

THIRTY-SIXTH AMENDMENT

TO THE OFFERING PLAN
A PLAN TO CONVERT TO COOPERATIVE OWNERSHIP

42-26 81st Street

Jackson Heights, New York 11373

Dated: October 11, 2017

This Amendment modifies and supplements the terms of the Offering Plan dated October 15, 1985, Amendment No. 1 dated March 6, 1986, Amendment No. 2 dated April 8, 1986, Amendment No. 3 dated May 1, 1986, Amendment No. 4 dated June 13, 1986, Amendment No. 5 dated November 7, 1986, Amendment No. 6 dated January 21, 1987, Amendment No. 7 dated August 13, 1987, Amendment No. 8 dated June 10, 1988, Amendment No. 9 dated August 17, 1989, Amendment No. 10 dated June 18, 1990, Amendment No. 11 dated January 22, 1991, Amendment No. 12 dated November 25, 1992, Amendment No. 13 dated November 23, 1993, Amendment No. 14 dated November 15, 1994, Amendment No. 15 dated November 28, 1995, Amendment No. 16 dated November 18, 1996, Amendment No. 17 dated November 13, 1997, Amendment No. 18 dated November 23, 1998, Amendment No. 19 dated November 29, 1999, Amendment No. 20 dated December 13, 2000, Amendment No. 21 dated December 5, 2001, Amendment No. 22 dated January 3, 2003, Amendment No. 23 dated June 15, 2004, Amendment No. 24 dated January 11, 2006, Amendment No. 25 dated February 8, 2007, Amendment No. 26 dated January 30, 2008, Amendment No. 27 dated February 2, 2009, Amendment No. 28 dated February 16, 2010, Amendment No. 29 dated January 28, 2011, Amendment No. 30 dated January 3, 2012, Amendment No. 31 dated January 18, 2013, Amendment No. 32 dated January 23, 2014, Amendment No. 33 dated January 26, 2015, Amendment No. 34 dated December 30, 2015 and Amendment No. 35 dated November 23, 2016 is further amended as follows:

I. APARTMENTS

As of July 31, 2017, 8,040 shares allocated to nineteen (19) apartments remain unsold. Annexed hereto and made a part of this amendment as Exhibit "A" is a list of the unsold apartments and the shares allocated to each apartment. The current price per share for the unsold shares is \$400.

II. AGGREGATE MONTHLY MAINTENANCE FOR SPONSOR

The aggregate monthly maintenance for all shares owned by the Sponsor is currently \$14,096.79.

III. AGGREGATE MONTHLY RENTS RECEIVED FROM TENANTS BY SPONSOR

The aggregate monthly rents received from tenants of all units owned by the Sponsor is currently \$19,000.51.

IV. FINANCIAL OBLIGATIONS TO COOPERATIVE

The Sponsor has no financial obligations to the cooperative which will become due within the next twelve (12) months, other than payment of maintenance charges.

V. UNSOLD SHARES SUBJECT TO MORTGAGES OR FINANCING COMMITMENTS

There are no unsold units or unsold shares which are subject to any mortgages or financing commitments.

VI. MEANS OF SPONSOR OBLIGATIONS

The monthly maintenance payments required of Sponsor in Paragraph III above will be paid from the rentals referred to in Paragraph IV, proceeds from prior sales and Sponsor's assets which are currently adequate to meet Sponsor's obligations.

VII. STATUS OF CURRENT OBLIGATIONS OF SPONSOR

Sponsor is current on all financial obligations due to the cooperative under the Offering Plan. In addition, Sponsor has been current on all obligations during the twelve (12) month period prior to the filing of this amendment.

VIII. LIST AND STATUS OF SPONSOR'S OTHER PUBLIC OFFERINGS

Principals of the Sponsor herein are principals of Sponsors that currently own more than ten (10%) percent of the units or shares in the following buildings:

83-45 Vietor Avenue Owners Corp., Elmhurst, New York
83-30 Vietor Avenue Owners Corp., Elmhurst, New York
83-25 Vietor Avenue Owners Corp., Elmhurst, New York

Copies of the Offering Plans for the above projects are on file with the New York State Department of Law located at 120 Broadway, 23rd Floor, New York, New York 10271 and are available for public inspection.

