East River Housing Corporation

ANNUAL MEETING

DECEMBER 10, 2018

7:30 P.M. at P.S. 134

293 East Broadway

ANNUAL REPORT

For The Year Ending June 30, 2018

EAST RIVER HOUSING CORPORATION

BOARD OF DIRECTORS

GARY ALTMAN	ELLEN GENTILVISO
MICHELE AMAR	DOV GOLDMAN
STEVEN BARBIERI	LARRY GOLDMAN
REUVEN BELL	RICHARD KENNY
RACHEL EHRENPREIS	JOHN SOTOMAYOR

DIANA WONG

OFFICERS

GARY ALTMAN	PRESIDENT
ELLEN GENTILVISO	VICE-PRESIDENT
SHULIE WOLLMAN	VICE-PRESIDENT (NON-VOTING)
JOHN SOTOMAYOR	SECRETARY
MICHELE AMAR	TREASURER

HOUSE COMMITTEE

JEFF SUPER	CHAIRPERSON
JOHN FIELD	VICE-CHAIRPERSON

CARMEN ALVELO	MICHAEL MARINO
ANTHONY BROWNIE	TED PENDER
JUDY CAPEL	ROBERT SHEEHAN
LEO HOENIG	MATTHEW SCHATZ

CHRISTINE VASQUEZ

EAST RIVER HOUSING CORPORATION

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NEW YORK, N.Y. 10002

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Dear Cooperators:

It is again my honor to present to you on behalf of your Board of Directors the President's Annual Report of the East River Housing Corporation for the fiscal year ending June 30, 2018.

I wish to first personally thank our General Manager Shulie Wollman for his tireless dedication to our co-op. During the past several years besides running day to day management of our cooperative, Shulie and his Management office team completed the renovation of our fitness center, renegotiation of our mortgage at very favorable rates, further expansion of our gardens, renegotiation of large commercial leases, 3 underground laundry room pipe repairs, underground park pipe repairs, an East River Portal, direct debit of monthly statements, labor contracts, union matters, finances, security and myriad issues facing our cooperative of thousands of people. Last year he and his excellent staff oversaw the modernization and installation of our state of the art intercom system and the new security fences enclosing our parks along Grand Street which have enabled us to purchase Adirondack chairs to the delight of many cooperators. His door is always open to any cooperator whether in person or on the phone.

I want to acknowledge the hard work and dedication of my fellow Board members. No project or initiative could have been implemented or planned without the members of the Board, Management and many times concerned shareholders putting in countless hours of their time and effort. The Board meets every month and members of your Board serve selflessly on behalf of our cooperative and community often to the detriment of spending time with their own families. Joining me as members of your Board are Vice President Ellen Gentilviso, Treasurer Michele Amar, Secretary John Sotomayor, Steven Barbieri, Reuven Bell, Rachel Ehrenpreis, Dov Goldman, Larry Goldman, Richard Kenny, and Diana Wong. They are sometimes asked to make tough decisions, which while personally difficult, are necessary to maintain the fiscal integrity of our cooperative, and which can lead as just happened to an unwanted but necessary maintenance increase.

When the city raised our real estate taxes by over $1.7 million this year alone the Board had no choice but vote to fund it. We can't tell the city we won't pay. If the state raises the minimum wage to $15 an hour on January 1, 2019, we must fund each and every wage at a cumulative cost of hundreds of thousands of dollars a year. Our guards are entitled to a living wage and the Board will follow the law and fund it. Measures that bring in even small amounts of revenue are always considered, cost saving measures always implemented where feasible, and careful bidding of capital projects always done. But, it is only through our lucrative long-term commercial leases, carrying charges, sublet fees, fluctuating flip tax revenue, parking, bike room, fitness center, storage room and event space rental fees where we receive our income. When necessary such decisions are made at as minimal cost to all of us cooperators as possible. The Board will always take those actions that will maintain our buildings and property in top notch and excellent condition. Our cooperators deserve nothing less.

I would like to thank our outstanding boiler room staff who provide us with heat during 3 seasons and hot water all year long. Our boiler plant is highly efficient and state of the art. Thanks also go to Chief Engineer Jimmy Ritchie and his staff for decorating the park and many of our other fences and grounds with seasonal lighting.

Our excellent maintenance department staff, led by Bob Wescott, must be thanked for their dedication and devotion to our co-op. His staff includes dispatchers, porters, repairmen, maintenance workers and the garbage detail to name a few. The installation of our new park fences and the fences along Grand Street by our sister co-op Hillman Housing were all fabricated and installed in-house by our superb staff.

This saved us over $300,000 last year versus using outside companies and materials. Our workers took great pride in this project. In the spring and summer new low fencing, similar to Hillmans', will be installed at East River along Lewis and then down Grand Street. This will be another beautification of our grounds.

I also want to thank our security and Management office staff. We have so many excellent men and women protecting and serving us every day. We are fortunate to have so many dedicated workers who in many cases have served our cooperative for many decades.

I would like to extend a thank you to the members of our House Committee who meet monthly, produce a newsletter, do site surveys of our grounds and try to mediate grievances among cooperators among other good deeds they undertake on behalf of our cooperative. A liaison from the Board also attends and participates in meetings of the House Committee.

