIONS)
TO FEBRUARY 28, 2006**

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
FOR THE YEAR ENDED FEBRUARY 28, 2007 AND THE PERIOD FROM
MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS) TO FEBRUARY 28, 2006**

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

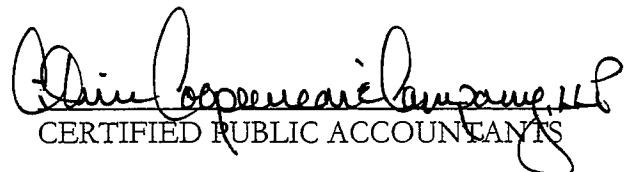
To the Board of Managers and Members
The Residential Section of the Beacon Court Condominium

We have audited the accompanying balance sheets of The Residential Section of the Beacon Court Condominium (the "Residential Section") as of February 28, 2007 and 2006, and the related statements of revenues, expenses and members' equity, and cash flows for the year ended February 28, 2007 and for the period from March 11, 2005 (commencement of operations) to February 28, 2006. These financial statements are the responsibility of the Condominium's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Condominium's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the financial statements referred to above present fairly, in all material respects, the financial position of The Residential Section of the Beacon Court Condominium as of February 28, 2007 and 2006, and the results of its operations and its cash flows for the year ended February 28, 2007 and for the period from March 11, 2005 (commencement of operations) to February 28, 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.


CERTIFIED PUBLIC ACCOUNTANTS

October 22, 2007

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
BALANCE SHEETS
FEBRUARY 28, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 2,148,035	\$ 2,022,449
Common charges receivables - residential unit owners	266,802	311,235
Prepaid expenses and other assets	139,938	16,065
Tenants' security deposits	<u>1,279,506</u>	<u>569,852</u>
TOTAL ASSETS	<u>\$ 3,834,281</u>	<u>\$ 2,919,601</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Liabilities:		
Accounts payable	\$ 130,277	\$ 126,357
Due to residential unit owners	-	140,959
Common charges payable to the Beacon Court Condominium	644,100	695,294
Common charges received in advance	107,229	82,107
Tenants' security deposits payable	<u>1,279,506</u>	<u>567,352</u>
Total liabilities	2,161,112	1,612,069
Commitments and contingencies (Notes 2 and 5)		
Members' equity	<u>1,673,169</u>	<u>1,307,532</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 3,834,281</u>	<u>\$ 2,919,601</u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
STATEMENTS OF REVENUES, EXPENSES AND MEMBERS' EQUITY
FOR THE YEAR ENDED FEBRUARY 28, 2007 AND THE PERIOD FROM
MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS) TO FEBRUARY 28, 2006**

	<u>2007</u>	<u>2006</u>
Revenues:		
Common charges - residential unit owners	\$ 4,016,892	\$ 3,905,916
Unit owner electric charges	178,604	198,818
Other income	<u>30,047</u>	<u>5,223</u>
Total revenues	<u>4,225,543</u>	<u>4,109,957</u>
Expenses:		
Common expense charges - Beacon Court Condominium	1,064,298	1,074,644
Operating expenses	2,224,890	1,735,578
Maintenance expenses	423,454	175,155
Administrative expenses	151,101	125,108
Taxes	<u>12,008</u>	<u>8,451</u>
Total expenses	<u>3,875,751</u>	<u>3,118,936</u>
Net income	349,792	991,021
Members' equity - beginning	1,307,532	316,511
Members' contributions	<u>15,845</u>	<u>-</u>
MEMBERS' EQUITY - ENDING	<u>\$ 1,673,169</u>	<u>\$ 1,307,532</u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED FEBRUARY 28, 2007 AND THE PERIOD FROM
MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS) TO FEBRUARY 28, 2006**

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Net income	\$ 349,792	\$ 991,021
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Common charges receivables -residential unit owners	44,433	(311,235)
Prepaid expenses	(123,873)	(16,065)
Tenants security deposits	(709,654)	(569,852)
Accounts payable	3,920	126,357
Due to residential unit owners	(140,959)	140,959
Due to Beacon Court Condominium	(51,194)	695,294
Common charges received in advance	25,122	82,107
Tenants security deposits payable	<u>712,154</u>	<u>567,352</u>
Net cash provided by operating activities	<u>109,741</u>	<u>1,705,938</u>
Cash flows from investing activities:		
Initial capital contributions	-	316,511
Members' contributions	<u>15,845</u>	<u>-</u>
Net cash provided by investing activities	<u>15,845</u>	<u>316,511</u>
Net increase in cash	125,586	2,022,449
Cash and cash equivalents - beginning	<u>2,022,449</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 2,148,035</u></u>	<u><u>\$ 2,022,449</u></u>
Supplemental disclosure of cash flow information:		
Corporate taxes paid	<u><u>\$ 2,700</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 1. NATURE OF ORGANIZATION

