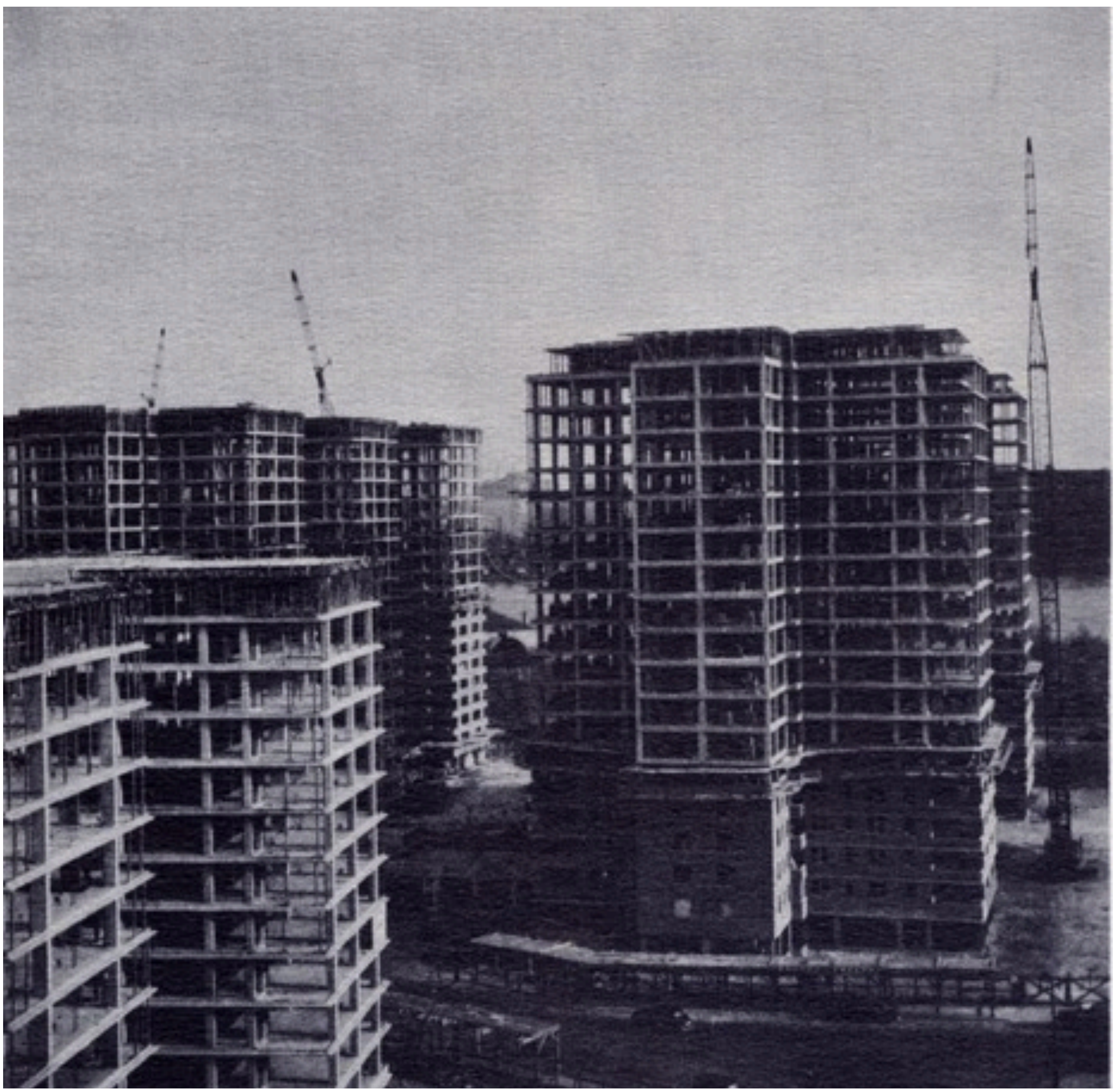
EAST RIVER HOUSING CORPORATION

ANNUAL MEETING

DECEMBER 21, 2020



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)
DOV GOLDMAN	SECRETARY
MICHELE AMAR	TREASURER

HOUSE COMMITTEE

JEFF SUPER	CHAIRPERSON
THOMAS SKIBICKI	VICE-CHAIRPERSON

SOHAILA ABDULALI	LEO HOENIG
CARMEN ALVELO	TED PENDER
ANTHONY BROWNIE	JACLYN PITULA
JUDY CAPEL	MATTHEW SCHATZ

CHRISTINE VASQUEZ

EAST RIVER HOUSING CORPORATION

530 GRAND STREET
NEW YORK, N.Y. 10002

TEL (212) 677-5858
FAX (212) 979-6808
EMAIL: CONTACT@COOPVILLAGE.COOP

Dear Cooperators,

Attached you will find the Annual Report of East River Housing Corporation for the year ending June 30, 2020. The still ongoing COVID-19 Pandemic has caused immense human suffering and tragedy to so many families in our world. It has, as we are all aware, also caused economic and societal devastation to endless businesses, city and state governments (in the tens of billions of dollars), family finances and so many other entities that we always took for granted in our daily routines of life. Coops like ours have not been spared from this turmoil. Throughout the spring and early summer months, apartment sales were few and far between resulting in a very substantial revenue shortfall in flip taxes and our year end bottom line. As a result of the unforeseen Pandemic our loss prior to depreciation was greatly affected. Depreciation represents capital improvement / additions that have longterm benefits that are being amortized (expensed) over a period of time. This loss was compounded by our waiting to impose a necessary carrying charge increase until 20 months after the prior one due to the strain on cooperators caused by the Pandemic. The pandemic itself could never have been anticipated nor its ultimate effect on so many revenue and expense estimates such as the still closed fitness center or the additional cost of vital PPE, sanitizing and supplies for our staff and cooperators. No matter the cost this was money we were going to and had to spend. No dollar amount can be put on the health and safety of our Cooperators and staff.

In recent months, we have started to see a turnaround in our immediate financial situation and things are looking, at the moment, more promising than the Calendar year about to end. Apartment sales are picking up and many open houses are being held each week. We all pray for the success of the FDA approved vaccine(s). We are all in this together as a Coop and we will come out of it sadder for our lost and sick neighbors, friends, and family but ultimately stronger, wiser and prepared to the possibility of future pandemics.

