
NAGLE APARTMENTS CORP.

Financial Statements and
Supplementary Information for the
Years Ended December 31, 2007 and 2006

Zeidman, Lackowitz, Prisand & Co., LLP
Certified Public Accountants

NAGLE APARTMENTS CORP.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
NAGLE APARTMENTS CORP.
31 and 37 Nagle Avenue
14 Bogardus Place
New York, NY 10040

We have audited the accompanying balance sheets (with supporting schedules) of NAGLE APARTMENTS CORP. as of December 31, 2007 and 2006 and the related statements of operations (with supporting schedules), changes in stockholders' deficiency and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAGLE APARTMENTS CORP. as of December 31, 2007 and 2006 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.

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

Zeidman, Lackowitz, Prisand & Co., LLP

April 16, 2008

NAGLE APARTMENTS CORP.
BALANCE SHEETS
AS OF DECEMBER 31,

	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,238,625	\$ 251,670
Accounts receivable	51,190	96,238
Prepaid expenses	117,756	90,731
Mortgage escrow (Note 3)	19,191	5,018
 Total Current Assets	 1,426,762	 443,657
 Property and Improvements: (Notes 2 and 5)		
Land	316,950	316,950
Building	1,796,050	1,796,050
Building improvements	1,460,157	1,347,996
 Total	 3,573,157	 3,460,996
Less: Accumulated depreciation	1,745,987	1,636,745
 Net Property and Improvements	 1,827,170	 1,824,251
 Other Assets and Deferred Charges:		
Cash - security deposits	38,757	38,757
Notes receivable (Note 6)	8,558	25,982
Deferred mortgage and loan closing costs (Note 2)	78,587	44,440
Deferred leasing costs (Note 2)	50,212	57,385
Deferred treasury stock costs (Note 8)	16,815	-
 Total Deferred Charges and Other Assets	 192,929	 166,564
 Total Assets	 \$ 3,446,861	 \$ 2,434,472

The accompanying notes are an integral part of this statement.

NAGLE APARTMENTS CORP.
BALANCE SHEETS
AS OF DECEMBER 31,

	2007	2006
LIABILITIES		
Current Liabilities:		
Mortgage payable - current portion (Note 7)	\$ 93,094	\$ 87,451
First loan payable - current portion (Note 7)	53,993	-
Accounts payable	47,310	48,908
Second loan payable - current portion (Note 7)	40,838	-
Due to stockholders - real estate tax abatements	31,263	26,007
Accrued mortgage interest	16,356	12,686
Accrued wages and payroll taxes	3,372	2,339
Advance maintenance	1,944	1,273
Building improvements payable	-	9,420
Insurance financing payable	-	2,985
Accrued corporation taxes	-	449
 Total Current Liabilities	 288,170	 191,518
 Long-Term and Other Liabilities:		
Mortgage payable - net of current portion (Note 7)	2,247,405	2,340,499
First loan payable - net of current portion (Note 7)	511,007	-
Second loan payable - net of current portion (Note 7)	544,162	-
Security deposits payable	38,757	38,757
 Total Long-Term and Other Liabilities	 3,341,331	 2,379,256
 Total Liabilities	 3,629,501	 2,570,774
 STOCKHOLDERS' DEFICIENCY		
Common stock - \$1.00 par value, 15,000 shares authorized, 12,120 shares issued	12,120	12,120
Paid-in capital in excess of par value	175,880	175,880
Paid in capital from treasury stock	675,772	675,772
Accumulated deficit	(930,881)	(884,543)
Less: Treasury stock at cost (Note 8)	(115,531)	(115,531)
 Total Stockholders' Deficiency	 (182,640)	 (136,302)
 Total Liabilities and Stockholders' Deficiency	 \$ 3,446,861	 \$ 2,434,472

The accompanying notes are an integral part of this statement.