The Sponsors of the above projects are current in all their financial obligations for the respective units or shares it has in the above.

IX. BOARD OF DIRECTORS

The Sponsor relinquished control of the Board of Directors as of September of 1990. The current Members of the Board of Directors are as follows:

Steven Yedvarb – President/Sponsor Representative
Allen M. Shapiro – Secretary/Treasurer/Sponsor Representative
Fabian Pauta – Member/Shareholder
Cesar Herrera – Resident/Shareholder
George Lombardi – Member/Shareholder

X. BUDGET/FINANCIAL STATEMENT

Annexed hereto and made a part of this Amendment as Exhibit “B” is a copy of the financial statement for the years ended December 31, 2016 and 2015. Annexed hereto as Exhibit “C” is a copy of the budget for 2017. Pursuant to said budget, the current monthly maintenance is approximately \$1.753 per share.

XI. EXTENSION OF OFFERING PLAN

This Plan may be used for twelve (12) months from the date this Amendment is duly accepted for filing; and thereafter, said date is to be extended in a further Amendment to be filed.

Other than as set forth above, there are no material changes which require an amendment to the Offering Plan.

CENTRE REALTY CO.
Sponsor/Holder of Unsold Shares

42-26 81ST STREET COOPERATIVE

UNSOLD SHARES

	<u>APARTMENT</u>	<u>SHARES</u>
	6-A	295
	1-B	290
	3-B	420
	7-B	440
	3-D	400
	3-E	550
	6-E	565
	3-F	405
	5-G	465
	4-H	460
	2-I	425
	7-I	450
	2-J	450
	4-K	420
	5-K	425
	2-L	410
	3-L	415
	7-M	415
	<u>4-N</u>	<u>340</u>
TOTALS	<u>19</u>	<u>8,040</u>

EXHIBIT "A"

42-26 81ST STREET OWNERS CORP.
(A Cooperative Housing Corporation)

FINANCIAL STATEMENTS for the
Years Ended December 31, 2016 and 2015

42-26 81ST STREET OWNERS CORP.

TABLE OF CONTENTS

Independent Auditor's Report

Balance Sheets..... Page 1

Statement of Operations and Accumulated Deficit..... Page 2

Schedules Supporting Statement of Operations..... Page 3

Statement of Cash Flows..... Page 4

Notes to Financial Statements..... Pages 5-7

Independent Auditors' Report

To the Board of Directors and Shareholders of
42-26 81st Street Owners Corp.
34-03 Broadway
Astoria, New York 11106

We have audited the accompanying financial statement of 42-26 81st Street Owners Corp. which comprise the balance sheet (with supporting schedules) as of December 31, 2016 and 2015, and the related statements of operations and retained earnings (deficit) (with supporting schedules), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Managements 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 my 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement 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 42-26 81st Street Owners Corp as of December 31, 2016 and 2015 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

42-26 81st Street Owners Corp has omitted the supplementary information on future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

DiVenti & Lee CPA's, P.C.
Certified Public Accountants
Massapequa, New York
June 30, 2017