I am happy to report that negotiations are commencing with our laundry room contractor which will result in the total renovation of our laundry rooms on a staggered schedule. Every washing machine and dryer will be replaced with the latest equipment and technology, and the work is expected to occur in mid-summer and fall.

Lastly, I want to thank the many cooperators who are committed to our co-op, community and neighborhood on a wide variety of issues. The coming L train (which runs along 14th Street before entering Brooklyn) shutdown which will last approximately 18 months poses potential health consequences for our cooperators. The city will be running pollution filled diesel buses almost non-stop in both directions on the Williamsburg Bridge during this entire time. The noxious fumes passing by our windows, parks and streets as well as the pedestrian dangers caused by thousands of buses driving in our neighborhood is of great concern. While a number of us had been expressing concerns to our elected officials it was a group including some of our cooperators who were in the forefront of challenging and bringing suit against the MTA until they were victorious when the MTA agreed to continuously monitor the air quality in our neighborhood. Thanks to their efforts the MTA finally acquiesced and our General Manager, myself and our Board were happy to sign onto the letter supporting this important issue signed by many community and neighborhood organizations. Working together much can be achieved.

I look forward to seeing as many of you as possible at our Annual Meeting on December 10, 2018 at 7:30P.M. at P.S. 134 at 293 East Broadway. In addition to my report, we will hear from our General Manager, our House Committee Chair, take questions and suggestions from shareholders and hold elections for positions on the Board of Directors and House Committee. I hope it will be a most informative meeting.

In closing, I wish to remind all of us that we were built and remain a cooperative. The spirit of cooperation where one not only looks out for their friends, relatives and immediate neighbors but also is considerate and respectful to all their fellow cooperators in all their deeds and actions (including respect and adherence to our bylaws and rules) is of paramount importance. As for my family we have always felt blessed and honored to have been born, raised and educated in our beautiful co-op and neighborhood and for the many wonderful and special friends and neighbors who we have lived among.

May we all enjoy health and happiness through the coming months and years.

Sincerely,

Gary Altman

Gary Altman
President

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Financial Statements
and Supplemental Information
(Together with Independent Auditors' Report)

Years Ended June 30, 2018 and 2017

MARKS PANETH

ACCOUNTANTS & ADVISORS

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Years Ended June 30, 2018 and 2017

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MARKS PANETH
ACCOUNTANTS & ADVISORS

Independent Auditors' Report

To the Stockholders of
East River Housing Corporation
New York, N.Y.

We have audited the accompanying financial statements of East River Housing Corporation (the "Cooperative"), which comprise the balance sheets as of June 30, 2018 and 2017, and the related statements of revenues and expenses and accumulated deficit, changes in stockholders' deficit and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of June 30, 2018 and 2017, 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

Management has omitted the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, 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 modified with respect to that matter.

Marks Paneth LLP

Woodbury, New York
December 6, 2018

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Balance Sheets
June 30, 2018 and 2017

ASSETS

	2018	2017
Cash and cash equivalents	$ 3,541,108	$ 1,747,952
Receivables:		
Tenant-stockholders	88,403	83,683
Commercial tenants, net of allowance for doubtful accounts of $200,000 and $70,000 at June 30, 2018 and 2017, respectively	592,946	569,403
Other	340,294	141,309
Due from Hillman Housing Corporation (affiliate)	12,224	-
Total receivables	1,033,867	794,395
Prepaid expenses and other assets, net	173,483	221,058
Security deposits - vendors	39,832	32,500
Security deposits - commercial tenants	169,403	169,403
Real and personal property, net	18,611,724	19,495,233
TOTAL ASSETS	$ 23,569,417	$ 22,460,541

LIABILITIES AND STOCKHOLDERS' DEFICIT

	2018	2017
Liabilities		
Accounts payable and accrued expenses	$ 2,093,372	$ 1,750,849
Line of credit payable	4,511,746	3,911,746
Security deposits	305,648	295,810
Due to tenant-stockholders - real property tax abatements, net	419,947	228,924
Due to Hillman Housing Corporation (affiliate)	-	4,268
Rents received in advance	128,934	101,559
Security deposits payable - commercial tenants	169,403	169,403
Mortgage payable, net	23,373,059	23,347,952
Total Liabilities	31,002,109	29,810,511
Commitments and Contingencies		
Stockholders' Deficit		
Common stock - $100 par value, authorized 50,000 shares, 45,659.375 shares issued and 45,568.75 and 45,596.875 shares outstanding at June 30, 2018 and 2017, respectively	4,565,938	4,565,938
Additional paid-in capital	7,431,943	7,431,943
Accumulated deficit	(16,872,892)	(17,720,190)
Less: Treasury stock, at cost - 90.625 and 62.5 shares at June 30, 2018 and 2017, respectively	(2,557,681)	(1,627,661)
Total Stockholders' Deficit	(7,432,692)	(7,349,970)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 23,569,417	$ 22,460,541

See Notes to Financial Statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Statements of Revenues and Expenses and Accumulated Deficit For the Years Ended June 30, 2018 and 2017