Pursuant to a declaration of condominium declared effective on January 24, 2005 (the "Declaration"), the condominium known as the Beacon Court Condominium (the "Condominium") was organized pursuant to Article 9-B of the Real Property Law of the State of New York for the purpose of maintaining and preserving the premises located at 151 East 58th Street, New York City (the "Property") as an unincorporated entity. The Condominium and the Property consist of 105 residential units (collectively, the "Residential Section"), two office units, one retail unit and one restaurant unit. Owners of the residential units in the Condominium are referred to as the Residential Members throughout the notes to the financial statements. The Residential Section has been formed as an unincorporated association pursuant to the laws of the State of New York.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Property and equipment

The Residential Section's real property and common areas acquired from the Condominium's sponsor, and subsequent improvements to such property, are not recorded in the Residential Section's financial statements because those properties are owned by the individual unit owners in common.

Member assessments

The Residential Section's members are subject to monthly assessments to provide funds for the Residential Section's operating expenses. Common charges receivable - residential unit owners at the balance-sheet date represent assessments due from residential unit owners. Any excess assessments at year-end are retained by the Residential Section for use in the succeeding year. At February 28, 2007 and 2006, the Residential Section's delinquent assessments were not material. It is the opinion of the board of managers that the Residential Section will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary at February 28, 2007 and 2006.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Residential Section qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended February 28, 2007 and for the period from

THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

March 11, 2005 (commencement of operations) to February 28, 2006. Under Section 528, the Residential Section is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of the Residential Section's property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government.

Superintendent's apartment

The Residential Section paid the common charges and real estate taxes on the superintendent's apartment. As of the date of these financial statements, ownership of the apartment has not been transferred to the Residential Section.

Future major repairs and replacements

The Condominium's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements either related to the Condominium as a whole, or as to the Residential Section in particular. Neither the Condominium nor the management of the Residential Section have conducted a study to determine the remaining useful lives of the components of the common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the board of managers developed a plan to fund those needs. When funds are required for major repairs and replacements, the management of the Residential Section and the Condominium plan to borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future common charges or assessments to the Residential Section unit holders has not been determined.

Initial capital contributions

In accordance with the Declaration and offering plan, at the time of closing by initial owners, one month's assessment was contributed to the Residential Section to provide additional working capital.

Common expense charges paid to the Condominium

The Residential Property is required to absorb and is allocated its proportionate share of the "general common expenses" related to the operation of the "general common elements" of the Property, as those terms are defined in the Declaration. These expenses consist of items incurred by the Condominium for the benefit of all units (residential and commercial). The Condominium's offering plan contains detailed formulas for the computation of general common expenses attributable to the residential section and the commercial section. The Residential Members are assessed the allocated expenses based on their percentage of aggregate common interest. These allocated expenses are included as estimated amounts in the members' monthly assessments. The Residential Property pays the estimated amounts monthly to the Condominium to fulfill its share of the general common-expense obligations. The Residential Section's balance sheets reflect the amounts due to the Condominium for the actual general common expenses incurred

THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

by the residential section over the estimated amounts paid during the year.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Residential Section maintains various bank and money market accounts, which, at times, may exceed federally insured credit limits. The Residential Section makes every effort not to exceed federally insured credit limits with any one financial institution. The Residential Section has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances.

NOTE 4. MULTI-EMPLOYER PLAN

In connection with its collective bargaining agreement with Local 32B-32J, the Residential Section and the Condominium participate with other companies in the defined benefit pension plan and health benefit plan sponsored by Service Employees International Union, AFL-CIO. The plans cover all of the Residential Section and Condominium's employees who are members of the Service Employees International Plan. Aggregate contributions amounted to \$256,063 for the year ended February 28, 2007, and \$95,354 for the period from March 11, 2005 (commencement of operations) to February 28, 2006.

