

NATIONAL ASSOCIATION OF HOUSING COOPERATIVES
ANNUAL CONFERENCE - HYATT REGENCY EMBARCADERO
SAN FRANCISCO, CA
RCM – BUDGET PRINCIPLES
OCTOBER 2009

Mark B. Shernicoff – Mark@Shernicoff.com

BUDGETS

- PLAN - REVENUE AND EXPENSES.
- CAPITAL - OPERATIONS
 - OPERATING - DAY TO DAY OPERATIONS INCLUDING NORMAL MAINTENANCE
 - CAPITAL - MAJOR REPAIRS RENOVATION AND REHABILITATION
- OPERATING BUDGET/SETTING BUILDING CARRYING CHARGES
 - PROVIDES FOR WHAT IS NEEDED - ESTABLISH CARRYING CHARGES
 - WHEN DO YOU DO THE BUDGET – 2-3 MONTHS BEFORE YEAR BEGINS.
 - YEAR TO DATE ACTUAL
 - PROJECT BALANCE OF YEAR
 - COMPARE TO BUDGET
 - INCREMENTAL - THIS YEAR PLUS
 - ZERO BASED - WHAT DO YOU NEED
 - LABOR
 - ENERGY
 - TAXES
 - MORTGAGE
 - SUPPLIES
 - REPAIRS

NATIONAL ASSOCIATION OF HOUSING COOPERATIVES
ANNUAL CONFERENCE - HYATT REGENCY EMBARCADERO
SAN FRANCISCO, CA
RCM – BUDGET PRINCIPLES
OCTOBER 2009

Mark B. Shernicoff – Mark@Shernicoff.com

BUDGETS (CONTINUED)

- CAPITAL BUDGET
 - AN OUTLINE OF THE CO-OP'S LONG TERM REQUIREMENTS FOR THE "REPAIR" AND REPLACEMENT OF THE BUILDING'S COMPONENTS AND MAJOR SYSTEMS

 - HAVE ENGINEER/ARCHITECT/AGENT/OTHERS INSPECT THE BUILDING TO DETERMINE CONDITION, REMAINING USEFUL LIFE AND ESTIMATED COST TO REPAIR OR REPLACE
 - FACADE/ROOF/PARAPETS
 - WINDOWS
 - HEATING SYSTEM
 - ELECTRICAL SYSTEM
 - ELEVATORS
 - GROUNDS
 - ETC.

 - SOURCE OF FUNDS FOR FINANCING THE WORK
 - EXISTING RESERVES
 - FUTURE RESERVES
 - BORROWING
 - INSTITUTIONAL
 - CONTRACTOR
 - ASSESSMENTS

ANY HOUSING CORPORATION
2010 Budget

	2008	2009	2009	2009	2010	Percent	Increase/	Percent
	Actual	Budget	9 Months	Estimated	Proposed	of Total	(Decrease)	Change
			Cash					
Expenditures:								
Mortgage	152,130	152,130	114,098	152,130	152,130	11.45%	0	0.00%
Real Estate Tax	314,161	340,000	334,182	334,000	355,000	26.71%	21,000	6.29%
Payroll & Related	423,469	427,000	321,546	430,300	450,000	33.86%	19,700	4.58%
Fuel	44,728	65,000	58,240	75,000	75,000	5.64%	0	0.00%
Gas & Electric	22,703	24,000	18,225	24,300	26,000	1.96%	1,700	7.00%
Water & Sewer	20,969	24,000	13,603	17,900	19,000	1.43%	1,100	6.15%
Repairs & Maint	106,701	85,000	56,948	70,000	75,000	5.64%	5,000	7.14%
Elevator	10,104	10,000	7,310	9,800	10,000	0.75%	200	2.04%
Supplies	21,756	24,500	19,053	25,300	27,000	2.03%	1,700	6.72%
Management	42,500	42,500	31,875	42,500	42,500	3.20%	0	0.00%
Legal	4,565	5,000	3,679	5,000	5,000	0.38%	0	0.00%
Accountant	8,200	8,500	2,050	9,100	9,800	0.74%	700	7.69%
Engineer/Professional	16,595	2,000	4,243	6,000	6,000	0.45%	0	0.00%
Insurance	32,361	40,000	23,368	36,000	40,000	3.01%	4,000	11.11%
Corporate Tax	5,773	5,500	4,321	5,600	6,000	0.45%	400	7.14%
Uniforms	4,205	2,500	1,053	1,400	1,600	0.12%	200	14.29%
Exterminator	7,138	2,000	7,045	8,650	8,500	0.64%	(150)	-1.73%
Phone	3,147	3,000	1,995	2,700	3,000	0.23%	300	11.11%
Other	15,484	12,000	15,279	16,820	17,500	1.32%	680	4.04%
Total for Operations	1,256,689	1,274,630	1,038,113	1,272,500	1,329,030	100.00%	56,530	4.44%
RFR Contribution	100,000	100,000	75,000	100,000	100,000			
Total	1,356,689	1,374,630	1,113,113	1,372,500	1,429,030			
Receipts:								
Rent	80,059	81,900	60,886	81,600	83,000	6.25%	1,400	1.72%
Sublet Fees	4,560	4,000	6,220	8,560	9,000	0.68%	440	5.14%
Laundry	6,300	6,300	4,725	6,300	6,300	0.47%	0	0.00%
Late & Other Charges	5,952	6,500	7,250	7,500	7,000	0.53%	(500)	-6.67%
Total	96,871	98,700	79,081	103,960	105,300	7.92%	1,340	1.29%
Cash Requirements	1,159,818	1,175,930	959,031	1,168,540	1,223,730	92.08%	55,190	4.72%
Carrying Charges	1,160,107	1,176,396	861,936	1,176,396	1,225,262		48,866	4.15%
Surplus/(Deficit)	289	466	(97,095)	7,856	1,532			
Per Share/Year	76.9200	78.0000		78.0000	81.2400			
Per Share/Per Month	6.4100	6.5000		6.5000	6.7700			

