



# Financial Update

January 14, 2020  
PS 46



# Introduction

- Board Members in Attendance
  - Brian S. Sokoloff, Esq., President
  - Kevin O'Brien, Vice President
  - Mark M. Ulrich, CPA, Treasurer
  - Michelle Boniello, Secretary
  - John Farrell, Director at Large
  - Ben Wong, Director at Large
- Joe Giannasco, CPA, Joseph Giannasco CPA LLC
- Maria Petrizzo, Property Manager

# Agenda

- President's Message
- Board of Director Policy Goals
- Financial Update
- Capital Projects
- Q&A

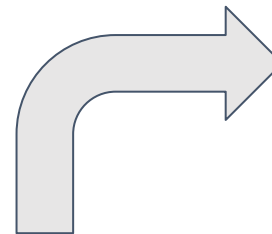
# Board of Director Policy Goals

- Improve quality of life
- Provide a well-maintained property and infrastructure
- Increase property values
- Encourage value-added improvements
- Keep maintenance affordable and reasonable

Source: Glen Oaks Village

# Some Challenges the Board Faces

- Anti-coop state and city laws and proposed laws
  - Housing Stability and Tenant Protection Act of 2019
  - “Reasons” bill
  - NYC “Green New Deal”
- Anti-coop property tax policy
  - Assessments based on imputed rental income, not market value
  - Assumes we are a for-profit rental complex (we are not)
  - Class II, no property tax cap (limit on tax increases)
- Infrastructure issues
- Internal issues
  - Tenant disputes, smoking issues, house rule violations
  - Employee/staffing issues
- Renovations and Alterations
- Sales, applications, interviews
- Snow removal
- Vendors (Quality/Service)



Your Board of Directors, protecting your investment

# Financial Update



Mark M. Ulrich, CPA  
Treasurer  
Bell Park Gardens

# Summary Income Statement

## For the years ending 8/31/19 and 8/31/18



	8/31/2019	8/31/2018
Total Revenue (Non Flip)	\$7,105,443	\$7,293,207
Flip and Interest Revenue	\$1,322,193	\$1,608,479
Total Revenue	\$8,427,636	\$8,901,686
Total Expenses	\$8,434,949	\$8,254,601
(Deficit) / Surplus (excl. depreciation)	(\$7,313)	\$647,085

# Revenue Analysis (Operating)



	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Apartments	\$ 5,787,321	\$ 5,605,358
Administrative Charge	970,357	1,042,933
Garages and Parking	179,595	181,753
Laundry Commissions	27,756	28,054
Parking Permits and Other Fees	94,694	94,929
Miscellaneous Income	45,720	67,710
	<u>7,105,443</u>	<u>7,020,737</u>
<b>TOTAL OPERATING REVENUES</b>		