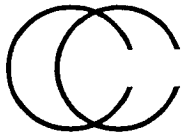
NOTE 5. LITIGATION

The Condominium has two matters for which they have been named a defendant. In the first matter an owner of a residential unit is seeking reimbursement for alleged property damage and delays in connection with the alterations to the residential unit. The second matter involves an individual who is suing the condominium for \$1 million for losses allegedly incurred as a result of a slip and fall on the Condominium's property. Management believes that the Condominium has adequate insurance coverage with respect to these matters. However, because of the relatively early stages of these matters, attorneys for the Condominium are not presently able to determine the ultimate outcome of these matters. Accordingly, management is not able to estimate the amount of potential loss, if any. No amounts have been accrued for these matters in the accompanying financial statements.

NOTE 6. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to confirm to the current year presentation. These reclassifications had no effect on previously reported results of operations or members' equity.

ADDITIONAL INFORMATION



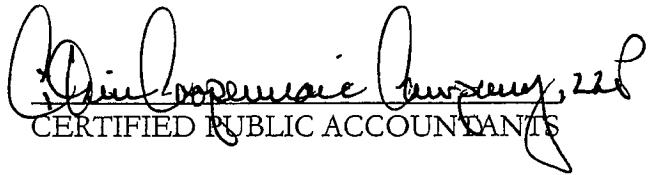
Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Managers and Members
The Residential Section of the Beacon Court Condominium

Our report on our audits of the basic financial statements of The Residential Section of the Beacon Court Condominium for the year ended February 28, 2007 and for the period from March 11, 2005 (commencement of operations) to February 28, 2006, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented in the accompanying schedules of expenses on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 22, 2007

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
SCHEDULES OF EXPENSES
FOR THE YEAR ENDED FEBRUARY 28, 2007 AND THE PERIOD FROM
MARCH 11, 2005 (COMMENCEMENT OF OPERATIONS) TO FEBRUARY 28, 2006**

	<u>2007</u>	<u>2006</u>
Schedule I - operating expenses:		
Salaries and benefits	\$ 924,601	\$ 840,943
Payroll taxes	82,286	84,206
Union welfare benefits	256,063	95,354
Insurance	56,356	34,979
Electricity	554,030	422,886
Steam	219,503	176,632
Water and sewer	50,291	53,039
Uniforms	22,885	11,777
Superintendent's apartment common charges	23,073	8,012
Exterminating	11,922	7,750
Loss not covered by insurance	<u>23,880</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>\$ 2,224,890</u>	<u>\$ 1,735,578</u>
Schedule II - maintenance expenses:		
Elevator maintenance	\$ 50,957	\$ -
Metal and marble repairs	66,521	5,928
Equipment repairs and maintenance	12,141	3,511
Lobby	69,937	60,137
General building repairs	183,562	74,091
Hardware and supplies	<u>40,336</u>	<u>31,488</u>
TOTAL MAINTENANCE EXPENSES	<u>\$ 423,454</u>	<u>\$ 175,155</u>
Schedule III - administrative expenses:		
Management fees	\$ 78,000	\$ 71,500
Professional fees	35,465	25,000
Telephone	27,887	20,724
Miscellaneous expenses	<u>9,749</u>	<u>7,884</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 151,101</u>	<u>\$ 125,108</u>
Schedule IV - taxes:		
Federal income tax	\$ 1,000	\$ -
New York State franchise tax	700	-
New York City corporate tax	1,000	-
Real estate taxes	<u>9,308</u>	<u>8,451</u>
TOTAL TAXES	<u>\$ 12,008</u>	<u>\$ 8,451</u>

See independent auditors' report on additional information.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM
AND SUBSIDIARY**

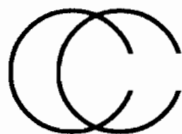
**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

**YEARS ENDED FEBRUARY 29, 2008 (CONSOLIDATED)
AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
FOR THE YEARS ENDED FEBRUARY 29, 2008 (CONSOLIDATED)
AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

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Citricooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

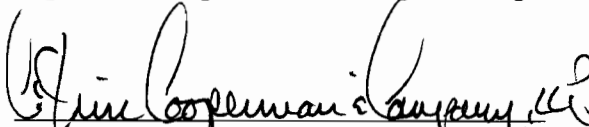
To the Board of Managers and Members
The Residential Section of the Beacon Court Condominium and Subsidiary