Achieving the health successes and sanitizing protocols, instituted by our Management team and Board of Directors, would not have been possible without the incredible work of our Maintenance, Porter, Boiler Plant and Security Staff. Our Director of Maintenance Bob Wescott along with his deputy Eddie Velazquez must be commended for their leadership and for the dedication and devotion that their porter and Maintenance staff have performed this year. So many of our staff have been with us 20, 30 and even over 35 years that they are family. Jimmy Ritchie, our Chief Engineer and his team makes sure that our state of the art boiler facility is providing us with heat and hot water. We burn clean, highly energy efficient natural gas all year round. The doors to our Management staff are always open to any cooperator who seeks assistance or information on any coop related manner.

This past year we sadly lost our longtime former Captain of Security and Dispatcher Thomas McFarland. He was a friend to so many and will be missed. Our other evening and weekend dispatcher, Elaine Lectora, took a buy out package and retired after many years of service. We wish Elaine only the best in her retirement. For the past month we have been experimenting with our after business hours maintenance worker being dispatched directly by a top-rated answering service. Cooperators have been calling the usual Maintenance Department number at 212.677.5744 and been greeted by a pleasant receptionist who takes down all the pertinent information and immediately relays it to a special dedicated cell phone always carried by the maintenance personnel on duty. He then promptly goes up to the cooperator's apartment to perform the needed service, or if it is beyond his scope of duties, (i.e. exterminator) prepares a ticket for the morning. If he is on a current service call, he calls the cooperator and lets them know he will be there soon. When not on a call, maintenance staff will be available in the Maintenance office. With the elimination of Hillman Housing calls from Hillman Cooperators, this has been a success and will result in substantial savings. We so far have received only favorable responses from Cooperators.

In the next couple of weeks, we should be finalizing our new mortgage of $40 million at an interest rate of 2.875%. Our debt to value ratio will be only 3.2%. We have taken down additional money to help pay for the newly instituted $5 million NYC imposed (Local Law 11) building facade mandates. Management and the Board felt that during the ongoing Pandemic we were uncomfortable asking our Cooperators to fund this project. Given the Pandemic we have decided to finance this large expense and not burden our cooperators at this time.

We live in a beautiful cooperative with so many kind and caring people. We once again promise to do all in our power to keep it this way in the most affordable manner while maintaining our fiscal responsibility and integrity. East River Housing Co-Op with our gardens, parks, buildings and staff is a hidden treasure in our struggling city.

We wish everyone a very happy holiday season and pray for a better year to come. May the coming year be a blessed on for you and your family.