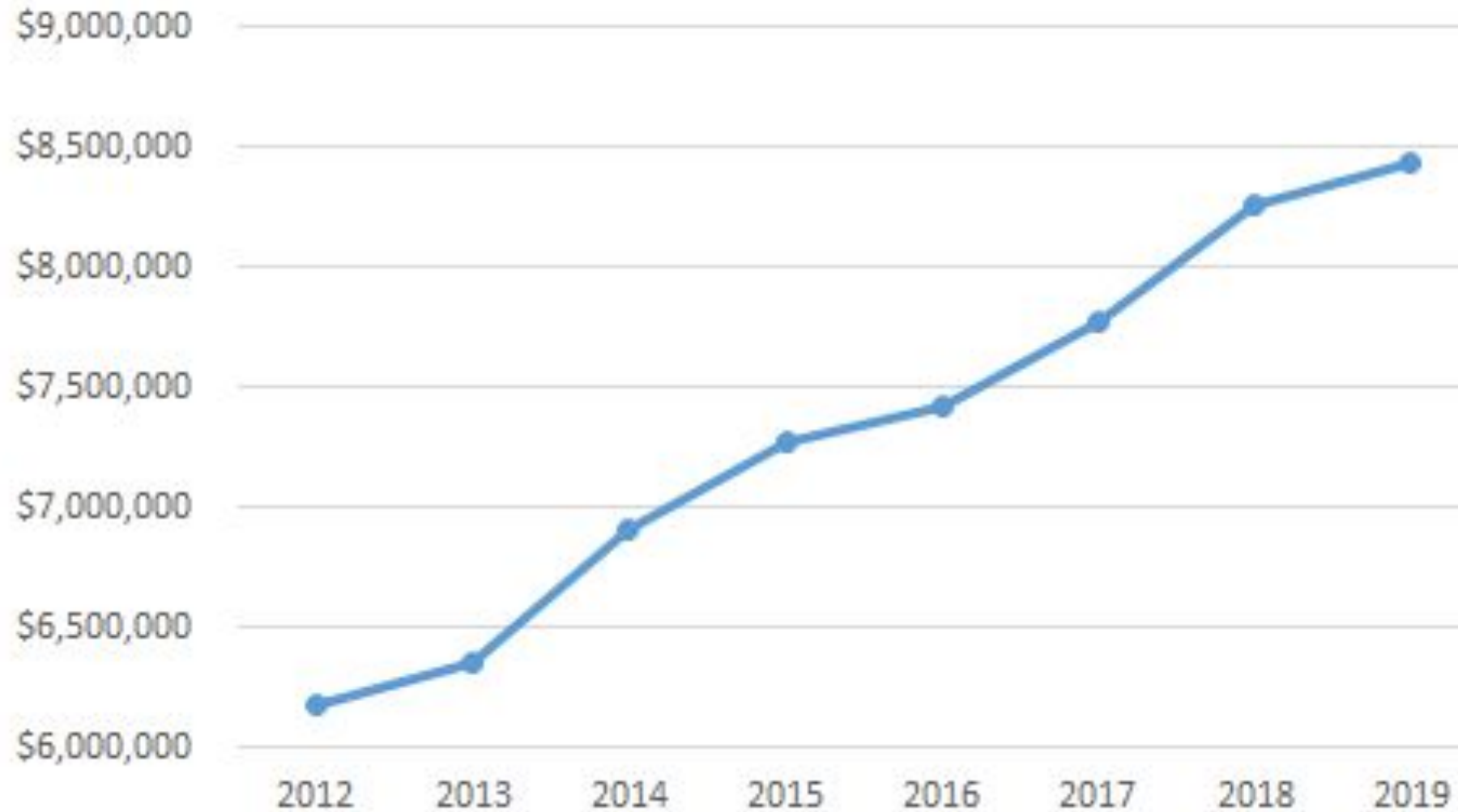
# Revenue Analysis (Flip and Other)



	<u>2019</u>	<u>2018</u>
<b>OTHER INCOME</b>		
Transfer Fee - Seller's Levy	1,212,755	1,540,575
Transfer Fee - Buyer's Levy	55,252	54,021
Real Estate Tax Reductions-Prior Years	-	272,470
Interest Earned on Reserves	54,186	13,883
	<u>1,322,193</u>	<u>1,880,949</u>
<b>TOTAL OTHER INCOME</b>		

Cannot rely on this revenue to cover operating expenses as in past practice. All revenue here should support the reserves/capital projects. (We are getting there)

## Bell Park Gardens Operating Expenses



Most of the increase is due to property taxes.

Very few costs are controllable.

# Expense Analysis--Administrative



	<u>2019</u>	<u>2018</u>
	<i>Schedule 5</i>	
<b>ADMINISTRATIVE EXPENSES</b>		
Administrative Salaries	\$ 152,163	\$ 144,402
Office Expenses	6,866	9,322
Management Fees	60,000	60,000
Professional Fees	96,867	68,280
Legal Commission on Real Estate Tax Reductions	-	127,762
Telephone	12,821	11,882
Data Processing and Computer	4,643	4,435
Miscellaneous Administrative Expenses	18,409	18,004
	<u>351,769</u>	<u>444,087</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>\$ 351,769</u>	<u>\$ 444,087</u>

# Expense Analysis--Other Operating



	<u>2019</u>	<u>2018</u>
	<i>Schedule 6</i>	
<b>OTHER OPERATING EXPENSES</b>		
Heating Gas	\$ 881,833	\$ 832,940
Janitors' Payroll	271,314	255,534
Electricity	111,493	116,999
Electric Meter Readings	19,500	19,500
Water and Sewer	631,196	534,671
Cooking Gas	77,915	75,154
Exterminating Contract	13,272	17,734
Employees' Uniforms	5,415	7,413
Miscellaneous Operating Expenses	<u>37,949</u>	<u>12,878</u>
<b>TOTAL OTHER OPERATING EXPENSES</b>	<u><u>\$ 2,049,887</u></u>	<u><u>\$ 1,872,823</u></u>