	2018	2017
REVENUES		
Carrying charges - apartments - net of tax abatements (including electricity and sublet fees)	$ 17,521,515	$ 16,644,758
Apartment resale fees	5,709,623	3,808,915
Commercial rent - store and offices (including electricity)	2,157,276	2,045,626
Parking rent, net of parking expenses	802,990	723,342
Laundry room	124,536	126,000
Real estate tax refund	176,961	-
Other income	684,147	681,409
	27,177,048	24,030,050
EXPENSES		
Real estate taxes	8,144,386	7,984,219
Utilities and fuel	4,505,409	4,412,537
Labor	3,020,222	2,988,070
Payroll overhead	1,827,323	1,701,394
Repairs and maintenance	2,513,477	2,733,460
Management	979,596	875,110
Security guards	926,171	794,600
Mortgage interest (including amortization of deferred financing costs of $25,107 at both June 30, 2018 and 2017)	1,096,877	962,112
Other interest	14,060	18,548
Insurance	1,264,384	1,236,673
Legal and accounting	166,346	258,584
State and city corporation taxes	160,276	166,839
Senior care	57,200	57,200
Website	5,162	9,887
Bad debt expense	145,362	-
Conduit	13,437	13,437
	24,839,688	24,212,670
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE DEPRECIATION AND AMORTIZATION	2,337,360	(182,620)
Depreciation	1,483,235	1,644,575
Amortization	6,827	7,577
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	847,298	(1,834,772)
ACCUMULATED DEFICIT - Beginning of Year	(17,720,190)	(15,885,418)
ACCUMULATED DEFICIT - End of Year	$ (16,872,892)	$ (17,720,190)

See Notes to Financial Statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Statement of Changes in Stockholders' Deficit
For the Years Ended June 30, 2018 and 2017

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total Shareholders' Deficit
Balance - July 1, 2016	$ 4,565,938	$ 7,253,778	$ (15,885,418)	$ -	$ (4,065,702)
Purchase of Treasury Stock	-	178,165	-	(2,163,209)	(1,985,044)
Sale of Treasury Stock	-	-	-	535,548	535,548
Net loss	-	-	(1,834,772)	-	(1,834,772)
Balance - June 30, 2017	4,565,938	7,431,943	(17,720,190)	(1,627,661)	(7,349,970)
Purchase of Treasury Stock	-	-	-	(930,020)	(930,020)
Sale of Treasury Stock	-	-	-	-	-
Net income	-	-	847,298	-	847,298
Balance - June 30, 2018	$ 4,565,938	$ 7,431,943	$ (16,872,892)	$ (2,557,681)	$ (7,432,692)

See Notes to Financial Statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses (expenses over revenues)	$ 847,298	$ (1,834,772)
Adjustments to reconcile excess of revenues over expenses (expenses over revenues) to net cash provided by (used in) operating activities:		
Depreciation	1,483,235	1,644,575
Amortization	6,827	7,577
Amortization of deferred financing costs	25,107	25,107
Bad debt expense	145,362	-
Changes in operating assets and liabilities:		
Receivables: Tenant-stockholders	(4,720)	64,591
Receivables: Commercial tenants	(168,905)	(122,048)
Receivables: Other	(198,985)	(18,577)
Receivables: Hillman Housing Corporation (affiliate)	(12,224)	166,740
Prepaid expenses and other assets, net	40,748	213,489
Security deposits - vendors	(7,332)	-
Accounts payable and accrued expenses	342,523	(292,976)
Security deposits	9,838	59,006
Due to tenant-stockholders - real property tax abatements, net	191,023	(122,969)
Due to Hillman Housing Corporation (affiliate)	(4,268)	4,268
Rents received in advance	27,375	26,418
Net Cash Provided by (Used in) Operating Activities	2,722,902	(179,571)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for real and personal property	(599,726)	(201,656)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	600,000	1,910,000
Sale of treasury stock	-	535,548
Purchase of treasury stock	(930,020)	(1,985,044)
Net Cash (Used in) Provided by Financing Activities	(330,020)	460,504
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,793,156	79,277
CASH AND CASH EQUIVALENTS - beginning of year	1,747,952	1,668,675
CASH AND CASH EQUIVALENTS - end of year	$ 3,541,108	$ 1,747,952
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest	$ 1,085,829	$ 955,553
Income taxes	$ 134,170	$ 153,900
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITES :		
Fully depreciated real and personal property written off	$ 15,296	$ 121,070

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 1: ORGANIZATION

History of the Cooperative

East River Housing Corporation (the "Cooperative"), a cooperative housing corporation, was incorporated in the State of New York on November 28, 1950. The Cooperative is located in New York City and owns residential apartments and commercial space.

Through February 6, 1997, the Cooperative was organized and operated as a government regulated residential real estate corporation. Effective February 7, 1997, the Cooperative was reconstituted as a private cooperative governed by and subject to New York State Business Corporation Law.

On December 22, 1998, the Board of Directors (the "Board") of the Cooperative passed resolutions to transfer all of the issued and outstanding shares of the Cooperative's stock, which had been held in the name of the directors as nominees, to the stockholders of the Cooperative.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America ("GAAP").