42-26 81st STREET OWNERS CORP.
BALANCE SHEETS
DECEMBER 31, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 306,745	\$ 325,673
Prepaid Expenses and Taxes	85,571	84,960
Receivables	28,976	19,089
Mortgage Escrow Account	248,864	209,396
Total Current Assets	<u>670,156</u>	<u>639,118</u>
<u>Other Assets</u>		
Mortgage Costs (Note 4)	101,144	101,144
Less: Accumulated Amortization	<u>(85,491)</u>	<u>(71,042)</u>
Total Other Assets	15,653	30,102
<u>Fixed Assets</u>		
Land	772,830	772,830
Building and Building Improvements (Note 4)	3,790,124	3,790,124
Less: Accumulated Depreciation	<u>(2,645,816)</u>	<u>(2,544,208)</u>
Net Property and Improvements	<u>1,917,138</u>	<u>2,018,746</u>
Total Assets	<u>\$ 2,602,947</u>	<u>\$ 2,687,966</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 57,335	\$ 43,662
Due to Sponsor	108,827	92,969
Due to Shareholders	5,617	5,617
Advanced Maintenance	2,978	300
Taxes Payable	22	735
Total Current Liabilities	<u>174,779</u>	<u>143,283</u>
<u>Other Liabilities</u>		
Mortgage Payable (Note 3)	<u>4,000,000</u>	<u>4,000,000</u>
Total Liabilities	4,174,779	4,143,283
<u>Stockholders' Equity</u>		
Common Stock \$1.00 par value, 60,275 shares issued, 39,590 shares outstanding	39,590	39,590
Paid-in Capital in Excess of Par Value	2,623,567	2,623,567
Accumulated Deficit	<u>(4,234,989)</u>	<u>(4,118,474)</u>
Total Stockholders' Equity	<u>(1,571,832)</u>	<u>(1,455,317)</u>
Total Liabilities and Stockholders' Equity	<u>\$ 2,602,947</u>	<u>\$ 2,687,966</u>

The accompanying notes are an integral part of this statement.

42-26 81st STREET OWNERS CORP.
STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>REVENUE</u>		
Maintenance Charges to Tenant Shareholders	\$ 833,813	\$ 832,059
Garage Income	23,400	24,000
Laundry Income	5,748	7,964
Late Fees and Other Income	2,050	
Interest Income	<u>5,299</u>	<u>4,001</u>
Total Income	870,310	868,024
<u>COST OF OPERATIONS</u>		
Administrative Expenses	108,589	86,147
Operating Expenses	346,280	381,277
Maintenance Expenses	59,943	79,183
Taxes	170,922	142,346
Interest on Mortgage (Note 3)	<u>185,033</u>	<u>184,628</u>
Total Expenses	<u>870,767</u>	<u>873,481</u>
<u>OPERATING LOSS BEFORE DEPRECIATION AND AMORTIZATION</u>		
	(457)	(5,457)
Depreciation and Amortization	<u>116,058</u>	<u>116,058</u>
NET LOSS FOR THE PERIOD	<u>(116,515)</u>	<u>(121,515)</u>
<u>ACCUMULATED DEFICIT-JANUARY 1</u>	<u>(4,118,474)</u>	<u>(3,996,959)</u>
<u>ACCUMULATED DEFICIT-DECEMBER 31</u>	<u>\$ (4,234,989)</u>	<u>\$ (4,118,474)</u>

The accompanying notes are an integral part of this statement.

**42-26 81st STREET OWNERS CORP.
SUPPORTING SCHEDULES
DECEMBER 31, 2016 AND 2015**

	2016	2015
<u>ADMINISTRATIVE EXPENSES</u>		
Management Fees	\$ 27,150	\$ 25,200
Insurance	57,046	45,432
Auditing Fees	8,800	8,800
Legal Fees	12,315	5,655
Office and Miscellaneous Administrative Expenses	3,278	1,060
TOTAL ADMINISTRATIVE EXPENSES	\$ 108,589	\$ 86,147
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 137,284	\$ 138,495
Gas and Electric	66,109	68,200
Water and Sewer Charges	98,488	92,289
Fuel	2,101	19,702
Telephone	600	1,186
Payroll Taxes	11,734	11,467
Employee Benefits - Medical Insurance	27,403	46,249
Permits, Licenses and Fees	2,561	3,689
TOTAL OPERATING EXPENSES	\$ 346,280	\$ 381,277
<u>REPAIRS AND MAINTENANCE EXPENSES</u>		
Supplies and Janitorial Materials	\$ 19,606	\$ 18,234
Painting	2,170	3,817
Elevator	6,859	18,212
General Repairs and Maintenance	16,116	19,266
Plumbing	3,119	10,292
Electrical	272	993
Boiler	8,321	6,929
Carpentry	3,480	1,440
TOTAL REPAIRS AND MAINTENANCE EXPENSES	\$ 59,943	\$ 79,183
<u>TAXES</u>		
New York City Real Estate Taxes	\$ 169,794	\$ 141,403
State and City Corporate Taxes (Note 6)	1,128	943
TOTAL TAXES	\$ 170,922	\$ 142,346

The accompanying notes are an integral part of this statement.