Gary Altman, President
Shulie Wollman, General Manager

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

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

Years Ended June 30, 2020 and 2019

MARKS PANETH

ACCOUNTANTS & ADVISORS

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Tenant-Stockholders
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, 2020 and 2019, and the related statements of revenues and expenses and changes in 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Morison KSi
Independent member

Omission of Required Supplementary Information about Future Major Repairs and Replacements

As discussed in Note 10 to the financial statements, management has omitted information about 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 affected by this missing information.

Marks Paneth LLP

Woodbury, New York
December 15, 2020

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Balance Sheets
June 30, 2020 and 2019

ASSETS

	2020	2019
Cash and cash equivalents	$ 1,428,826	$ 2,729,708
Receivables:		
Tenant-stockholders	1,027,858	767,794
Commercial tenants, net of allowance for doubtful accounts of $50,000 and $250,000 at June 30, 2020 and 2019, respectively	346,766	682,028
Other	172,609	130,917
Due from Hillman Housing Corporation (affiliate)	-	18,442
Total receivables	1,547,233	1,599,181
Prepaid expenses and other assets	763,850	366,349
Security deposits - vendors	39,832	39,832
Security deposits - commercial tenants	169,403	169,403
Real and personal property, net	17,802,176	18,167,189
TOTAL ASSETS	$ 21,751,320	$ 23,071,662

LIABILITIES AND STOCKHOLDERS' DEFICIT

	2020	2019
Liabilities		
Accounts payable and accrued expenses	$ 3,805,735	$ 1,840,576
Line of credit payable	4,511,746	4,511,746
Security deposits	196,106	289,265
Due to tenant-stockholders - real property tax abatements, net	1,356,000	1,257,000
Due to Hillman Housing Corporation (affiliate)	1,471	-
Rents received in advance	109,148	118,340
Security deposits payable - commercial tenants	169,403	169,403
Mortgage payable, net	23,423,273	23,398,166
Total Liabilities	33,572,882	31,584,496
Stockholders' Deficit		
Common stock - $100 par value, authorized 50,000 shares, 45,659.375 shares issued and 45,584.375 shares outstanding at both June 30, 2020 and 2019	4,565,938	4,565,938
Additional paid-in capital	7,567,656	7,470,907
Accumulated deficit	(22,004,602)	(18,825,809)
Less: Treasury stock, at cost - 75.00 shares at both June 30, 2020 and 2019	(1,950,554)	(1,723,870)
Total Stockholders' Deficit	(11,821,562)	(8,512,834)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 21,751,320	$ 23,071,662

See Notes to Financial Statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Statements of Revenues and Expenses
and Changes in Accumulated Deficit
For the Years Ended June 30, 2020 and 2019

	2020	2019
REVENUES		
Carrying charges - apartments - net of tax abatements (including electricity and sublet fees)	$ 18,820,555	$ 18,037,834
Apartment resale fees	2,890,925	4,339,798
Commercial rent - store and offices (including electricity and real estate taxes)	2,438,726	2,202,744
Parking rent, net of parking expenses	896,336	852,274
Other income	643,551	727,604
Laundry room	165,440	126,000
	25,855,533	26,286,254
EXPENSES		
Real estate taxes	10,421,725	9,579,253
Utilities and fuel	3,991,066	4,235,389
Labor	3,165,156	3,011,002
Repairs and maintenance	3,129,014	3,350,895
Payroll overhead	1,981,052	1,800,253
Insurance	1,237,962	1,161,154
Security guards	1,098,270	1,054,259
Mortgage interest (including amortization of deferred financing costs of $25,107 for each of the years ended June 30, 2020 and 2019)	1,097,791	1,136,798
Management	911,490	936,320
Legal and accounting	304,824	225,889
State and city corporation taxes	195,399	180,423
Senior care	57,200	57,200
Other interest	25,341	4,666
Conduit	14,340	6,827
Website	502	1,445
Bad debt expense	-	61,229
	27,631,132	26,803,002
EXCESS OF EXPENSES OVER REVENUES BEFORE DEPRECIATION AND AMORTIZATION	(1,775,599)	(516,748)
Depreciation	1,403,194	1,429,342
Amortization	-	6,827
EXCESS OF EXPENSES OVER REVENUES	(3,178,793)	(1,952,917)
ACCUMULATED DEFICIT - Beginning of Year	(18,825,809)	(16,872,892)
ACCUMULATED DEFICIT - End of Year	$ (22,004,602)	$ (18,825,809)

See Notes to Financial Statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Statements of Changes in Stockholders' Deficit
For the Years Ended June 30, 2020 and 2019