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management and Allocated Expenses

The Cooperative is one of two housing corporations, the other being Hillman Housing Corporation ("Hillman"), which are situated in a common community and whose operations are managed by common management. Certain expenses common to these two housing corporations including, but not limited to payroll, fuel and management expenses, are paid for by the Cooperative and then allocated and charged to Hillman, generally based on each housing corporations pro-rata share of the number of dwelling units. During the years ended June 30, 2018 and 2017, common expenses of $3,500,682 and $3,386,622, respectively, were allocated to Hillman.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management and Allocated Expenses (continued)

The Cooperative operates a heat and hot water facility ("Boiler Plant"), which supplies steam service to Hillman and Amalgamated Dwellings, Inc. ("ADI"), another cooperative. Pursuant to a November 29, 2012, agreement (the "Agreement"), ADI is responsible for 7.75% of certain costs relative to the supply of steam services provided by the Cooperative. Hillman is allocated 26.02% of the Boiler Plant costs. The Agreement expires on September 15, 2031, unless further extended or terminated earlier, as provided for in the Agreement.

Real and Personal Property

Real and personal property is stated at cost less accumulated depreciation, except for land which is carried at cost. Depreciation of real and personal property is computed by various methods over the following estimated useful lives: building - 39 years, building and parking lot improvements – 15 to 39 years and, furniture and equipment – 5 to 7 years. Significant renovations or improvements that extend the life of the real estate are capitalized. Replacements and betterments are capitalized. Expenditures for minor replacements, maintenance, and repairs are charged to operations. It is the Cooperative's policy, in the year that it occurs, to write off assets that become fully depreciated whether or not the assets have been disposed of during the year.

Concentration of Credit Risk

Financial instruments that are potentially subject to credit risk include cash accounts held with financial institutions. The Federal Deposit Insurance Corporation insures the Cooperative's bank accounts up to a maximum of $250,000 in each bank. From time to time, the Cooperative maintains cash balances at institutions that are in excess of the federally insured amounts. Cash deposits of approximately $3,355,000 and $1,804,000 in one bank exceeded the federally insured limit at June 30, 2018 and 2017, respectively.

Revenue Recognition

Revenue from stockholders (residential units) and commercial tenants is recognized when earned in accordance with the terms of the related lease, or when services have been rendered, as applicable. Carrying and rental charges received in advance of due dates are deferred until earned and are classified as rents received in advance on the balance sheets.

Revenue from carrying charges is reported net of real property tax abatements received from the New York City Department of Finance which has been credited to stockholders' accounts.

Apartment resale fees are recognized as revenue when the closing of the apartment sale transaction occurs.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Cooperative considers liquid investments with original maturities of three months or less to be cash equivalents.

Security Deposits - Commercial Tenants

Included in security deposits for commercial tenants are any payments of money, including the final month's rent paid-in advance, which is given to the Cooperative by the commercial tenants in order to protect the Cooperative against non-payment of rent, damage due to breach of the lease or damage to the leased premises, common areas major appliances and furnishings.

Receivables

Tenant receivables consist of stockholder rent receivables which are recorded at the invoice amount and do not bear interest. The Cooperative believes that all receivables owed by stockholders are fully collectible and no allowance for doubtful accounts is required as of June 30, 2018 and 2017.

Commercial receivables are recorded at net realizable value, representing the carrying amount less an allowance for uncollectible amounts. The Cooperative uses the allowance method to account for uncollectible accounts receivable balances. Under the allowance method, an estimate of uncollectible receivable balances is made based on historical experience and review of individual account receivable balances. At June 30, 2018 and 2017, management has recorded an allowance for doubtful accounts in the amount of $200,000 and $70,000, respectively.

Deferred Costs

Tax abatement consulting costs are included in prepaid expenses and other assets on the balance sheets. These costs are being amortized using the straight-line method over the period of the corresponding J-51 abatements. Amortization expense for each of the years ended June 30, 2018 and 2017 was $6,827 and $7,577, respectively. Estimated future amortization expense of the J-51 consulting costs for the next year is $6,827.

Income Taxes

The Cooperative's income tax policies provide that those portions of carrying charges that are applicable to capital improvements, as determined by the Board, and mortgage amortization, will be accounted for as contributions to the additional paid-in capital of the Cooperative for income tax reporting purposes. Such amounts are recognized as revenue for financial reporting purposes. This accounting practice results in a permanent difference between financial and tax reporting revenue.

The Cooperative has adopted the provisions of Accounting Standards Codification Topic 740 "Income Taxes - Accounting for Uncertainties", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Issuance Costs

In accordance with Accounting Standards Update (ASU) 2015-03, the Cooperative presents debt issuance costs as a direct deduction from the carrying amount of the related indebtedness and amortizes these costs over the term of the related liability using the straight-line method which approximates the effective interest rate method. Amortization of the costs is reported as interest expense.

In accordance with ASU 2015-15, the Cooperative records debt issuance costs for its line of credit as an asset in other assets on its balance sheets and related amortization is recorded in interest expense on the statements of revenues and expenses and accumulated deficit.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, (Topic 606) *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. The pronouncement requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The two permitted transitions methods under the guidance are the full retrospective approach or a cumulative effect adjustment to the opening retained earnings in the year of adoption. The new standard will be effective for the Cooperative for fiscal year beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Cooperative is currently assessing the impact Topic 606 will have on the financial statements.