NAGLE APARTMENTS CORP.
SUPPORTING SCHEDULES - BALANCE SHEETS
AS OF DECEMBER 31,

	2007	2006
Cash and Cash Equivalents:		
Operating account	\$ 50,133	\$ 4,376
Reserve fund (Note 4)	1,046,591	143,988
Mortgage reserve fund (Note 7)	76,391	73,252
Water and sewer - self escrow	34,679	30,054
Insurance - self escrow	30,831	-
 Total Cash and Cash Equivalents	 \$ 1,238,625	 \$ 251,670
 Accounts Receivable:		
Maintenance - Apartments	\$ 31,889	\$ 33,676
Electricity submetering	9,000	7,244
Accrued interest	3,507	3,592
Rental income	3,473	7,152
Laundry income	1,757	-
Due from vendors	1,564	3,456
Real estate tax refund (Note 11)	-	41,118
 Total Accounts Receivable	 \$ 51,190	 \$ 96,238
 Prepaid Expenses:		
Real estate tax	\$ 43,311	\$ 43,075
Insurance	41,934	18,055
Water and sewer charges	31,958	29,254
Corporation taxes	553	-
Service contracts	-	347
 Total Prepaid Expenses	 \$ 117,756	 \$ 90,731

The accompanying notes are an integral part of this statement.

**NAGLE APARTMENTS CORP.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

	2007	2006
REVENUE		
Maintenance - Apartments	\$ 717,097	\$ 663,077
Garage income (Note 9)	122,885	125,952
Rental income	76,123	78,932
Electricity submetering	54,049	44,221
Sublet, late and other fees	30,169	42,363
Stockholders' parking	25,155	26,702
Laundry income	21,020	17,700
Interest and dividends	11,878	10,310
Energy surcharge	-	27,057
Operating assessments	-	24,213
 Total Revenue	 1,058,376	 1,060,527
 COST OF OPERATIONS		
Administrative expenses	86,446	111,863
Operating expenses	458,143	420,586
Repairs and maintenance	87,794	82,489
Taxes	176,679	157,441
Mortgage interest (Note 7)	149,291	154,620
Loan interest (Note 7)	4,815	-
Line of credit interest (Note 7)	-	3,055
 Total Cost Of Operations	 963,168	 930,054
 Income before special items and depreciation and amortization		
	95,208	130,473
Less: Adjustment of prior years' rental income	16,412	-
Adjustment of prior years' shareholder loan	3,074	-
 INCOME BEFORE DEPRECIATION AND AMORTIZATION		
	75,722	130,473
Less: Depreciation and amortization	122,060	118,643
 Net (Loss) Income For The Year	 \$ (46,338)	 \$ 11,830

The accompanying notes are an integral part of this statement.

NAGLE APARTMENTS CORP.
SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2007	2006
Administrative Expenses:		
Management fee	\$ 43,000	\$ 41,000
Professional fees	29,116	59,470
Other administrative	10,676	6,929
Telephone and communications	3,654	4,464
 Total Administrative Expenses	 \$ 86,446	 \$ 111,863
 Operating Expenses:		
Utilities		
Gas heat and fuel	\$ 130,583	\$ 110,252
Electricity and gas	68,485	61,023
Water and sewer	62,218	59,955
 261,286	 231,230	
Payroll		
Wages	92,282	91,079
Union benefits (Note 10)	18,767	16,878
Payroll taxes	6,543	7,491
Workers' compensation and disability insurance	5,016	5,166
 122,608	 120,614	
Other		
Insurance and related interest	43,923	48,217
Laundry contract	20,826	12,641
Submeter service	6,152	4,938
Miscellaneous operating and permits	3,348	2,946
 74,249	 68,742	
 Total Operating Expenses	 \$ 458,143	 \$ 420,586

The accompanying notes are an integral part of this statement.

NAGLE APARTMENTS CORP.
SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2007	2006
Repairs and Maintenance:		
Elevator maintenance and repairs	\$ 19,748	\$ 22,986
Plumbing	13,638	4,950
Materials and supplies	13,052	12,706
Painting, plastering and flooring	11,850	8,334
Equipment repairs	10,123	1,061
Boiler, heating and water treatment	7,409	4,930
Exterminating	4,197	3,961
Grounds and landscaping	3,000	5,785
Doors, locks, and windows	2,473	2,504
Electrical and intercom repairs	2,304	9,654
Miscellaneous repairs	-	3,017
Roof and exterior repairs	-	2,601
 Total Repairs and Maintenance	 \$ 87,794	 \$ 82,489
 Taxes:		
New York City real estate tax (Note 11)	\$ 175,488	\$ 156,157
Corporation taxes (Note 12)	1,191	1,284
 Total Taxes	 \$ 176,679	 \$ 157,441
 Depreciation and Amortization:		
Building	\$ 51,316	\$ 51,316
Building improvements	47,872	44,826
Building equipment	10,055	10,055
Amortization of deferred leasing costs	7,173	7,173
Amortization of deferred mortgage and loan closing costs	5,644	5,273
 Total Depreciation and Amortization	 \$ 122,060	 \$ 118,643

The accompanying notes are an integral part of this statement.