# Expense Analysis--Maintenance Expenses



	<u>2019</u>	<u>2018</u>
	<u><i>Schedule 7</i></u>	
<b>MAINTENANCE EXPENSES</b>		
Security	\$ 86,618	\$ 77,763
Grounds Payroll	74,629	69,245
Grounds Supplies and Contract	214,092	76,643
Maintenance Payroll	363,730	369,783
Repairs - Materials	111,576	101,276
- Contracts	149,843	97,471
- Boilers and Equipment	13,791	31,667
- Maintenance Equipment	11,000	17,609
- Snow Removal	2,660	3,974
Reimbursed Repairs	<u>(33,162)</u>	<u>(37,245)</u>
<b>TOTAL MAINTENANCE EXPENSES</b>	<u><u>\$ 994,777</u></u>	<u><u>\$ 808,186</u></u>

# Expense Analysis--Taxes and Insurance



	<u>2019</u>	<u>2018</u>
	<i><u>Schedule 8</u></i>	
<b>TAXES AND INSURANCE</b>		
Real Estate Taxes	\$ 4,332,541	\$ 4,460,344
Employees' Welfare and Pension	294,630	279,979
Hazard Insurance	241,907	211,233
Payroll Taxes	73,920	74,724
Worker's Compensation Insurance	16,447	39,748
NYS and NYC Franchise Taxes	79,071	63,477
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<b>TOTAL TAXES AND INSURANCE</b>	<u><u>\$ 5,038,516</u></u>	<u><u>\$ 5,129,505</u></u>



# Summary of Notable Increases/Decreases



	8/31/2019	8/31/2018	Difference	%	Explanation
Real estate attorney fee	0	\$127,762	-\$127,762	-100%	Fee to RE attorney paid last year for five year credit settlement
Professional Fees	\$96,867	\$68,820	\$28,047	41%	Private investigator, ECB violation consultant (Jack Jaffa), attorney letters
Misc. Operating	\$37,949	\$12,878	\$25,071	195%	ECB violations and work to reconcile/correct ECB violations
Electricity	\$111,493	\$116,999	-\$5,506	-5%	Continue LED lighting implementation, HE laundry equipment
Water and Sewer	\$631,196	\$534,671	\$96,525	18%	\$76k paid in April 2019 for broken meter backbilling
Grounds Supplies & Contracts	\$214,092	\$76,643	\$137,449	179%	\$30k prior year billings, \$41k tree removal/pruning, \$15k to cancel VD contract
Repair Contracts	\$149,843	\$97,471	\$52,372	54%	Payments to repair/replace underground heating systems, sewer work
Property Taxes	\$4,332,541	\$4,460,344	-\$127,803	-3%	Would have gone up if not for \$228k credit from prior settlement

**Real Estate Taxes by Apartment Size  
(slightly more for end apartments)  
Based on 9/1-8/31 fiscal year**



	3.5	4.5	5	6
2012	\$2,777.77	\$3,320.93	\$3,533.45	\$3,716.23
2013	\$2,852.85	\$3,410.69	\$3,628.96	\$3,816.67
2014	\$3,125.28	\$3,736.38	\$3,975.49	\$4,181.13
2015	\$3,526.02	\$4,215.49	\$4,485.26	\$4,717.26
2016	\$3,757.87	\$4,492.67	\$4,780.18	\$5,027.44
2017	\$4,145.05	\$4,955.56	\$5,272.69	\$5,545.43
2018	\$4,483.75	\$5,360.49	\$5,703.54	\$5,998.56
2019	\$4,355.28	\$5,206.90	\$5,540.11	\$5,826.68

Note:  
2018 to  
2019  
decrease  
due to  
settlement  
credit;  
otherwise  
would have  
been an  
increase