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), which requires an entity that is a lessee to classify leases as either finance or operating and to recognize right-of-use asset ("ROU") and lease liability for all leases that have a duration of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases today. The ROU will be amortized over the life of the lease and the lease liability will be reduced by lease payments not allocated to interest expense using an appropriate discount rate. For lessors, accounting for leases under the new standard will be substantially the same as existing guidance for sales-type leases, direct financing leases, and operating leases, but eliminates current real estate specific provisions and changes the treatment of initial direct costs. For example, current standard allows legal costs associated with reviewing a lease to be deferred, however, under the new standard they will not be considered as initial direct costs and expensed when incurred. The new standard will be effective for the Cooperative for fiscal year beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied using a modified retrospective approach. The Cooperative is currently assessing the impact Topic 842 will have on the financial statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 3: REAL AND PERSONAL PROPERTY

The following is a summary of the components of real and personal property:

	June 30, 2018	June 30, 2017
Land	$ 1,723,024	$ 1,723,024
Buildings	18,283,505	18,283,505
Building improvements	32,352,809	31,976,439
Furniture and equipment	3,039,860	2,860,924
Parking lot improvements	449,034	419,910
	55,848,232	55,263,802
Less : accumulated depreciation	(37,236,508)	(35,768,569)
	$ 18,611,724	$ 19,495,233

NOTE 4: STOCKHOLDER LOANS

As part of the reconstitution in 1997 (Note 1), the Cooperative instituted a Substitute SCRIE Program to provide benefits to all stockholders who became eligible for the Senior Citizen Rent Increase Exemption ("SCRIE') program benefits within the first two years after the effective date of the reconstitution. The Substitute SCRIE Program benefits consist of deferral of the payment of carrying charges payable by a participating stockholder which are attributable to the increase in real estate taxes over a base year amount. The deferral of payments are treated as a loan to the stockholder, which is repayable only upon the sale or transfer of the shares of stock and accompanying proprietary lease owned by the stockholder.

The loans do not bear interest. A participating stockholder is required to enter into an agreement with the Cooperative evidencing this loan and its terms and to execute a UCC-1 financing statement. Each participant in the Substitute SCRIE Program is charged an annual $25 processing fee by the Cooperative. At June 30, 2018 and 2017, the outstanding loans to stockholders under the Substitute SCRIE Program, which are included in receivables from stockholders, were approximately $71,000 and $67,000, respectively.

NOTE 5: DUE TO STOCKHOLDERS – REAL PROPERTY TAX ABATEMENTS

The Cooperative receives the benefit of certain real property tax abatements (STAR, SCRIE and Veteran) (the “Abatements”) earned by certain stockholders who are entitled to these benefits. The Cooperative applies these Abatements to reduce the benefitting stockholders’ monthly carrying charges over a ten month period from March to December. As of June 30, 2018 and 2017, Abatements that will be applied to future monthly carrying charges amounted to $419,947 and $228,924, respectively.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 6: MORTGAGE PAYABLE, NET AND LINE OF CREDIT PAYABLE

On July 29, 2015, the previous Mortgage was paid-in full using the $23,500,000 of proceeds the Cooperative obtained in a refinancing with NYCB. The new mortgage note requires monthly payments of interest only, at a rate of 3.50% per annum and matures on August 1, 2023, at which time, the entire principal balance is due. The Cooperative has an option to extend the term to July 31, 2028. The interest rate during the extension period, will be equal to the sum of the Federal Home Loan Bank of New York (FHLBNY) Index plus 300 basis points, rounded up to the nearest one-eighth of one percentage point (0.125%). In no event will the fixed interest rate be fixed lower than 3.50%. The Cooperative has the option once in each year to make a single prepayment of up to $2,000,000, without penalty. The note can be prepaid in full subject to a prepayment premium.

The Mortgage is secured by all real and personal property as well as substantially all assets of the Cooperative and contain certain restrictions, including those related to the transfer of more than three apartments to a single stockholder and the incurrence of additional debt securing the Cooperative's property.

Also on July 29, 2015, the Cooperative obtained a $5,000,000 line of credit ("LOC"). The interest rate on the LOC shall be adjusted daily to a rate which is equal to the sum of the highest prime rate as published in The New York Times each day, plus 100 basis points, with a minimum interest rate of 4.25% and a maximum interest rate of 16%, per annum. The LOC expires on August 1, 2023. The outstanding balance on the LOC at June 30, 2018 and 2017 was $4,511,746 and $3,911,746, respectively. Interest expense on the LOC totaled $249,270 and $114,505 during the years ended June 30, 2018 and 2017, respectively.

The Cooperative must meet certain debt covenants as defined in the LOC. The Cooperative was in compliance with the debt covenants at June 30, 2018 and for the year then ended.

The Cooperative adopted FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, on January 1, 2016. ASU 2015-03 amended the presentation guidance by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

At June 30, 2018 and 2017, the mortgage loan, net is comprised of the following:

	June 30, 2018	June 30, 2017
Mortgage loan	$ 23,500,000	$ 23,500,000
Amortized deferred financing costs	(126,941)	(152,048)
	$ 23,373,059	$ 23,347,952

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 7: TREASURY STOCK

The Cooperative uses the par-value method to account for treasury stock. Any gain on the sale of treasury stock is accounted for as an increase to additional paid-in capital. Any loss is accounted for in the same manner, but only to the extent of any previously accumulated gains. The Cooperative accounts for any excess loss as an increase in accumulated deficit.