NAGLE APARTMENTS CORP.
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31,

	2007	2006
COMMON STOCK		
Balance - January 1,	\$ 12,120	\$ 12,120
Transactions during the year	-	-
Balance - December 31,	<u><u>\$ 12,120</u></u>	<u><u>\$ 12,120</u></u>
PAID-IN CAPITAL IN EXCESS OF PAR VALUE		
Balance - January 1,	\$ 175,880	\$ 175,880
Transactions during the year	-	-
Balance - December 31,	<u><u>\$ 175,880</u></u>	<u><u>\$ 175,880</u></u>
PAID-IN CAPITAL FROM TREASURY STOCK		
Balance - January 1,	\$ 675,772	\$ 442,965
Sale of 115 shares of treasury stock in excess of allocated costs	-	232,807
Balance - December 31,	<u><u>\$ 675,772</u></u>	<u><u>\$ 675,772</u></u>
ACCUMULATED DEFICIT		
Balance - January 1,	\$ (884,543)	\$ (896,373)
Net (loss) income for the year	<u>(46,338)</u>	<u>11,830</u>
Balance - December 31	<u><u>\$ (930,881)</u></u>	<u><u>\$ (884,543)</u></u>
TREASURY STOCK		
Balance - January 1, (1,465 and 1,580 shares)	\$ (115,531)	\$ (124,601)
Sale of 115 shares at allocated cost	-	9,070
Balance - December 31, (1,465 shares)	<u><u>\$ (115,531)</u></u>	<u><u>\$ (115,531)</u></u>

The accompanying notes are an integral part of this statement.

NAGLE APARTMENTS CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income for the year	\$ (46,338)	\$ 11,830
 Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	122,060	118,643
Decrease (increase) in accounts receivable	45,048	(45,690)
(Increase) in prepaid expenses	(27,025)	(7,790)
(Increase) in mortgage escrow	(14,173)	(970)
(Decrease) in accounts payable	(1,599)	(19,613)
Increase (decrease) in other current liabilities	7,196	(16,066)
Net change in security deposits transactions	-	530
 Total Adjustments	 131,507	 29,044
 Cash Provided By Operating Activities	 85,169	 40,874
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in building improvements	(112,161)	(80,728)
(Decrease) increase in building improvements payable	(9,420)	1,000
Decrease in notes receivable	17,424	116,548
 Cash (Used) Provided By Investing Activities	 (104,157)	 36,820
 CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase) in deferred mortgage and loan closing costs	(39,791)	-
Amortization of mortgage payable	(87,451)	(82,150)
Proceeds from first loan payable	565,000	-
Proceeds from second loan payable	585,000	-
(Increase) in deferred treasury stock costs	(16,815)	-
Proceeds from sale of treasury stock	-	241,877
 Cash Provided By Financing Activities	 1,005,943	 159,727
 Net increase in cash and cash equivalents	 986,955	 237,421
 Cash and cash equivalents - January 1,	 251,670	 14,249
 Cash and Cash Equivalents - December 31,	 \$ 1,238,625	 \$ 251,670
 SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 150,436	\$ 158,105
Income taxes paid	\$ 1,193	\$ 814

The accompanying notes are an integral part of this statement.

NAGLE APARTMENTS CORP.