**Still close to a 60% increase since 2012**

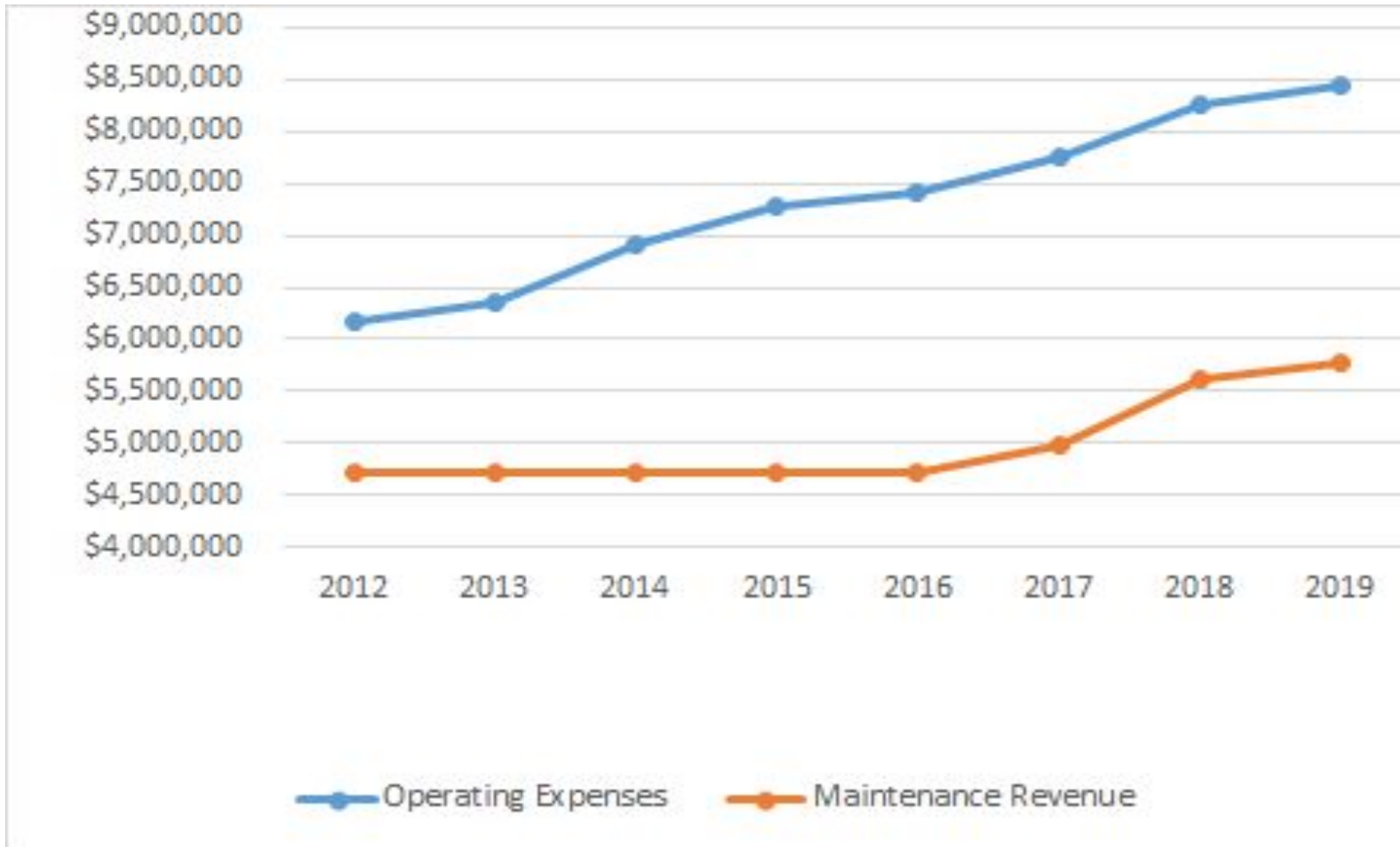


# Property Taxes (excluding impact of settlement)



	Real Estate Taxes	% Increase
2012	\$2,763,272	
2013	\$2,837,959	2.70%
2014	\$3,108,960	9.55%
2015	\$3,507,611	12.82%
2016	\$3,738,251	6.58%
2017	\$4,123,410	10.30%
2018	\$4,460,344	8.17%
2019	\$4,560,541	2.25%

# Operating Expenses and Maintenance Revenue



Making up the difference in 2019:

Abatement Assessment:  
\$970,357

Parking Revenue:  
\$274,289

Flip Tax:  
\$1,212,755

# Other Notable Items

- 8/31/2019 results do not include the 1/1/2020 10% increase
- Home Enhancement Project revenue from additional shares
  - 7 projects (four sunrooms, three basements)
  - All are currently paying between 5%-20% additional maintenance per month depending on square footage added
  - Additional HEP projects pending

# HEP Shares

- New shares issued to shareholders who add sunrooms and basements
- % of shares added depends on square footage added to apartment based on a formula (Maximum 20%)
- Maintenance increases by % of shares issued (Maximum 20%)
- Shares must be purchased for \$100 each (par value)

# Examples

- 2 Bedroom Lower adds a basement (700 sq feet)
  - 20.092 shares added (shareholder will buy shares for \$2,009.20)
  - Maintenance will increase by 20% (\$114 per month increase)
- 2 Bedroom Upper End adds a sunroom (174 sq feet)
  - 5.788 shares added (shareholder will buy shares for \$578.80)
  - Maintenance will increase by 5.70% (\$33 per month)
- Two basements done/substantially done, two sunrooms done, more in progress
- 15 sunrooms and 15 basements would mean additional annual recurring revenue of approx. \$38,000 for BPG (subject to increases) and one-time revenue of approx. \$42,000 for share issuance



# Reserves

8/31/2018 Balance: \$1,524,867

8/31/2019 Balance: \$1,480,413

Transfers out needed to cover operating and repair costs due to slow sales and emergency maintenance issues in Summer 2019

# Corporate Apartment to Sell?

- Nick (boiler person) retired at the end of 2019
- Lived in a corporate-owned apartment
- Board considering plan to sell corporate-owned apartment to recoup reserve funds used to purchase super apartment
- Would bring in a one-time cash inflow for BPG as well as monthly maintenance revenue
- Aligning our practices with other coops that only have one live-in maintenance employee (the superintendent)

# Challenges Ahead

- Property Taxes
- Capital Projects
- Infrastructure
- Flip Tax/Reserves/Revenue Stream





## Update on Property Tax Settlement (Year 2)

- Recent settlement of tax certiorari proceedings
- Jeffrey Golkin Partners

Total Benefit from Settlement	\$1,267,000
Cash Refund (2018)	\$272,470
Legal Fees (10% of settlement) (2018)	\$126,700
Net Cash Refund (2018)	<u>\$145,770</u>

- Remaining benefit of approx. \$994,530 to be reflected as offsets to real estate tax billing through June 30, 2022
- During fiscal year 2019, we received a credit of \$228,000 against our property tax bill

## The Property Tax Fight Continues

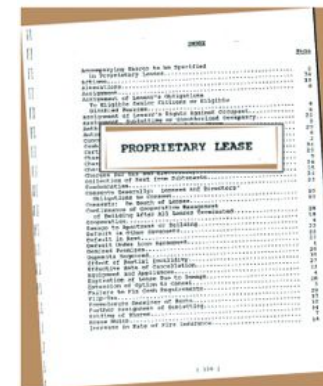
- Presidents of Coop and Condo Council (PCCC)
- Mark M. Ulrich, CPA, Vice President of PCCC
- Engaging with politicians at all levels of government
- Current law caps property taxes on co-ops with less than 11 units
- Trying to at least get that law changed to all co-ops, regardless of number of units
- Need to change how assessments are calculated (currently taxing us as commercial real estate property and comparing us to similar rental income properties)
- Waiting on NYC property tax panel report
- Additional BPG property tax protest in process

## Flipping Back to Financial Stability

- Bridging the gap between recurring revenue and operating expenses
  - Higher recurring revenue (increased maintenance, parking revenue, HEP revenue)
  - Controlling costs when possible
  - Pursuing RE tax battle
- 5% flip tax is acceptable to lenders and provides a vehicle to fund reserves
- Need to continue to reduce reliance on flip tax for budget purposes, but keep 5% flip tax in place to fund reserves
- It is apparent that shareholders were holding on to apartments waiting for flip tax to decrease

What does the proprietary lease say?

“The transfer fee shall be allocated as follows: ...a percentage of the purchase price...shall be added to the reserve fund...”



