

East River Housing Corporation FY2009 Annual Budget

Overall Budget

The East River BOD has approved the FY09 budget for East River Housing Corporation. The budget includes a 10.25% maintenance increase to be implemented on September 1, 2008. We have also budgeted flip tax revenue of \$3M in line with previous experience. In addition, we have assumed expenses to increase by approximately \$2.2M from FY08 due mainly to increases in both fuel and real estate taxes. Capital and one-time expenses budgeted for FY09 include general building repairs including terraces and foundation work and the renovation of the playground between buildings 1 & 2.

East River Housing Corporation FY2009 Annual Budget

	<u>BUDGET</u>	<u>% OF TOTAL</u>
INCOME		
Shareholder Maintenance	\$ 13,297,750	66.0%
Flip Taxes	\$ 3,000,000	14.9%
Electricity Billed to Shareholders	\$ 1,520,314	7.5%
Commercial Rents	\$ 977,000	4.8%
Other	<u>1,359,866</u>	<u>6.7%</u>
TOTAL OPERATING INCOME	<u>20,154,930</u>	<u>100.0%</u>
EXPENSES		
Administration and Mgmt	1,908,127	9.6%
Labor and Benefits	3,295,810	16.6%
Utilities	6,543,917	32.9%
Repairs, Services, Supplies	2,360,702	11.9%
Real Estate Taxes	5,010,694	25.2%
Interest	<u>787,923</u>	<u>4.0%</u>
TOTAL OPERATING EXPENSES	<u>19,907,173</u>	<u>100%</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>\$ 247,757</u>	
MORTGAGE/CAPITAL/ONE-TIME EXPENSES		
Mortgage Principal	364,030	
Terrace Repairs	116,475	
Building Repairs	210,000	
Playground Replacement	60,000	
Parking Fees - NYCHA	<u>23,625</u>	
TOTAL MORT/CAPITAL/ONE-TIME EXPENSES	<u>774,130</u>	
CASH FLOW AFTER MORT/CAPITAL/ONE-TIME EXPENSES	<u>\$ (526,373)</u>	

East River Housing Corporation

FY2009 Cash Flow

Cash Flow

The East River Housing Corporation is estimating positive cash flow from operations of approximately \$250,000 during FY2009. Including Mortgage, Capital and One-Time Expenses, we have estimated a negative cash flow of (\$525,000) for FY2009. We are estimating ending FY09 with approximately \$3.2M in cash reserves.

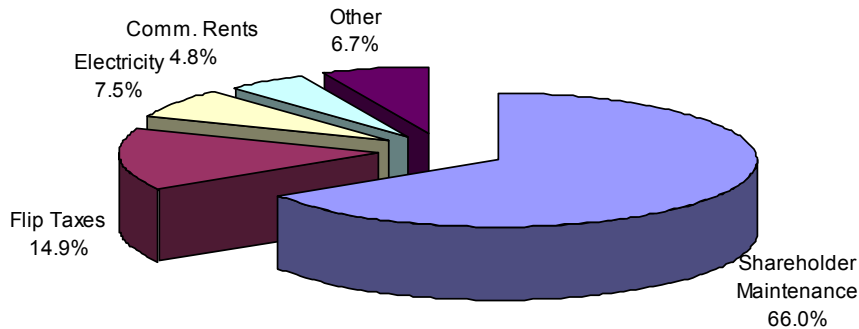
East River Housing Corporation Period Ending June 30, 2009 Cash Flow

	<u>BUDGET</u>
Beginning Cash (July 1, 2008)	3,772,299
Plus: Operating Income	\$ 20,154,930
Total Cash and Cash Inflows	\$ 23,927,229
Less: Operating Expenses	19,907,173
Less: Capital and One-Time Expenses	774,130
Total Expense and Cash Outflows	20,681,303
Ending Cash (June 30, 2009)	3,245,927

East River Housing Corporation FY2009 Income

Income

Over 85% of East River's operating income comes from Shareholder Maintenance, Commercial Rents, and Flip Tax Revenue. In the past two years, we have increased our commercial lease income by over \$200,000 or 25% through renegotiation of expiring leases. We have also consistently budgeted our flip tax revenue conservatively due to market volatility in the NYC real estate market. During FY08, we also completed a renegotiation of our laundry contract which will result in both an increase in fixed payments as well as a revenue split on actual laundry income. The Board is continuing to look for additional sources of income including redevelopment of our commercial spaces and better utilization of existing space within our buildings.