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total Shareholders' Deficit
Balance - July 1, 2018	$ 4,565,938	$ 7,431,943	$ (16,872,892)	$ (2,557,681)	$ (7,432,692)
Purchase of Treasury Stock	-	38,964	-	(420,855)	(381,891)
Sale of Treasury Stock	-	-	-	1,254,666	1,254,666
Excess of expenses over revenues	-	-	(1,952,917)	-	(1,952,917)
Balance - June 30, 2019	4,565,938	7,470,907	(18,825,809)	(1,723,870)	(8,512,834)
Purchase of Treasury Stock	-	96,749	-	(743,429)	(646,680)
Sale of Treasury Stock	-	-	-	516,745	516,745
Excess of expenses over revenues	-	-	(3,178,793)	-	(3,178,793)
Balance - June 30, 2020	$ 4,565,938	$ 7,567,656	$ (22,004,602)	$ (1,950,554)	$ (11,821,562)

See Notes to Financial Statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of expenses over revenues	$ (3,178,793)	$ (1,952,917)
Adjustments to reconcile excess of expenses over revenues to net cash used in operating activities:		
Depreciation	1,403,194	1,429,342
Amortization	-	6,827
Amortization of deferred financing costs	25,107	25,107
Bad debt expense	-	61,229
Changes in operating assets and liabilities:		
Receivables: Tenant-stockholders	(260,064)	(679,391)
Receivables: Commercial tenants	335,262	(150,311)
Receivables: Other	(41,692)	209,377
Receivables: Hillman Housing Corporation (affiliate)	18,442	(6,218)
Prepaid expenses and other assets	(397,501)	(199,693)
Accounts payable and accrued expenses	1,965,159	(252,796)
Security deposits	(93,159)	(16,383)
Due to tenant-stockholders - real property tax abatements	99,000	837,053
Due to Hillman Housing Corporation (affiliate)	1,471	-
Rents received in advance	(9,192)	(10,594)
Net Cash Used in Operating Activities	(132,766)	(699,368)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of real and personal property	(1,038,181)	(984,807)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Sale of treasury stock	516,745	1,254,666
Purchase of treasury stock	(646,680)	(381,891)
Net Cash (Used in) Provided by Financing Activities	(129,935)	872,775
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,300,882)	(811,400)
CASH AND CASH EQUIVALENTS - beginning of year	2,729,708	3,541,108
CASH AND CASH EQUIVALENTS - end of year	$ 1,428,826	$ 2,729,708
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 1,076,824	$ 1,116,357
Income taxes	$ 157,400	$ 184,244
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Fully depreciated real and personal property written off	$ 107,885	$ -

See Notes to Financial Statements.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

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 GAAP 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 were 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 corporation's pro rata share of the number of dwelling units. During the years ended June 30, 2020 and 2019, common expenses of $3,418,636 and $3,559,456, respectively, were allocated to Hillman (see note 15).

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. The amounts due from ADI at June 30, 2020 and 2019 was $172,609 and $130,917, respectively and is reflected as other receivables on the balance sheets.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 $1,391,000 and $2,975,000 in one bank exceeded the federally insured limit at June 30, 2020 and 2019, 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.

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.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020 and 2019.

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, 2020 and 2019, management has recorded an allowance for doubtful accounts in the amount of $50,000 and $250,000, 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. During the year ended June 30, 2020 the costs were fully amortized. Amortization expense for the year ended June 30, 2019 was $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. Any accrued interest and penalties related to unrecognized tax benefits would be recognized as income tax expense.

Debt Issuance Costs

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. The Cooperative records debt issuance costs for its line of credit as an asset in other assets on its balance sheets. Amortization of the costs is reported as a component of interest expense.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 transition 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 years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. Management did not adopt Topic 606 during the years ended June 30, 2020 and 2019. 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, 2021, and for interim periods within fiscal years beginning after December 15, 2022, 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. The new standard must be applied using a modified retrospective approach.

Business Conditions

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Cooperative could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Cooperative's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Cooperative cannot predict the extent to which its financial condition and results of operations will be affected.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification

Certain accounts in the prior period balance sheet and statement of cash flows have been reclassified for comparative purposes to conform to the presentation in the current period financial statements.