## Flip Tax Revenue



## Sales during FY 19 (and current FY)

- Fiscal Year 2018: 31 closings
- Fiscal Year 2019: 31 closings
- Fiscal Year 2020 (current): 7 closings, 7 pending
- Highlights:
  - 3 Bedroom: \$342,500 (one recent closing at \$345,000)
  - 2 Bedroom Duplex: \$420,000
  - 2 Bedroom Simplex: \$291,500 (one in contract now at \$320,000)
  - 1 Bedroom Simplex: \$250,000
  - Prices improving, flip tax reduction is playing a bit part
- Many apartments on the market now, many in contract

# Still cheaper...but yes--still too cheap

- Maintenance on a two bedroom at BPG: \$630
- Hollis Court, Windsor Oaks, Estates at Bayside: \$800-\$1000+/month
- We do not have a ground mortgage and do not want one (would cause maintenance to be closer to our neighbors)
- The faster we continue this recovery, the less of a chance that we will need one
- No plans to reduce flip tax again, but we must ensure that we have revenue to support expenses, and revenue should be recurring (maintenance, parking, other recurring sources)

# Revenue Budget FY20 (with FY19 Actual)



	<b>BUDGET</b>		<b>ACTUAL</b>
	<b>8/31/2020</b>		<b>8/31/2019</b>
<b>Maintenance</b>	\$6,474,189		\$5,787,321
<b>Abatement Offset</b>	\$1,200,900		\$970,357
<b>Garages</b>	\$187,200		\$179,595
<b>Laundry</b>	\$18,000		\$27,756
<b>Interest</b>	\$40,000		\$54,186
<b>Flip Tax (both)</b>	\$600,000		\$1,268,007
<b>Parking Permits</b>	\$95,000		\$94,694
<b>Misc. Income</b>	\$52,400		\$45,720
<b>Total Revenue</b>	\$8,667,689		\$8,427,636



# Expense Budget FY20 (with FY19 Actual)



	<b>BUDGET</b>		<b>ACTUAL</b>
	<b>8/31/2020</b>		<b>8/31/2019</b>
<b>Admin &amp; Operating</b>	\$270,400		\$351,769
<b>Utilities</b>	\$2,057,000		\$2,049,887
<b>Maintenance</b>	\$823,100		\$994,777
<b>Taxes and Insurance</b>	\$5,122,300		\$5,038,516
<b>Reserve Provisions</b>	\$35,000		
<b>Total Expenses</b>	\$8,307,800		\$8,434,949
<b>Surplus (Deficit)</b>	\$359,889		(\$7,313)

# Capital Projects/Infrastructure

- Capital Improvements Needed
  - Boilers
  - Foundation
  - Parking Lots
  - Gutters
  - Roofs
  - Uniform screen doors
  - Windows



# May Shareholder Meeting/Election

- Four board positions expiring:
  - Robert Arra
  - Michelle Boniello
  - John Farrell
  - Kevin O'Brien
- Board searching for new voting services company

# Queens Bus Network Redesign

- MTA has proposed a brand new bus network plan for Queens
- Plan would have the following negative impacts:
  - Would eliminate Saturday express bus service to Manhattan
  - Would eliminate Sunday express bus service to Manhattan
  - Would eliminate later weekday departures to Queens (9:30PM instead of 12AM)
  - Would eliminate all off-peak departures from Queens to Manhattan
  - Would reduce rush hour frequency of midtown and downtown service
- However, local bus service to the Bayside LIRR, Forest Hills subway station and Jamaica F subway station planned
- Contact the MTA and local elected officials to comment
- Our property values might be impacted if overall service is considered to be reduced

# Bell Park Gardens E-Mail

- To contact the Board, e-mail [board@bellparkgardens.nyc](mailto:board@bellparkgardens.nyc)
- To contact the office, e-mail [office@bellparkgardens.nyc](mailto:office@bellparkgardens.nyc)
- To submit forms, e-mail [forms@bellparkgardens.nyc](mailto:forms@bellparkgardens.nyc)



Website



[www.bellparkgardens.nyc](http://www.bellparkgardens.nyc)

# Shareholder Questions

- Line up in the left aisle (facing stage)
- You are limited to two comments or questions
- Then, please return to seat or go to back of line if you have additional comments or questions
- Please keep questions and comments relevant to the meeting content
- Please do not ask questions about your own apartment