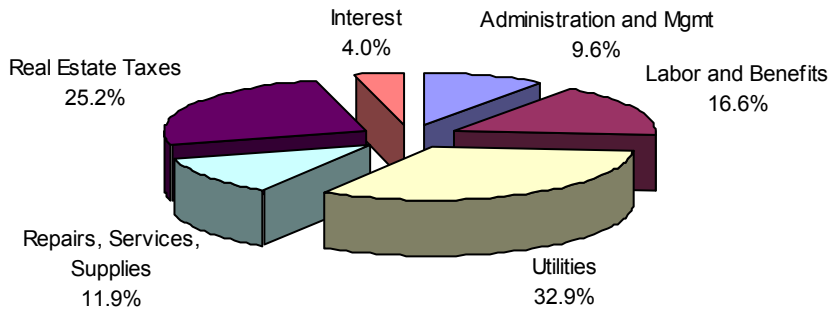
	<u>BUDGET</u>	<u>% OF TOTAL</u>
INCOME		
Shareholder Maintenance	\$ 13,297,750	66.0%
Flip Taxes	3,000,000	14.9%
Electricity Billed to Shareholders	1,520,314	7.5%
Commercial Rents	977,000	4.8%
Other	<u>1,359,866</u>	<u>6.7%</u>
TOTAL OPERATING INCOME	<u>20,154,930</u>	<u>100.0%</u>

	<u>BUDGET</u>	<u>% OF TOTAL</u>
Other Income		
Parking	\$ 688,800	3.4%
Fitness	177,600	0.9%
Storage (Bike and Tenant)	129,600	0.6%
Laundry	117,500	0.6%
Interest	51,966	0.3%
Late Fees and Credit Checks	70,800	0.4%
Sublet Income	78,000	0.4%
Misc	<u>45,600</u>	<u>0.2%</u>
Total	<u>1,359,866</u>	<u>6.7%</u>

East River Housing Corporation FY2009 Expenses

Expenses

Approximately 58% of East River's budget is spent on Real Estate Taxes and Utilities including fuel, electricity, gas, water. An additional 29% is spent on Repairs/Services and Labor Expenses. These include costs of maintaining East River and delivering services to our individual cooperators. East River consistently has one of the lowest cost per sq. foot for maintenance when compared to other large cooperatives. In addition, ER Management and the Board is constantly looking at ways to implement new cost savings while maintaining or increasing the level of services delivered. In the past year, we have successfully negotiated lower insurance rates, reduced overtime and have continued the review of our steam plant operations for additional cost savings.



	<u>BUDGET</u>	<u>% OF TOTAL</u>
EXPENSES		
Administration and Mgmt	1,908,127	9.6%
Labor and Benefits	3,295,810	16.6%
Utilities	6,543,917	32.9%
Repairs, Services, Supplies	2,360,702	11.9%
Real Estate Taxes	5,010,694	25.2%
Interest	787,923	4.0%
TOTAL OPERATING EXPENSES	19,907,173	100.0%

	<u>BUDGET</u>	<u>% OF TOTAL</u>
Administration and Mgmt		
Management	\$ 488,087	2.5%
Legal	210,800	1.1%
Insurance	773,500	3.9%
Corporate Taxes	77,200	0.4%
Other Professional Fees	128,300	0.6%
Office and Administrative Expense	191,040	1.0%
Senior Care Contribution	39,200	0.2%
Total	1,908,127	9.6%

	<u>BUDGET</u>	<u>% OF TOTAL</u>
Repairs, Services, Supplies		
Painting and Plastering	\$ 34,600	0.2%
Building Repairs	642,000	3.2%
Security	949,000	4.8%
Elevator Maintenance	204,152	1.0%
Building and Janitorial Supplies	248,400	1.2%
Gardening and Landscaping	121,800	0.6%
Exterminating	88,950	0.4%
Misc Repairs and Services	71,800	0.4%
Total	2,360,702	11.9%

	<u>BUDGET</u>	<u>% OF TOTAL</u>
Utilities		
Electricity	\$ 2,288,125	11.5%
Fuel	3,352,293	16.8%
Water and Sewage	783,499	3.9%
Gas	120,000	0.6%
Total	6,543,917	32.9%

- Fuel budgeted at \$2.80 per gallon for FY09
- Electric/Water/Sewer cost increase of ~14% from FY08
- Real Estate Tax increase of ~25% from FY08