Notes to Financial Statements

Note 1 - ORGANIZATION

On May 20, 1980, Nagle Apartments Corp. (the "Corporation") was formed in order to acquire the property at 31 Nagle Avenue, 37 Nagle Avenue and 14 Bogardus Place, New York, New York. The Corporation acquired the land and building on August 3, 1982. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code and contains 111 residential units and 2 superintendent's apartments. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

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

Property and Improvements

Property and improvements are stated at cost. The building is depreciated on the straight-line method over an estimated life of thirty-five years. Building improvements are depreciated on the straight-line method over estimated lives of twenty-seven and one-half years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Revenue Recognition

Stockholder maintenance is based on an annual budget determined by the Board of Directors. Stockholders are billed monthly based on their respective share ownership. This income is recognized when due and payable. Any excess maintenance charges at year-end are retained by the Corporation for use in future years or to replenish its reserve fund. Stockholder accounts receivable at the balance sheet date represent maintenance and fees due from unit-owners. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose maintenance charges are unreasonably delinquent. The Corporation considers all accounts receivable at December 31, 2007, to be collectible. Accordingly, no allowance for doubtful accounts is required.

Deferred Expenses

Mortgage closing costs are deferred and then amortized over the life of the loan the straight-line basis. Costs associated with the garage lease are deferred and then amortized over the term of the lease.

Statement of Cash Flows

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

NAGLE APARTMENTS CORP.

Notes to Financial Statements

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Major Repairs and Replacements

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

Note 3 - MORTGAGE ESCROW

The Corporation deposits a prorated monthly sum into an escrow account maintained by National Cooperative Bank ("NCB") for the payment of real estate tax. At December 31, 2007 and 2006, the mortgage escrow account had a balance of \$19,191 and \$5,018, respectively.

Note 4 - RESERVE FUND

The following cash transactions have taken place in the Corporation's reserve fund:

	<u>2007</u>	<u>2006</u>
Balance - January 1,	\$ 143,988	\$ 10,849
Add: Transfers from operations - net	894,753	132,458
Interest and dividends (net of bank charges)	<u>7,850</u>	<u>681</u>
Balance - December 31,	<u><u>\$1,046,591</u></u>	<u><u>\$ 143,988</u></u>

Reserve funds are stated at fair value and are invested as follows:

NCB - Victory Funds	\$1,016,591	\$ -
NCB - Community checking account	30,000	-
Hudson Valley Bank - Money Market Account	-	143,174
NCB - Money Market Account	<u>-</u>	<u>814</u>
Total	<u><u>\$1,046,591</u></u>	<u><u>\$ 143,988</u></u>

NAGLE APARTMENTS CORP.

Notes to Financial Statements

Note 5 - PROPERTY AND IMPROVEMENTS

Building improvements and equipment were capitalized as follows:

	<u>2007</u>	<u>2006</u>
Air conditioners	\$ 55,061	\$ -
Roof	26,660	-
Fire escape restoration	16,500	-
Window project - consultant	8,840	36,630
Garage roof	6,100	-
Sidewalk replacement (contract adjustment)	(1,000)	30,538
Heating system and fuel storage tank improvements	<u>-</u>	<u>13,560</u>
 Total	 <u>\$ 112,161</u>	 <u>\$ 80,728</u>

During 2008, the Corporation anticipates spending approximately \$1,150,000 on a window replacement project. This project is subject to change orders and professional fees as the work progresses. See Notes 4 and 7 for additional information concerning funding of capital improvements.

Note 6 - NOTES RECEIVABLE

In previous years, the Corporation sold shares of stock appurtenant to three treasury stock units, and financed notes receivable in the amount of \$162,806. During 2007 and 2006, principal payments of \$19,592 and \$116,548 were received, reducing the outstanding notes receivable to \$8,558 at December 31, 2007. One note remains outstanding at December 31, 2007.

Note 7 - MORTGAGE AND LOANS PAYABLE

Mortgage Payable

The mortgage payable is held by National Cooperative Bank ("NCB") in the original principal amount of \$2,700,000. Loan terms require equal monthly installments of \$19,767, applied first to interest at the rate of 6.27% per annum with the balance as a reduction of principal based on a twenty year amortization schedule. The mortgage matures on May 1, 2023, at which time it will be fully amortized.

Mortgage payments due over the next five years are allocated as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 93,094	\$ 144,110	\$ 237,204
2009	99,102	138,102	237,204
2010	105,498	131,706	237,204
2011	112,306	124,898	237,204
2012	127,268	109,936	237,204

In connection with the First Mortgage, the Corporation is obligated to maintain general operating and replacement reserves in a combined amount equal to at least ten percent of the amount paid to the Corporation during the previous year by its tenant-shareholders pursuant to their proprietary leases. The required balance is approximately \$66,000. As of December 31, 2007 this account had a balance of \$76,391.