During the years ended June 30, 2018 and 2017, the Cooperative purchased 28.125 shares of treasury stock and 87.50 shares of treasury stock, for a total of 1 and 3 apartments, respectively. No treasury stock was sold during 2018. During the year ended June 30, 2017, 25 shares and 1 apartment, was sold. The sale resulted in $178,165 being recorded as additional paid-in capital, for the year ending June 30, 2017.

NOTE 8: CARRYING CHARGES AND RENTS – APARTMENTS AND COMMERCIAL SPACE

Carrying charges for apartments are based on a per room rate that was originally determined based on the attributes of the room (i.e. size, view, etc.), when the housing corporation was completed in the mid-1950s. Any increase in carrying charges is based on an annual budget determined by the Board of Directors.

The Cooperative leases space to commercial tenants pursuant to leases. As of June 30, 2018, the total leasable commercial space of approximately 39,000 square feet was occupied by 28 tenants, including two tenants that occupied approximately 56% of the total leasable area. As of June 30, 2018, ten tenants out of the twenty-eight commercial tenants have written lease agreements. The remaining tenants are occupying their space on a month-to-month basis.

Commercial rental income, including electricity and real estate taxes, amounted to $2,157,276 and $2,045,626 for the years ended June 30, 2018 and 2017, respectively.

Commercial tenant leases are classified as operating leases with varying expiration dates through 2036. These leases provide for minimum rentals together with tenant reimbursements of real estate taxes and certain other operating expenses.

The aggregate minimum future rental receipts, excluding tenant reimbursements on noncancellable operating leases in effect at June 30, 2018, are as follows:

For The Years Ending June 30,	
2019	$ 1,357,000
2020	1,240,000
2021	1,229,000
2022	1,216,000
2023	1,244,000
Thereafter	4,538,000
	$ 10,824,000

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 8: CARRYING CHARGES AND RENTS – APARTMENTS AND COMMERCIAL SPACE (continued)

For the years ended June 30, 2018 and 2017, two tenants accounted for more than 66% and 67%, respectively, of the total commercial rental income. One of these tenants accounted for approximately 51% and 52% of the commercial tenants accounts receivable at June 30, 2018 and 2017, respectively.

NOTE 9: APARTMENT RESALE FEES

The Cooperative assesses its stockholders fees on the resale of apartments. Effective October 1, 2008, when shares are sold by the first-time stockholder of occupancy, the rate charged for flip tax is 20%. The second and any subsequent sales of the same apartment are charged flip tax at a rate of 5%.

For the year ended June 30, 2018, there were 29 first-time sales of apartments and 16 second-time sales of apartments, resulting in apartment resale fees of $5,709,623.

For the year ended June 30, 2017, there were 13 first-time sales of apartments and 29 second-time sales of apartments, resulting in apartment resale fees of $3,808,915.

NOTE 10: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Cooperative's governing documents do not require the accumulation of funds to finance future major repairs and replacements. In addition, the Cooperative has not conducted a study to determine the remaining useful lives of the components of real and personal common property and current estimates of the costs of future major repairs and replacements. When replacement funds are needed to meet future needs for major repairs and replacements, the Cooperative has the right to utilize reserve funds, borrow, increase maintenance assessments, pass special assessments or delay major repairs and replacements until funds are available. The effects on future assessments have not been determined at this time.

NOTE 11: MULTI-EMPLOYER PENSION PLANS

A majority of the Cooperative's direct labor is supplied by union employees. The Cooperative contributes to the Building Service 32BJ Pension Fund ("32 BJ Plan") and The International Union of Operating Engineers ("IUOE") Local 30 Pension Fund ("Local 30 Plan") (collectively, the "Plans"), both of which are multi-employer non-contributory defined benefit pension plans. The Plans provide retirement benefits to eligible participants employed in the building service industry who are covered under collective bargaining agreements. The Plans are administered by Boards of Trustees ("Trustees") and are subject to the provisions of the Employees Retirement Income Security Act of 1974.

The Cooperative also participates in the National Rural Electric Cooperative Association Retirement Security Plan ("NRECA"), a defined benefit pension plan that is treated as a multi-employer plan for accounting purposes. This Plan is available to certain non-union employees who have met certain service requirements and became employed by the Cooperative before January 1, 2011. This Plan requires annual contributions by participating employees as well as the Cooperative.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 11: MULTI-EMPLOYER PENSION PLANS (continued)

For the NRECA Plan, a "Zone Status" determination is not required under the PPA. The actuary reports that the NRECA Plan was more than 80 percent funded on January 1, 2016. Because certain provisions of the PPA do not apply to the NRECA Plan, FIP/RP Status and surcharges imposed are not applicable.

The risks of participating in multi-employer pension plans are different from single-employer plans in that: assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; if a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and if the Cooperative stops participating in the multi-employer plans, the Cooperative may be required to pay each plan an amount based on the underfunded status of each plan, referred to as a withdrawal liability. The Cooperative has no plans to withdraw from any of the three plans.

The Cooperative's contributions to the three Plans above, for the years ended June 30, 2018 and 2017, were approximately $416,000 and $392,000, respectively. The Cooperative has not contributed more than 5% of the total contribution to the Plans.