42-26 81st STREET OWNERS CORP.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2016</u>	<u>2015</u>
Net Loss for the year	\$ (116,515)	\$ (121,515)
<u>Adjustments to reconcile net loss to net cash (used) provided by operating activities:</u>		
Depreciation and amortization	116,058	116,058
(Increase) Decrease in receivables	(9,887)	(8,045)
(Increase) Decrease in prepaid expenses	(612)	(2,791)
(Increase) Decrease in mortgage escrow account	(39,468)	(43,949)
Increase (Decrease) in accounts payable	13,673	(6,218)
Increase (Decrease) in advanced maintenance	2,678	(5,749)
Increase (Decrease) in taxes payable	(713)	253
Increase (Decrease) in due to sponsor	15,858	15,790
Cash provided (used) by operating activities	(18,928)	(56,166)

CASH FLOWS FROM INVESTING ACTIVITIES:

-

-

CASH FLOWS FROM FINANCING ACTIVITIES

-

-

Net Increase (Decrease) in cash and cash equivalents	(18,928)	(56,166)
Cash and cash equivalents, beginning of year	<u>325,673</u>	<u>381,839</u>
Cash and cash equivalents, end of year	<u>\$ 306,745</u>	<u>\$ 325,673</u>

Supplemental Information:

Interest paid	\$ 185,033	\$ 184,825
Income taxes paid	\$ 1,128	\$ 943

The accompanying notes are an integral part of this statement.

**42-26 82st STREET OWNERS CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. ORGANIZATION

42-26 81ST Street Owners Corp. (the "Corporation") is a qualified Cooperative Housing Corporation under Section 216 (b) (1) of the Internal Revenue Code. On June 24, 1988 conversion to cooperative ownership took place. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements. The building contains 95 apartment units plus one unit for the superintendent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Future Major Repairs and Replacements

The Corporation's governing documents do not require the accumulation of funds in advance of actual need to finance estimated future major repairs and replacements. The corporation has not promulgated a study to determine the remaining useful lives of the components of the building and estimates of the costs of major repairs and replacements that may be required. When funds are required for major repairs and replacements, the Corporation has the right to utilize available cash reserves and/or borrow, increase maintenance, implement special assessments, or delay repairs until funds are available.

Revenue Recognition

Stockholder maintenance is based on an annual budget determined by the Board of Directors. Stockholders maintenance is payable monthly based on their respective share ownership. This income is recognized when due and payable. The Corporation retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

Statement of Cash Flows

Cash and cash equivalents are stated at fair value. The Corporation considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

**42-26 82st STREET OWNERS CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. MORTGAGE PAYABLE

On February 4, 2011 the corporation refinanced its mortgage. A new mortgage was placed with Sovereign Bank in the amount of \$4,000,000.00. The salient terms of the mortgage are as follows:

(a) Payment Terms: Commencing April 1, 2011 and on the first of each month thereafter until February 1, 2018, constant monthly payments of \$14,185.56 on a 28 day month; \$14,661.11 on a 29 day month; \$15,166.6701 on a 31 day month and \$13,321.39 on a 31 day month applied to interest only at the rate of 4.55% per annum.

(b) Term: The term of the Mortgage is (7) years.

(c) Maturity Date: March 1, 2018 when the entire remaining outstanding principal shall be due and payable.

(d) The mortgage requires the deposit of monthly escrow instalments equal to 1/12 of the estimated annual real estate taxes and water and sewer impositions.