NAGLE APARTMENTS CORP.

Notes to Financial Statements

Note 7 - MORTGAGE AND LOANS PAYABLE (continued)

Prepayment Terms

No prepayment is allowed prior to May 1, 2010. Thereafter, the loan may be prepaid in whole only, subject to a prepayment penalty in accordance with a yield maintenance formula as set forth in the loan documents. Prepayment in whole may be made without penalty during the ninety days preceding maturity.

Line of Credit

The Corporation also has a \$250,000 revolving line of credit with NCB. Terms of the credit line require interest only payments at the rate of 2% over NCB's base rate index. The credit line will mature at the earlier of May 1, 2023 or refinancing of the underlying first mortgage. As of December 31, 2007, no balance is outstanding.

Loans Payable

The Corporation has two unsecured loans with Amalgamated Bank in the total principal amount of \$1,150,000. The first loan in an original principal amount of \$565,000 requires monthly payments of \$4,950 applied first to interest at a rate of 1% per annum and the balance as a reduction of principal. This loan matures on December 1, 2017 at which time it will be fully amortized. The original interest rate of 7.5% has been subsidized by the New York State Energy Research and Development Authority for the installation of approved windows in the buildings.

Loan payments due over the next five years are allocated as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 53,993	\$ 5,403	\$ 59,396
2009	54,535	4,861	59,396
2010	55,083	4,313	59,396
2011	55,636	3,760	59,396
2012	56,195	3,201	59,396

The second loan in an original principal amount of \$585,000 requires monthly payments of \$6,944 applied first to interest at a rate of 7.5% per annum and the balance as a reduction of principal. This loan matures on December 1, 2017 at which time it will be fully amortized. In any November during the term of the loan the Corporation may prepay \$23,400 without any penalties or fees.

Loan payments due over the next five years are allocated as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 40,838	\$ 42,491	\$ 83,329
2009	44,009	39,320	83,329
2010	47,425	35,904	83,329
2011	51,107	32,222	83,329
2012	55,075	28,254	83,329

NAGLE APARTMENTS CORP.

Notes to Financial Statements

Note 8 - ACQUISITION AND SALE OF TREASURY STOCK AND SUBSEQUENT EVENT

The following schedule summarizes the acquisition and sales of treasury stock shares:

Acquisition:

	<u>Shares</u>	<u>Cost</u>
Through 2000	1,780	\$ 113,254
2002	<u>1,545</u>	<u>150,000</u>
	<u>3,325</u>	<u>\$ 263,254</u>

Sales:

	<u>Shares</u>	<u>Gross Sales Price</u>	<u>Selling/Closing Costs</u>	<u>Acquisition Costs</u>	<u>Gain on Sales</u>
1997-2004	1,605	\$ 602,500	\$ 62,840	\$ 125,061	\$ 414,599
2005	140	44,200	2,242	13,592	28,366
2006	<u>115</u>	<u>265,000</u>	<u>23,124</u>	<u>9,069</u>	<u>232,807</u>
	<u>1,860</u>	<u>\$ 911,700</u>	<u>\$ 88,206</u>	<u>\$ 147,722</u>	<u>\$ 675,772</u>

The gain on sales is recorded as paid-in capital from treasury stock. At December 31, 2007 and 2006, the Corporation held 1,465 shares of treasury stock appurtenant to 12 apartments. It is the Corporation's intention to sell additional treasury stock apartments. During 2007, the Corporation incurred renovation costs of \$16,815 on one of these units which has been deferred until the unit is ultimately sold. Another unit was sold in March 2008 for a gross sales price of \$289,000. In addition, another unit became vacant in 2008 which will also be sold.

Note 9 - GARAGE LEASE

The Corporation, as lessor under the lease, will receive minimum base rents over each of the next five years as follows:

2008	\$ 165,360
2009	166,733
2010	172,121
2011	173,522
2012	174,937

The above rents will be reduced by the aggregate monthly charges billed to monthly resident parkers which will be collected directly by the Corporation. The lease also contains a real estate tax escalation clause allowing for possible additional rents.