The Cooperative's participation in the Plans are outlined in the tables below:

Pension Plan	Building Service 32BJ Pension Fund
Employer Identification Number	13-1879376
Pension Plan Number	001
PPA Zone Status Plan Years Beginning July 1, 2016 and 2017	Red
FIP/RP Status Implemented	Yes
Surcharge Imposed	None
Expiration Date of Collective Bargaining Agreements	April 20, 2022

Pension Plan	IUOE Local 30 Pension Fund
Employer Identification Number	51-6045848
Pension Plan Number	001
PPA Zone Status Plan Years Beginning January 1, 2016 and 2017	Green
FIP/RP Status Implemented	N/A
Surcharge Imposed	None
Expiration Date of Collective Bargaining Agreements	April 30, 2021

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Cooperative might be subject to pending legal proceedings and litigation incidental to its business. Management believes the maximum liability that may result from any adverse determination from these legal actions is covered by the amount of insurance available under the Cooperative's policy, and therefore, such legal actions will not be material to the Cooperative's financial statements.

As described in Note 2, the Cooperative has entered into agreements to provide certain services to Hillman Housing Corporation and Amalgamated Dwellings, Inc.

NOTE 13: INCOME TAXES

The Cooperative has approximately $23,000,000 in net operating loss carryforwards ("NOLS") available for federal income tax purposes. These NOLS were generated in the years ended June 30, 2000 through June 30, 2018, from patronage and nonpatronage activities. These NOLS expire in tax years ended June 30, 2020 through 2037. Because the future utilization of these NOLS tax is uncertain, a full valuation allowance has been established against the gross deferred tax assets and no related deferred tax asset has been reflected in the accompanying financial statements. A valuation allowance of approximately $5,000,000 and $8,500,000 has been established during fiscal 2018 and 2017, respectively.

The Cooperative is subject to federal, New York State and New York City income taxes on its nonpatronage income. For the years ended June 30, 2018 and 2017, the Cooperative's state and city corporation taxes were based on the Cooperative's net capital base and amounted to $160,000 and $167,000, respectively.

NOTE 14: LITIGATION

The Cooperative has commenced legal proceedings against several stockholders seeking to recover unpaid maintenance charges owed on the respective apartments.

While the outcome of this matter cannot be determined with certainty at this time, the Cooperative does not believe this will have a material adverse effect on the balance sheets or operations of the Cooperative.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2018, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

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MARKS PANETH
ACCOUNTANTS & ADVISORS

Independent Auditors' Report on Supplemental Information

To the Stockholders of
East River Housing Corporation
New York, N.Y.

We have audited the financial statements of East River Housing Corporation as of and for the years ended June 30, 2018 and 2017, and our report thereon dated December 6, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The information on pages 18 and 19, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Cooperative's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marks Paneth LLP

Woodbury, New York
December 6, 2018

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

SUPPLEMENTAL INFORMATION
For the Years Ended June 30, 2018 and 2017

Schedules of Prepaid Expenses and Other Assets, Net

	2018	2017
Unexpired insurance	$ 30,468	$ 99,783
J-51 consulting fees, net of amortization	6,827	13,654
Fuel inventory	104,951	71,563
Federal corporate taxes	2,000	2,000
Security contract	29,237	34,058
	$ 173,483	$ 221,058

Schedules of Other Income

	2018	2017
Late fees	$ 56,126	$ 31,159
Fitness room income, net of fitness expenses	222,078	219,935
Storage and bike room	234,325	170,470
Miscellaneous	171,618	259,845
	$ 684,147	$ 681,409

Schedules of Utilities and Fuel Expenses

	2018	2017
Electricity	$ 2,231,990	$ 2,306,148
Water and sewer	1,131,599	1,150,550
Fuel oil	216,142	59,326
Natural gas	848,425	829,264
Gas	77,253	67,249
	$ 4,505,409	$ 4,412,537

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

SUPPLEMENTAL INFORMATION
For the Years Ended June 30, 2018 and 2017

	2018	2017
Schedules of Labor Expenses		
Porters	$ 1,470,487	$ 1,460,633
Handymen	675,361	687,356
Boiler room	751,561	721,589
Playroom cleaning service	11,509	12,269
Supervisors	111,304	106,223
	$ 3,020,222	$ 2,988,070
Schedules of Payroll Overhead		
Union pension and welfare funds	$ 1,229,348	$ 1,135,619
Payroll taxes	389,541	375,822
Group life and major medical insurance	150,897	132,741
Retirement expenses	50,105	41,458
Payroll services	7,432	15,754
	$ 1,827,323	$ 1,701,394
Schedules of Repairs and Maintenance Expenses		
Building and apartment repairs	$ 275,228	$ 250,609
Janitorial supplies	408,994	384,306
Elevator	319,087	285,248
Gardening	255,007	276,795
Plumbing	125,337	192,452
Heating and air conditioning	102,044	237,200
Painting and plastering	187,952	253,668
Electrical	164,446	259,361
Exterminating	230,429	143,338
Vehicle	34,551	34,501
Security	134,621	145,008
Compactors	-	1,790
Uniforms	17,424	22,621
Claims paid	213,075	203,388
Miscellaneous	45,282	43,175
	$ 2,513,477	$ 2,733,460
Schedules of Management Expenses		
Salaries	$ 621,834	$ 530,079
Telephone / Communication	77,979	77,360
Stationery and printing	22,961	20,620
Postage	17,838	13,906
Office Supplies	21,961	34,200
Professional fees	168,715	157,621
Miscellaneous	48,308	41,324
	$ 979,596	$ 875,110

See Independent Auditors' Report on Supplemental Information.

