



# Budget preparation: A simplified approach for NYC boards

At FirstService Residential, our mission is to simplify your role as a board member – and that includes finalizing your annual operating budget. Our dedicated financial analysts are here to support you, as well as your property manager, by preparing and delivering a timely, accurate building budget.

Your building's budget is dependent on two important things: accuracy and timely review. **We follow these five simple steps to achieve both.**



# 1. We begin the budget process six months in advance of the new fiscal year.

Your operating budget is the foundation of your building's financial management and operations. Rushing the process can yield costly mistakes and frustration among your owners or shareholders. That's why we always kick-off the process six months in advance to provide ample time for multiple reviews. You'd be surprised how often our analysts identify cost-saving alternatives that reduce annual expenses and free-up additional resources.



# 2. We look out for trends in spending.

In the past year, have your insurance premiums spiked? Was there a rise in payroll or overtime staff wages? Our team conducts an expense-to-budget analysis to identify areas where costs and revenues have been steadily increasing or decreasing. This can often reveal opportunities to curb costs or consider affordable alternatives to essential building services. The most common categories include:

- Repairs and maintenance
- Utilities
- Payroll and benefits
- Real estate taxes
- Debt service
- Insurance coverage
- Vendor contracts
- Discretionary expenses

*"Our 500-unit building has been managed by FirstService for almost 20 years. Their financial group is excellent! Our budgets are routinely within one percent of actual and that is due to the solid work of our property manager and financial analyst."*

- Gerald R., Manhattan Board President



### 3. Pay close attention to your revenue streams.

The primary source of revenue for most buildings is monthly maintenance or common charges. Whether an increase in monthly charges is needed will be determined by your budget. Additional sources of revenue can include subletting or application fees, amenity fees, and monthly rent from a commercial tenant.



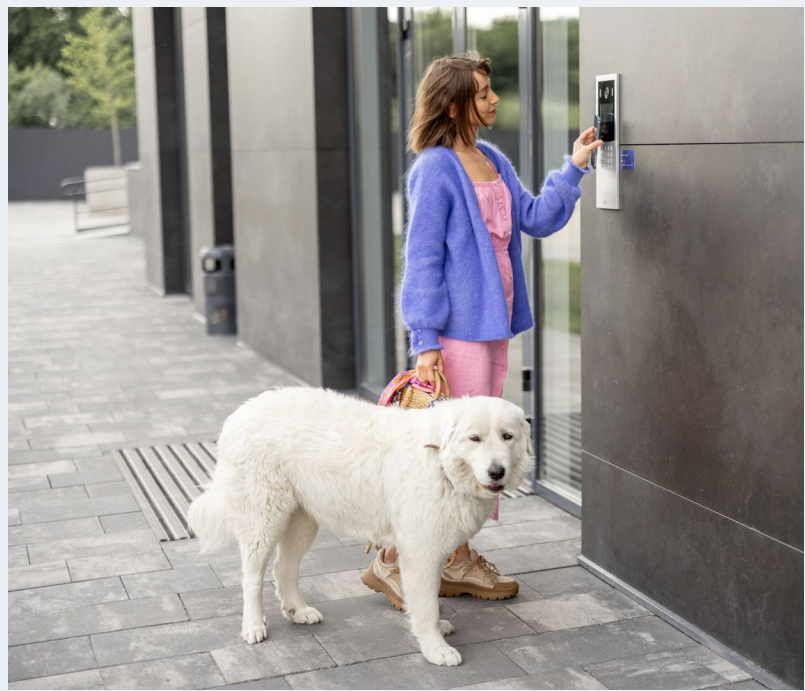
### 4. Budget review should be a transparent and collaborative process.

The finance committee or the board will review the first draft of the budget we prepare. During this time, it is prudent to examine all items in the budget with your management team, including the contracts, assumptions, and trends that influenced the document. This is an opportunity to make any changes, prior to the approval of the final draft.



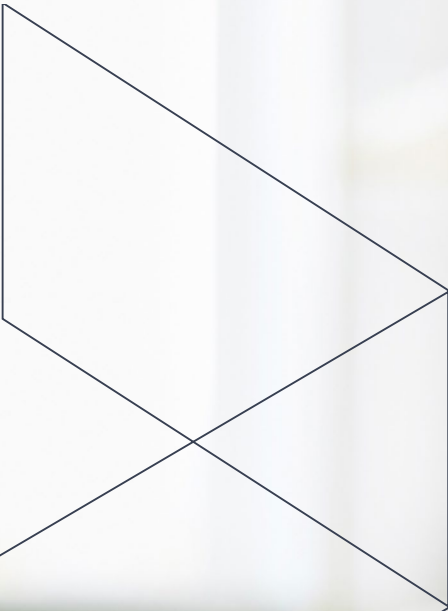
### 5. Communicate with your owners and shareholders.

Once you have worked with your manager to make the appropriate modifications to the draft, it is time for the board to approve the budget. If your governing documents require approval from shareholders or unit owners, consider holding a town hall once the budget is drafted. You will also want to ensure that owners are properly notified of the approved budget and its impact on their monthly charges.



At FirstService, we help condo and co-op boards fulfill their fiduciary duty. Our managers also leverage our buying power to deliver services and solutions that reduce operating costs and maximize revenue.

We sum this up as “Life, simplified” – our brand promise to improve your experience as a board member and the lives of your fellow residents.



## Let's talk

about how FirstService can improve financial operations at your property.

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Life, simplified.