Note 10 - PENSION CONTRIBUTIONS

The Corporation makes contributions to a union sponsored multi-employer pension plan, based on the number of weeks worked by each employee covered under the union contract. Pension expense which is a component of union benefits was \$4,301 and \$3,840 for the years ended December 31, 2007 and 2006.

NAGLE APARTMENTS CORP.

Notes to Financial Statements

Note 11 - REAL ESTATE TAX

New York City real estate taxes have been originally assessed as follows:

<u>Fiscal Year</u>	<u>Taxable Valuation</u>	<u>Tax Rate</u>	<u>Annual Tax</u>
2004/05	\$ 1,271,700	12.2160	\$ 155,351
2005/06	1,450,800	12.3960	179,841
2006/07	1,685,700	12.7370	214,708
2007/08	1,452,400	11.9280	173,242

The Corporation routinely protests the taxable assessed valuation of its Property for real estate taxation purposes. Protests are currently "open" for tax year 2007/08.

During 2006, the Corporation settled tax years 2005/06 and 2006/07 resulting in current benefits of \$41,118 and future benefits of approximately \$129,000 due to reduced transitional values. The \$ 41,118 is reported as an account receivable on the December 31, 2006 balance sheet. In connection with this settlement the Corporation incurred \$25,524 of legal fees.

Note 12 - CORPORATION TAXES

The Corporation is qualified to file its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income.

For the year ended December 31, 2007, the Corporation sustained an operating loss and is not liable for Federal income tax. The Corporation has incurred cumulative net operating losses for tax purposes which are available to be carried forward to future tax periods. New York State Franchise and New York City Corporation taxes are calculated by utilizing special tax rates available to cooperative housing corporations, based on the Corporation's capital base.

It is believed that the Corporation will not benefit from any deferred tax benefits resulting from prior net operating losses, therefore, no deferred tax assets have been recognized.

Note 13 - CONTINGENCIES

From time to time matters of litigation or claims arise in the ordinary conduct of the Corporation's business. In the opinion of management, litigation or claims outstanding against the Corporation at December 31, 2007 are either without merit or the ultimate losses, if any, would not have a material adverse effect on the financial positions or results of operations of the Corporation.

Note 14 - CONCENTRATION OF CREDIT RISK

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

**S U P P L E M E N T A R Y A N D P R O S P E C T I V E
I N F O R M A T I O N**



Ted B. Lackowitz, CPA
Norman Prisand, CPA
Steven Battino, CPA
George L. Klueg, CPA
K. Steven Wegert, CPA
Robert A. Mellina, CPA
Evan J. Unterlack, CPA

David S. Zeidman, CPA (1944-2006)

**INDEPENDENT ACCOUNTANT'S REPORT
ON SUPPLEMENTARY AND PROSPECTIVE INFORMATION**

To The Board of Directors and Stockholders of
NAGLE APARTMENTS CORP.

Our report on our audits of the basic financial statements of NAGLE APARTMENTS CORP. for 2007 and 2006 appears on Page 1 and was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Comparative Schedule of Revenue and Expenditures - Budget, Historical and Forecast is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also have compiled the accompanying budget forecast of NAGLE APARTMENTS CORP. for the year ending December 31, 2008, in accordance with guidelines established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of forecasted data information that is the representation of management and does not include evaluation of the support for the assumptions underlying the presentation. We have not examined the presentation and, accordingly, do not express an opinion or any other form of assurance on the accompanying presentation or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Zeidman, Lackowitz, Prisand & Co., LLP

April 16, 2008 for Historical Statements

December 7, 2007 for Forecast

NAGLE APARTMENTS CORP.