MINUTES OF THE 2017 ANNUAL MEETING OF STOCKHOLDERS

OF

EAST RIVER HOUSING CORPORATION

The 2017 annual meeting of stockholders of East River Housing Corporation (the "Corporation") was held in the Auditorium at P.S. 134 at 293 East Broadway, City and State of New York, pursuant to notice annexed hereto, on Monday, December 4, 2017.

Gary Altman, President of the Corporation, acted as Chairperson at the meeting and Ezra N. Goodman of Norris, McLaughlin & Marcus, PA, attorneys for the Corporation, acted as Secretary of the meeting.

The Chairperson called the meeting to order at 7:45 p.m. and presented the annexed agenda for the meeting which was accepted by voice vote on motion made and seconded.

The Chairperson welcomed all of the cooperators to the annual meeting. The minutes of the last duly held annual meeting were accepted by voice vote, on motion made and seconded.

The question and answer period commenced and continued periodically until 9:45 p.m., during which period other items on the agenda were addressed. The eight candidates for the four positions on the Board, Christine Aliferis, Michele Amar, Steven Barbieri, Lee Berman, John Field, Dov Goldman, Diego S. Segalini and Diana Wong, and the three candidates for the three positions on the House Committee, Matthew Schatz, Jeffrey Super and Christine Vasquez, were introduced. There being no further nominations for the House Committee, the three candidates were elected by acclamation. Ballot voting for election to the Board of Directors proceeded, and inspectors of election were duly appointed for the vote count. Ballot voting ended at 8:30 p.m., at which time general proxies were voted. Mr. Goodman announced that in keeping with the practice of prior years, the ballots and proxies voted this evening would be transported, at the conclusion of this evening's session, to the Management Office at 530 Grand Street and locked in the Board room using new locks and keys that would be retained by him; that at 3:00 p.m. on December 5, 2017 they would be transported to the Community Room at 477 FDR Drive; that commencing at about 6:30 p.m. the tally of the ballots and general proxy ballots, and the directed proxies which had been received by his office, would commence; and that all candidates or their designees were welcome to attend and observe.

Mr. Altman presented the President's report, which recited the activities of the past year. Shulie Wollman, the General Manager, presented his report of the accomplishments and issues of the year. Jeffrey Super, Chair of the House Committee, introduced the House Committee members and thanked them for their services, and presented his report on the Committee's activities.

The meeting, upon motion duly made and seconded, ended at 9:45 p.m., subject to continuation for the counting of the ballots and proxies.

Upon completion of the counting on December 5, 2017, the results of the election were as follows:

Board of Directors (Four Positions)

Michele Amar	548
Diana Wong	535
Dov Goldman	531
Steven Barbieri	518
Lee Berman	305
Diego S. Segalini	252
John Field	250
Christine Aliferis	243

Accordingly:

Michele Amar, Diana Wong, Dov Goldman and Steven Barbieri were elected to the Board of Directors for three year terms.

Matthew Schatz, Jeffrey Super and Christine Vasquez were elected by acclamation to the House Committee.

Respectfully submitted

Ezra N. Goodman
Secretary of the Meeting

EAST RIVER HOUSING CORPORATION

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

OF

EAST RIVER HOUSING CORPORATION

PLEASE TAKE NOTICE that the Annual Meeting of Stockholders of EAST RIVER HOUSING CORPORATION will be held on Monday, **December 4, 2017 at 7:30 P.M.** in P.S. 134 at 293 East Broadway, City and State of New York, for the following purposes:

(1) To discuss the financial report of the Housing Company for the year ended June 30, 2017.

(2) To elect four (4) members to the Board of Directors for three year terms.

(3) To elect three (3) members to the House Committee for three year terms.

(4) To transact such other business as may lawfully come before said meeting.

EAST RIVER HOUSING CORPORATION

Gary Altman

Gary Altman, President

Dated: November 6, 2017
New York, New York

EAST RIVER HOUSING CORPORATION
ANNUAL MEETING

MONDAY, DECEMBER 4, 2017

AGENDA

1. Acceptance of Agenda

2. Acceptance of Minutes of December 6, 2016

3. Questions & Answers

4. Introduction of Candidates - Ellen Gentilviso

   A. Board of Directors (Vote for up to 4)

Christine Aliferis	Lee Berman*	Diego S. Segalini
Michele Amar*	John Field	Diana Wong
Steven Barbieri	Dov Goldman*	

   B. House Committee (Vote for up to 3)

Matthew Schatz	Jeffrey Super*	Christine Vasquez

5. Voting

6. Introduction of Members of Board of Directors & Management

7. President's Report - Gary Altman

8. Management Report - Shulie Wollman

9. House Committee Chairperson Report & Introduction of House Committee Members - Jeffrey Super

10. Adjourn

**Incumbent*