We have audited the accompanying consolidated balance sheet of The Residential Section of the Beacon Court Condominium and Subsidiary, as of February 29, 2008, and the related consolidated statements of revenues, expenses and members' equity, and cash flows for the year then ended. We have also audited the balance sheet of The Residential Section of the Beacon Court Condominium as of February 28, 2007, and the related statements of revenues, expenses and members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Condominium's management. Our responsibility is to express an opinion on these consolidated and unconsolidated 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Condominium's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the 2008 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Residential Section of the Beacon Court Condominium and Subsidiary as of February 29, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2007 financial statements present fairly, in all material respects, the financial position of The Residential Section of the Beacon Court Condominium as of February 28, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the financial statements.


CITRICOOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2009

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
BALANCE SHEETS
FEBRUARY 29, 2008 (CONSOLIDATED) AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

	<u>2008</u> (Consolidated)	<u>2007</u> (Unconsolidated)
<u>ASSETS</u>		
Cash	\$ 2,197,590	\$ 2,148,035
Common charges receivables - residential unit owners	117,166	266,802
Prepaid expenses and other current assets	112,259	139,938
Tenants' security deposits	1,076,152	1,279,506
Property, net of accumulated depreciation	<u>1,077,934</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 4,581,101</u>	<u>\$ 3,834,281</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Liabilities:		
Accounts payable	\$ 152,708	\$ 130,277
Common charges payable to the Beacon Court Condominium	269,691	644,100
Common charges received in advance	35,112	107,229
Tenants' security deposits payable	<u>1,085,902</u>	<u>1,279,506</u>
Total liabilities	1,543,413	2,161,112
Commitments and contingencies (Note 6)		
Members' equity	<u>3,037,688</u>	<u>1,673,169</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 4,581,101</u>	<u>\$ 3,834,281</u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
STATEMENTS OF REVENUES, EXPENSES AND MEMBERS' EQUITY
FOR THE YEARS ENDED FEBRUARY 29, 2008 (CONSOLIDATED)
AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

	<u>2008</u> (Consolidated)	<u>2007</u> (Unconsolidated)
Revenues:		
Common charges - residential unit owners	\$ 4,022,133	\$ 4,016,892
Unit owner electric charges	178,640	178,604
Other income	<u>49,674</u>	<u>30,047</u>
Total revenues	<u>4,250,447</u>	<u>4,225,543</u>
Expenses:		
Common expense charges - Beacon Court Condominium	862,822	1,064,298
Operating expenses	2,340,717	2,224,890
Maintenance expenses	522,005	423,454
Administrative expenses	216,708	151,101
Taxes	<u>22,470</u>	<u>12,008</u>
Total expenses	<u>3,964,722</u>	<u>3,875,751</u>
Income before depreciation	285,725	349,792
Depreciation	<u>12,210</u>	<u>-</u>
Net income	273,515	349,792
Members' equity - beginning	1,673,169	1,307,532
Members' contributions	<u>1,091,004</u>	<u>15,845</u>
MEMBERS' EQUITY - ENDING	<u>\$ 3,037,688</u>	<u>\$ 1,673,169</u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2008 (CONSOLIDATED)
AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

	<u>2008</u> (Consolidated)	<u>2007</u> (Unconsolidated)
Cash flows from operating activities:		
Net income	\$ 273,515	\$ 349,792
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,210	-
Changes in assets and liabilities:		
Common charges receivables - residential unit owners	149,636	44,433
Prepaid expenses and other current assets	27,679	(123,873)
Tenants security deposits	203,354	(709,654)
Accounts payable	22,431	3,920
Due to residential unit owners	-	(140,959)
Common charges payable to Beacon Court Condominium	(374,409)	(51,194)
Common charges received in advance	(72,117)	25,122
Tenants security deposits payable	<u>(193,604)</u>	<u>712,154</u>
Net cash provided by operating activities	48,695	109,741
Cash provided by investing activities:		
Members' contributions	<u>860</u>	<u>15,845</u>
Net increase in cash	49,555	125,586
Cash and cash equivalents - beginning	<u>2,148,035</u>	<u>2,022,449</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,197,590</u>	<u>\$ 2,148,035</u>
Supplemental disclosure of cash flow information:		
Corporate taxes paid	<u>\$ 13,494</u>	<u>\$ 2,700</u>
Supplemental disclosure of non-cash investing activities:		
Financing activities:		
Purchase of property with member contributions	<u>\$ 1,090,144</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 (CONSOLIDATED) AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