Mortgage closing costs have been deferred and are being amortized over a period of seven years on the straight-line basis.

4. DEPRECIATION AND AMORTIZATION

The building is being depreciated in accordance with the straight-line method over a useful life of 40 years. The mortgage refinancing expense is being amortized in accordance with the straight-line method over a term of 12 years. Expenses incurred in connection with the J-51 real estate abatement program are being amortized in accordance with the straight-line method over a term of 11 years. Building improvements are being depreciated in accordance with the straight-line method over a useful life of 27.5 years. Due to the mortgage refinancing, the deferred expenses associated with the prior mortgage have been fully expensed resulting in a larger amortization expense.

5. STOCKHOLDER MAINTENANCE CHARGES

Effective January 1, 2014 stockholder maintenance charges were increased \$1.00 per share. The charges for the years ending December 31, 2016 and 2015 were \$21.04 per share.

6. CORPORATION INCOME TAXES

The Corporation has incurred cumulative net operating losses for tax purposes which are available to be carried forward to future tax periods. Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. New York State Franchise and New York City Corporation taxes are calculated by utilizing special tax rates available to cooperative housing corporations, based on the Corporation's capital base. Corporation tax for the years ended December 31, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
NY City Corporation Tax	\$ 487	\$ 337
NY State Franchise Tax	641	425
NY state MTT Tax	<u>-0-</u>	<u>181</u>
	\$1,128	\$ 639

**42-26 82st STREET OWNERS CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

7. STOCKHOLDER INCOME TAX DEDUCTIONS

Under the provisions of Section 216 of the Internal Revenue Code, a tenant stockholder of a cooperative apartment is entitled to deduct from personal gross income a proportionate share of real estate tax and mortgage interest paid or incurred by the Corporation. These deductions are generally available if the taxpayer itemizes tax deductions.

For the year ended December 31, 2016 and 2015, stockholders of the Corporation received personal income tax deductions of \$3.5140 and \$3.1797 per share, respectively, for real estate tax (exclusive of reductions for abatement programs) and \$4.6761 and \$4.6633 per share respectively, for mortgage interest.

8. CONCENTRATION OF CREDIT RISK

The corporation maintains its cash in bank deposit accounts at financial institutions which, at times, may exceed federally insured limits and in money market funds that are not FDIC insured. The Corporation has not experienced any losses in such accounts.

9. GAS AND ELECTRIC EXPENSE

The decrease in gas and electric expense was due to reduced fuel costs and milder weather conditions.

10. CLAIMS OR LITIGATION

From time to time, claims or matters of litigation may arise in the ordinary conduct of the Corporation's business. As of December 31, 2016, the Board of Directors was not aware of any claims or litigation against the Corporation.

11. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 30, 2017, the date that the financial statements were available to be issued.

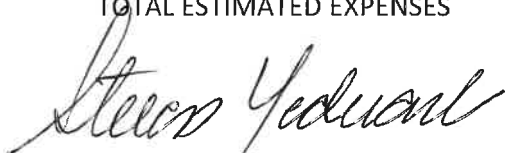
42-26 81ST. STREET OWNERS CORP
PROJECT STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED December 31, 2017

Estimated Receipts :

Annual Rent (Maintenance Charges 39,590 shares at \$21.04* per share)	\$832,974
Laundry Room	\$6,600
Garage Income	\$20,000
TOTAL ESTIMATED INCOME	\$859,574

Estimated Expenses :

Labor and related expenses	\$160,000
Gas and Fuel	\$110,000
Utilities	\$28,000
Water and Sewer	\$70,000
Building Maintenance and Repairs	\$73,574
Insurance	\$45,000
Management	\$25,000
Legal and Auditing	\$7,800
Franchise and Corporate Taxes	\$2,200
Real Estate Taxes	\$153,000
Mortgage Indebtedness	<u>\$185,000</u>
TOTAL ESTIMATED EXPENSES	<u><u>\$859,574</u></u>

 EXHIBIT ' C '
STEVEN YEDVARB
Sponsor - Principal