ANY HOUSING CORPORATION
Capital Budget

Project:	<u>Amount</u>	Expended to <u>Sept. 2009</u>	Balance to <u>Complete</u>
Waterproofing	160,200	68,080	92,120
Boiler	71,000	39,000	32,000
Elevators	150,000	0	150,000
Consulting	20,000	6,840	13,160
Total	<u>401,200</u>	<u>113,920</u>	<u>287,280</u>

Funds Available:

BONY Money Market	44,174
Chase Money Market	121,090
Chase CD (Due 5/6/06)	100,729
Estimated Operating Surplus	<u>7,500</u>
Total	273,493

Committments

Needed for Capital Projects	<u>(287,280)</u>
-----------------------------	------------------

Additional Funds Required

13,787

**ANY HOUSING CORP.
Multi Year Capital Budget**

Project:	Amount	Expend to Sept. 2009	Balance to Complete	Future Spending			
				<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Waterproofing	160,200	68,080	92,120	25,000	67,120	0	0
Boiler	71,000	39,000	32,000	32,000	0	0	0
Elevators	150,000	0	150,000	0	0	90,000	60,000
Roof	90,000	0	90,000	0	65,000	25,000	0
Lobby Redecoration	65,000	0	65,000	0	0	40,000	25,000
Window Replacements	250,000	0	250,000	0	0	50,000	200,000
Consultants	40,000	6,840	33,160	4,000	7,000	9,000	13,160
Total	826,200	113,920	712,280	61,000	139,120	214,000	298,160

Funds Available:

BONY Money Market	44,174
Chase Money Market	121,090
Chase CD (Due 1/6/10)	100,729
Estimated Operating Surplus	<u>7,500</u>
Total	273,493

Committments

Needed for Capital Projects	<u>(712,280)</u>
Additional Funds Required	438,787
RFR Contributions, Including Interest:	<u><u>(440,000)</u></u>

ANY HOUSING CORPORATION

Estimated Labor Costs

<u>Position</u>	<u>No.</u>	<u>Rate</u>	<u># Weeks</u>	<u>Total</u>	
Superintendent	1	1,200	26	31,200	
	1	1,275	26	<u>33,150</u>	\$ 64,350
Handy Man	1	900	26	23,400	
	1	945	26	<u>24,570</u>	47,970
Porters	5	800	26	104,000	
	5	840	26	<u>109,200</u>	<u>213,200</u>
Total Wages					325,520
		<u>Tax Wages</u>	<u>Tax Rate</u>	<u>Per Capita</u>	
FICA (Social Security)		\$ 325,520	7.65%		24,902
Federal Unemployment	7	\$ 49,000	0.80%		392
State Unemployment	7	\$ 59,500	2.85%		1,696
Union Benefits	7			\$ 12,075	84,525
Workers' Comp		\$ 325,520	4.00%		<u>13,021</u>
					<u><u>450,056</u></u>

Estimated Fuel Costs

<u>Year</u>	<u>Gallons</u>	<u>Price</u>	<u>Dollars</u>
2004	29,354	\$ 0.7659	\$ 22,483
2005	28,693	0.7443	21,356
2006	29,865	0.7586	22,656
2007	30,567	1.0960	33,500
2008	30,098	0.7745	23,312
2009	30,205	1.4808	44,728
2010 (Estimated)	<u>35,000</u>	<u>2.1429</u>	<u>75,000</u>
Total	<u>213,782</u>	<u>\$ 1.1368</u>	<u>243,035</u>
Average	<u>30,540</u>	<u>\$ 1.1368</u>	<u>\$ 34,719</u>
2010 Gal 5 Yr Avge Price	<u>35,000</u>	<u>1.1368</u>	<u>39,789</u>
2010 Gal 2 Yr Avge Price	<u>35,000</u>	<u>1.4587</u>	<u>51,054</u>
2010 Gal @ 90% Price	<u>35,000</u>	<u>1.9286</u>	<u>67,500</u>
2010 Gal @ Current Price	<u>35,000</u>	<u>2.1429</u>	<u>75,000</u>
2010 Gal @ 110% Price	<u>35,000</u>	<u>2.3571</u>	<u>82,500</u>
2010 Gal @ 120% Price	<u>35,000</u>	<u>2.5714</u>	<u>90,000</u>
2010 Gal @ 130% Price	<u>35,000</u>	<u>2.7857</u>	<u>97,500</u>