NOTE 1. ORGANIZATION

Pursuant to a declaration of condominium declared effective on January 24, 2005 (the "Declaration"), the condominium known as the Beacon Court Condominium (the "Condominium") was organized pursuant to Article 9-B of the Real Property Law of the State of New York for the purpose of maintaining and preserving the premises located at 151 East 58th Street, New York City, NY (the "Property") as an unincorporated entity. The Condominium and the Property consist of 105 residential units (the "Residential Section", a separate legal entity), two office units, one retail unit and one restaurant unit. The Residential Section has been formed as an unincorporated association pursuant to the laws of the State of New York. The accompanying financial statements are those of the Residential Section only.

The Residential Section has a wholly owned subsidiary, One Beacon Court Superintendent Corp. (the "Superintendent Corp."), which was incorporated on October 1, 2007. On October 15, 2007, Superintendent Corp. acquired unit No 5-A in the Blair House Condominium Complex located at 200 58th Street, New York City, NY for the specific use of the superintendent of the Residential Section. The Residential Section of the Beacon Court Condominium and its subsidiary are collectively referred as the "Companies."

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The 2008 financial statements include the accounts of The Residential Section and its wholly owned subsidiary. All intercompany transactions have been eliminated.

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Property

The Residential Section's real property and common areas acquired from the Condominium's sponsor, and subsequent improvements to such property, are not recorded in the Residential Section's financial statements because those properties are owned by the individual unit owners in common.

Superintendent Corp.'s real property and improvements are stated at cost and depreciated on the straight-line method over an estimated life of 27.5 years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Members assessments

The Residential Section's members are subject to monthly assessments to provide funds for the Residential Section's operating expenses. Common charges receivable - residential unit owners at the balance-sheet date represent assessments due from residential unit owners. Any excess assessments at year-end are retained by the Residential Section for use in the succeeding year. At February 29, 2008 and February 28, 2007, the Residential Section's delinquent assessments were not material. It is the opinion of the board of managers that the Residential Section will ultimately prevail against homeowners with delinquent

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 (CONSOLIDATED) AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members assessments (continued)

assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary at February 29, 2008 and February 28, 2007.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Residential Section qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the years ended February 29, 2008 and February 28, 2007. Under Section 528, the Residential Section is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of the Residential Section's property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government.

Future major repairs and replacements

The Condominium's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements either related to the Condominium as a whole, or as to the Residential Section in particular. Neither the Condominium nor the management of the Residential Section have conducted a study to determine the remaining useful lives of the components of the common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the board of managers developed a plan to fund those needs. When funds are required for major repairs and replacements, the management of the Residential Section and the Condominium plan to borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future common charges or assessments to the Residential Section unit holders has not been determined.

Common expense charges paid to the Condominium

The Residential Property is required to absorb and is allocated its proportionate share of the "general common expenses" related to the operation of the "general common elements" of the Property, as those terms are defined in the Declaration. These expenses consist of items incurred by the Condominium for the benefit of all units (residential and commercial). The Condominium's offering plan contains detailed formulas for the computation of general common expenses attributable to the residential section and the commercial section. The Residential Members are assessed the allocated expenses based on their percentage of aggregate common interest. These allocated expenses are included as estimated amounts in the members' monthly assessments. The Residential Property pays

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 (CONSOLIDATED) AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Common expense charges paid to the Condominium (continued)

the estimated amounts monthly to the Condominium to fulfill its share of the general common-expense obligations. The Residential Section's balance sheets reflects the amounts due to the Condominium for the actual general common expenses incurred by the Residential Section over the estimated amounts paid during the year.

NOTE 3. PROPERTY

In accordance with the Declaration and offering plan, at the time of closing by initial owners, one month's assessment was contributed to the Residential Section to purchase the superintendent's apartment.

Property consisted of the following at February 29, 2008 and February 28, 2007:

	<u>2008</u>	<u>2007</u>
	(Consolidated)	(Unconsolidated)
Land	\$ 195,000	\$ -
Superintendent's apartment	<u>895,144</u>	<u>-</u>
	1,090,144	-
Less: accumulated depreciation	<u>(12,210)</u>	<u>-</u>
Property, net	<u>\$ 1,077,934</u>	<u>\$ -</u>

For the year ended February 29, 2008, depreciation expense was \$12,210.