NOTE 3: REAL AND PERSONAL PROPERTY

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

	June 30, 2020	June 30, 2019
Land	$ 1,723,024	$ 1,723,024
Buildings	18,283,505	18,283,505
Building improvements	34,101,562	33,131,863
Furniture and equipment	3,193,415	3,232,818
Parking lot improvements	461,829	461,829
	57,763,335	56,833,039
Less: accumulated depreciation	(39,961,159)	(38,665,850)
	$ 17,802,176	$ 18,167,189

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, 2020 and 2019, the outstanding loans to stockholders under the Substitute SCRIE Program, which are included in receivables from stockholders, were approximately $73,000 and $77,000, respectively.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019, Abatements that will be applied to future monthly carrying charges amounted to $1,356,000 and $1,257,000, respectively. See reclassification footnote under Note 2.

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 New York Community Bank. 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 both June 30, 2020 and 2019 was $4,511,746. Interest expense on the LOC totaled $250,184 and $289,190 for the years ended June 30, 2020 and 2019, 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, 2020 and for the year then ended.

At June 30, 2020 and 2019, the mortgage loan, net is comprised of the following:

	June 30, 2020	June 30, 2019
Mortgage loan	$ 23,500,000	$ 23,500,000
Amortized deferred financing costs	(76,727)	(101,834)
	$ 23,423,273	$ 23,398,166

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019, the Cooperative purchased one apartment for 25 and 21.875 shares of treasury stock, respectively. During the years ended June 30, 2020 and 2019, 25 and 37.5 shares were sold, which resulted in $96,749 and $38,964 being recorded as an increase to additional paid-in capital, respectively.

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, 2020, the total leasable commercial space of approximately 39,000 square feet was occupied by 27 tenants, including two tenants that occupied approximately 57% of the total leasable area. As of June 30, 2020, 11 tenants out of the 28 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 $2,438,726 and $2,202,744 for the years ended June 30, 2020 and 2019, respectively.

Commercial tenant leases are classified as operating leases with varying expiration dates through 2039. 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, 2020, are as follows:

For The Years Ending June 30,	
2021	$ 1,439,000
2022	1,417,000
2023	1,441,000
2024	1,311,000
2025	900,000
Thereafter	9,702,000
	$ 16,210,000

EAST RIVER HOUSING CORPORATION
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Notes to Financial Statements
June 30, 2020 and 2019

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

For the years ended June 30, 2020 and 2019, two tenants accounted for more than 27% and 63%, respectively, of the total commercial rental income. One of these tenants accounted for approximately 68% of the commercial tenants accounts receivable at June 30, 2019.

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, 2020, there were 14 first-time sales of apartments and 16 second-time sales of apartments, resulting in apartment resale fees of $2,890,925.

For the year ended June 30, 2019, there were 28 first-time sales of apartments and 17 second-time sales of apartments, resulting in apartment resale fees of $4,339,798.

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
June 30, 2020 and 2019

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, 2019. 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, 2020 and 2019, were approximately $443,000 and $425,000, 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, 2018 and 2019	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, 2018 and 2019	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
June 30, 2020 and 2019

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Cooperative from time to time is 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 $29,000,000 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, 2020, from patronage and nonpatronage activities. These NOLS expire in tax years ended June 30, 2021 through 2038. 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 $6,500,000 and $5,700,000 has been established during fiscal 2020 and 2019, 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, 2020 and 2019, the Cooperative's state and city corporation taxes were based on the Cooperative's net capital base and amounted to approximately $195,000 and $180,000, respectively.

NOTE 14: LITIGATION

The Cooperative is subject to various claims and legal proceedings that arise in the ordinary course of its business activities, including, but not limited to, actions against tenant-stockholders for outstanding carrying charges; tenant-stockholders' actions against the Cooperative relating to the Cooperative's policies and other matters. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Cooperative.

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements
June 30, 2020 and 2019

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2020, the date the financial statements were available to be issued. With the exception of the matter disclosed below, there were no additional subsequent events that require disclosure.

In September 2020, Hillman Housing Corporation (affiliate) switched its management company from East River to a third party management company. As a result of this switch, certain shared expenses that were paid by East River and then allocated and charged to Hillman Housing Corporation will be paid directly by Hillman Housing Corporation The only shared expense between Hillman Housing Corporation and East River will be the boiler expense.

The Cooperative is currently in the process of refinancing their mortgage with New York Community Bank. Management expects the refinance to be fully executed by the end of January 2021.