Comparative Schedule of Revenue and Expenditures - Budget, Historical and Forecast

	For The Year		Prior Year	Next Year
	January 1, 2007 - December 31, 2007		January 1, 2006 - December 31, 2006	January 1, 2008 - December 31, 2008
	Budget (Unaudited)	Actual	Actual	Forecast (Unaudited)
REVENUE				
Maintenance - Apartments (1)	\$ 716,000	\$ 717,097	\$ 663,077	\$ 761,100
Garage income	124,000	122,885	125,952	126,400
Rental income	74,300	76,123	78,932	66,700
Electricity submetering	54,000	54,049	44,221	49,800
Sublet, late, repair and other fees	36,600	30,169	42,363	60,000
Stockholders' parking	30,000	25,155	26,702	25,000
Laundry income	17,300	21,020	17,700	29,100
Interest and dividends	16,300	11,878	10,310	20,300
Operating and energy assessments	-	-	51,270	-
TOTAL REVENUE	1,068,500	1,058,376	1,060,527	1,138,400
EXPENDITURES				
Management fee	43,000	43,000	41,000	43,000
Professional fees	39,000	29,116	59,470	(2)
Other administrative and telephone	12,600	14,330	11,393	11,700
Gas heat and fuel	111,900	130,583	110,252	103,600
Electricity and gas	62,100	68,485	61,023	69,900
Water and sewer	65,000	62,218	59,955	73,700
Wages and related costs	118,300	122,608	120,614	128,400
Insurance and related interest	54,000	43,923	48,217	45,200
Laundry contract	19,000	20,826	12,641	19,700
Submeter service	5,000	6,152	4,938	5,300
Miscellaneous operating and permits	7,000	3,348	2,946	9,800
Repairs and maintenance	90,000	87,794	82,489	96,900
New York City real estate tax	167,000	175,488	156,157	175,300
Corporation taxes	1,200	1,191	1,284	1,200
Mortgage interest and amortization	237,200	236,742	236,769	237,200
Credit line interest	-	-	3,055	-
TOTAL EXPENDITURES	1,032,300	1,045,804	1,012,203	1,065,700
Budgeted Surplus (3)	\$ 36,200			\$ 72,700
ACTUAL OPERATING INCOME		12,572	48,324	
Mortgage amortization		87,451	82,149	
Adjustment of prior years' income and loan		(19,486)	-	
Loan interest (4)		(4,815)	-	
INCOME BEFORE DEPRECIATION	\$ 75,722	\$ 130,473		

- (1) Maintenance has been increased to \$5.85 per share of stock from \$5.60 per share effective January 1, 2008, which is approximately 4.46%. In connection with the 2007 increase, the former energy surcharge and operating assessment have been eliminated.
- (2) Includes \$25,524 of legal fees related to real estate tax reductions.
- (3) It is anticipated that at least \$30,000 of operating surpluses will be transferred to the reserve fund for future capital projects.
- (4) The loan payments of \$142,000 per year will be paid from the reserves with funds generated by apartment sales.

See Accountant's Compilation Report and Summary of Significant Accounting Policies and Forecast Assumptions.

NAGLE APARTMENTS CORP.

Summary of Significant Accounting Policies and Forecast Assumptions For The Year Ending December 31, 2008

The 2008 financial forecast was prepared by the Corporation's Treasurer with input from the management company (collectively "Management") and approved by the Board of Directors. The financial forecast presents, to the best of management's knowledge and belief, the Corporation's expected results of operations for the forecast period. Accordingly, the forecast reflects management's judgment, as of December 7, 2007, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The forecast has been prepared using generally accepted accounting principles that the Corporation expects to use when preparing its historical financial statements.

FORECAST ASSUMPTIONS

Revenue

Maintenance charges have been computed based on \$5.85 per share of stock, per month which reflects an increase of approximately 4.46% over the previous year. Garage and rental income are based upon current lease terms. Electricity submetering is based upon monthly consumption reports generated by an independent consultant. Laundry income is based upon a contract. Other fees and income are based upon historical experience or contracts.

Expenses

Payroll expenses and benefits are based upon a union contract and anticipated staffing requirements. Utilities are based upon rates set by the appropriate regulatory agencies. Gas heat and fuel reflect average consumption over several years and current market conditions for price. Real estate tax is computed based on the taxable valuation times an estimated tax rate and is forecasted to remain flat. Debt service is based upon payments required by the Corporation's outstanding mortgage payable. Repairs and maintenance are based upon historical experience and expected maintenance requirements. Insurance has been increased to reflect anticipated premiums. Other expenses are based upon historical experience or contracts.

Income Tax

The Corporation is subject to Federal income tax based on net income. The Corporation is also subject to New York State Franchise tax and New York City Corporation tax calculated at the higher of tax based on net income or capital.