NOTE 4. CONCENTRATION OF CREDIT RISK

The Companies maintain various bank and money market accounts, which, at times, may exceed federally insured credit limits. The Companies make every effort not to exceed federally insured credit limits with any one financial institution. The Companies have not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances.

NOTE 5. MULTI-EMPLOYER PLAN

In connection with its collective bargaining agreement with Local 32B-32J, the Residential Section and the Condominium participate with other companies in the defined benefit pension plan and health benefit plan sponsored by Service Employees International Union, AFL-CIO. The plans cover all of the Residential Section and Condominium's employees who are members of the Service Employees International Plan. Aggregate contributions amounted to \$259,326 and \$256,063 for the years ended February 29, 2008, and February 28, 2007, respectively.

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 (CONSOLIDATED) AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

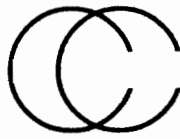
NOTE 6. LITIGATION

The Residential Section is contingently liable with respect to certain legal claims brought against the Condominium and the Residential Section's managing agent. These claims involve (1) an action commenced by an owner of a residential unit seeking reimbursement for alleged property damage and delays in connection with the alterations to the residential unit; and (2) an action commenced by an individual suing the Condominium for \$510,000 for damages allegedly sustained as a result of a slip and fall on the Condominium's property.

The Residential Section's potential liability arises as a result of its membership in the Condominium and further as a result of its agreement to indemnify its managing agent (also named directly in the cases referred to above) for losses sustained in these matters, if any.

Management believes that there is adequate insurance coverage with respect to these matters. Accordingly, management has not accrued any loss contingencies for these matters in the accompanying financial statements.

ADDITIONAL INFORMATION



Citricooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Managers and Members
The Residential Section of the Beacon Court Condominium and Subsidiary

Our report on our audits of the basic consolidated financial statements of The Residential Section of the Beacon Court Condominium and Subsidiary for the year ended February 29, 2008, and the basic financial statements of The Residential Section of the Beacon Court Condominium for the year ended February 28, 2007, (collectively, the "basic financial statements") appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented in the accompanying consolidated schedules of expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2009

**THE RESIDENTIAL SECTION AT
THE BEACON COURT CONDOMINIUM AND SUBSIDIARY
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED FEBRUARY 29, 2008 (CONSOLIDATED)
AND FEBRUARY 28, 2007 (UNCONSOLIDATED)**

	<u>2008</u> (Consolidated)	<u>2007</u> (Unconsolidated)
Schedule I - operating expenses:		
Salaries and benefits	\$ 1,019,564	\$ 924,601
Payroll taxes	85,031	82,286
Union welfare benefits	259,326	256,063
Insurance	45,003	56,356
Electricity	573,188	554,030
Steam	212,060	219,503
Water and sewer	81,363	50,291
Uniforms	21,089	22,885
Superintendent's apartment common charges	17,719	23,073
Exterminating and cleaning	18,625	11,922
Loss not covered by insurance	<u>7,749</u>	<u>23,880</u>
TOTAL OPERATING EXPENSES	<u>\$ 2,340,717</u>	<u>\$ 2,224,890</u>
Schedule II - maintenance expenses:		
Elevator maintenance	\$ 111,383	\$ 50,957
Metal and marble repairs	54,782	66,521
Equipment repairs and maintenance	11,397	12,141
Lobby	66,941	69,937
General building repairs	243,481	183,562
Hardware and supplies	<u>34,021</u>	<u>40,336</u>
TOTAL MAINTENANCE EXPENSES	<u>\$ 522,005</u>	<u>\$ 423,454</u>
Schedule III - administrative expenses:		
Management fees	\$ 89,000	\$ 78,000
Professional fees	68,918	35,465
Telephone	43,336	27,887
Miscellaneous expenses	<u>15,454</u>	<u>9,749</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 216,708</u>	<u>\$ 151,101</u>
Schedule IV - taxes:		
Federal income tax	\$ -	\$ 1,000
New York State franchise tax	7,571	700
New York City corporate tax	5,923	1,000
Real estate taxes	<u>8,976</u>	<u>9,308</u>
TOTAL TAXES	<u>\$ 22,470</u>	<u>\$ 12,008</u>

See independent auditors' report on additional information.