SUPPLEMENTAL INFORMATION

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

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

We have audited the financial statements of East River Housing Corporation (the "Cooperative") as of and for the years ended June 30, 2020 and 2019, and our report thereon dated December 15, 2020, 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 19 and 20, 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 audits 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 15, 2020

Morison KSi
Independent member

EAST RIVER HOUSING CORPORATION
(A COOPERATIVE HOUSING CORPORATION)

SUPPLEMENTAL INFORMATION
For the Years Ended June 30, 2020 and 2019

	2020	2019
Schedules of Prepaid Expenses and Other Assets, Net		
Deferred rent receivable	$ 327,919	$ -
Unexpired insurance	313,457	279,824
Fuel inventory	90,376	53,372
Security contract	25,854	26,909
Federal corporate taxes	6,244	6,244
	$ 763,850	$ 366,349
Schedules of Other Income		
Storage and bike room	$ 230,885	$ 229,916
Miscellaneous	215,656	232,909
Fitness room income, net of fitness expenses	163,662	221,264
Late fees	33,348	43,515
	$ 643,551	$ 727,604
Schedules of Utilities and Fuel Expenses		
Electricity	$ 1,803,995	$ 1,925,048
Water and sewer	1,284,602	1,219,244
Natural gas	836,884	855,338
Gas	57,747	80,164
Fuel oil	7,838	155,595
	$ 3,991,066	$ 4,235,389

EAST RIVER HOUSING CORPORATION
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SUPPLEMENTAL INFORMATION
For the Years Ended June 30, 2020 and 2019

	2020	2019
Schedules of Labor Expenses		
Porters	$ 1,543,285	$ 1,455,143
Boiler room	795,618	751,770
Handymen	700,164	683,232
Supervisors	116,039	111,958
Playroom cleaning service	10,050	8,899
	$ 3,165,156	$ 3,011,002
Schedules of Payroll Overhead		
Union pension and welfare funds	$ 1,359,786	$ 1,176,306
Payroll taxes	399,666	396,488
Group life and major medical insurance	167,537	162,121
Retirement expenses	45,606	56,429
Payroll services	8,457	8,909
	$ 1,981,052	$ 1,800,253
Schedules of Repairs and Maintenance Expenses		
Building and apartment repairs	$ 925,030	$ 857,640
Janitorial supplies	439,843	388,407
Elevator	406,019	257,993
Plumbing	255,447	285,863
Gardening	216,102	300,479
Painting and plastering	211,521	296,796
Heating and air conditioning	198,944	200,264
Exterminating	135,168	167,178
Electrical	100,868	154,310
Security	73,670	142,920
Claims paid	54,731	206,062
Miscellaneous	37,681	36,323
Vehicle	35,160	33,860
Uniforms	19,840	22,800
Compactors	18,990	-
	$ 3,129,014	$ 3,350,895
Schedules of Management Expenses		
Salaries	$ 659,824	$ 640,252
Professional fees	91,648	111,131
Telephone / communication	68,165	74,495
Miscellaneous	45,217	55,515
Office supplies	16,884	23,045
Postage	15,738	20,609
Stationery and printing	14,014	11,273
	$ 911,490	$ 936,320

MINUTES OF THE 2019 ANNUAL MEETING OF STOCKHOLDERS

OF

EAST RIVER HOUSING CORPORATION

The 2019 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 2, 2019.

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

The Chairperson called the meeting to order at 7:40 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.

Mr. Altman presented the President’s report, which recited the activities of the past year. The question and answer period then commenced and continued periodically until 9:45 p.m., during which period other items on the agenda were addressed. The four candidates for the three positions on the Board, Gary Altman, Rachel Ehrenpreis, Larry Goldman and Timothy Rucker, and the five candidates for the five positions on the House Committee, Sohaila Abdulali, Carmen Alvelo, Anthony Brownie, Judy Capel and Jaclyn Pitula, were introduced. There being no further nominations for the House Committee, the five 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 4:30 p.m. on December 3, 2019 they would be transported to the Community (Event) 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.

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, adjourned at 9:45 p.m. and was continued for the counting of the ballots and proxies on December 3, 2019.

Upon completion of the counting on December 3, 2019, the results of the election were as follows:

<u>Board of Directors (Three Positions)</u>

Gary Altman	474
Rachel Ehrenpreis	468
Larry Goldman	438
Timothy Rucker	140

Accordingly:

Gary Altman, Rachel Ehrenpreis and Larry Goldman were elected to the Board of Directors for three year terms.

Sohaila Abdulali, Carmen Alvelo, Anthony Brownie, Judy Capel and Jaclyn Pitula were elected by acclamation to the House Committee.

Respectfully submitted

Ezra N. Goodman
Secretary of the Meeting