

EDEN ROCK

www.edenrockowners.com



The Official
Newsletter of Eden
Rock Owners

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quarterly issue

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Summer, 2024



TREASURE TROVE

APARTMENT SALES

To date, four units have been sold in 2024 and three units are actively listed for sale. The average sales price per share is \$1,221.

Spectrum Update

As we reported in April, we have updated our bulk agreement with Spectrum, which became effective on May 28, 2024, resolving all outstanding issues we were experiencing, expanding apartment eligibility to everyone, and improving the channel offering, while maintaining the cost at the same amount, \$87.50 per unit. Additionally, as part of the agreement the building received a \$40,000 bonus payment from Spectrum, which will help offset some of our expenses. We remind all shareholders to take advantage of this deal.

Laundry Room Update

We have updated the laundry room with all-new washing machines and dryers, refreshed the painting and re-polished the floor. We replaced the fire-safety system for the room. All these actions were at no cost to our building, paid for by the laundry room operator, Hercules. Additionally, we will receive slightly more rent from this endeavor, \$1,700 per month compared to the prior operator at \$1,500 per month.

Summary Of Audited Financial Statements For Last Year

Every shareholder should have received a copy of our audited financial statements, distributed in May. As mentioned during the annual shareholders' meeting, our building is financially stable at this time. At the end of 2023, we had revenues of \$2.9M and expenses of \$2.8M, resulting in net income of \$110K. We maintained discipline in our expenses, resulting in lower costs for labor, utilities, repairs, and administrative fees.

Current Financial Situation And Budget Outlook For This Year

Through the end of June, our revenues totaled \$1.753M and our expenses totaled \$1.722M, on or close to budget. As a reminder, our total budget calls for revenues and expenses of \$3.3M respectively for this year. We have shored up our reserves, from \$530K to \$650K, over the last three months. We have working capital of \$570K, resulting in a total cash position of \$1.2M. We will be filing an initial inspection for our garage structure, by the deadline of August 2024, and we will start a project to replace our roof, which is currently at the end of its life. We will keep you apprised of these efforts.

SEEKING VOLUNTEERS

The Treasury committee works diligently on financial topics, for the benefit of our community. We are seeking volunteer shareholders to join our group. If you are interested in financial topics and may be able to contribute meaningful inputs on our building's financial operations, you should consider volunteering. You need not be an expert in finance; an eye for detail can be helpful and a general comfort with numbers and spreadsheets. The committee meets in person once a month & communicates largely by email. If you are interested, please contact info@edenrockowners.com with a summary / bio.



*One Person's Opinion on
the Value of a Flip Tax
— David*

As a Board we have talked about the Eden Rock budget in our Town Hall, the Candidates' Night event, at our Annual Meeting and through various letters to the community. This was all part of our commitment to do outreach every month until September when we vote the proposal up or down.

No matter the outcome, I feel that the entire process has been a valuable teaching moment for our community. Our Board has been more transparent about the workings of the building than ever before. And we have finally brought the idea of a flip tax to the larger community even though various Boards have had internal discussions for a number of years.

The reason we need to bring this into the open is simply we need to find funding to deal with a 70 year old building. In broad strokes, maintenance covers yearly Operational costs, expenses that people expect to pay every year, whether homeowners or renters, like taxes, gas and electricity.

But there are some expenses that are beyond the scope of "normal" day to day costs. If the building needs a new roof or boiler, or if the city says we have to fix the sidewalk around our building because it is a tripping hazard, we might need to "find" the money to cover the costs. The renter doesn't have to worry about these kinds of expenses in the short term, even though their rent might eventually be raised, however the homeowner does.

Even though we own shares of a corporation which owns and operates our building, for all intents and purposes, we are homeowners and not renters. When expenses come up we must pay them and expenses are coming up. We are calling these kinds of expenses, Capital expenses.

As we have said before there are only a few ways to generate the capital needed:

- Borrow from a lending institution with interest
- An assessment linked to a particular project
- Raise our maintenance to create a Reserves fund
- Or some combination of the above

Let's say in the near future we have to spend \$1,000,000 on the garage or for our elevators. If you divide 1,000,000 by our total number of shares 41,530, that means each share could be assessed at \$24.07. If the average apartment has 200 shares, that apartment is charged an additional \$4,815.79 per year to the maintenance. That would mean an increase of \$401.32 a month for a year. If in year one we had to fix the garage because the city demanded it and in year 3 we had to replace the elevators we could find ourselves with an average \$4,815 assessment two times in three years.

We had five sales from July 2023 to February 2024. If we had a 3% flip tax during those sales the building would have generated \$32, 820. You could argue that \$33,000 is small compared to \$1,000,000 but again a flip tax as our treasurer says "creates a long-term income stream". We grow a Reserves nest egg over time in an interest bearing account so that we have some relief over the long haul. It doesn't solve all our problems but it is one more tool in our arsenal.

ASK RENÉE

The Official Newsletter of the Eden Rock Owners

WHY CAN'T WE KEEP DOORMATS OUTSIDE OUR APARTMENT DOORS, AND OTHER BUILDING RULES?

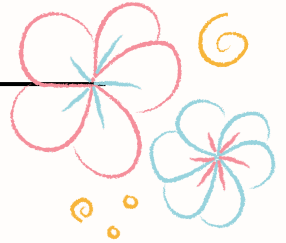
Many times shareholders have asked us about what they perceive to be silly house rules that seem to make no sense to them. Using the fore-mentioned example, what could be wrong with not wanting to track dirt into one's home? The fact is that in case of a fire, when the lights go out in the hallways and everyone is rushing to escape or when firefighters are searching about for victims, anything in the hallway is a potential impediment, whether doormats, shoes, umbrellas, strollers or anything else left outside one's door, whether momentarily or permanently. It is for this reason that the house rules mandate that nothing may be left outside a resident's door, even, for example, "just until my shoes or umbrella dry." The simple solution of course is to place the doormat right inside the front door and to maintain one's property inside one's apartment.

It should be noted that the same reasoning applies to keeping the fire escapes clear. Nothing may be stored on them, plants, as decorative as they may be, are not allowed on them, and beverages or other items should not be chilled on them in winter. Anything on the fire escape is a potential impediment in case of a fire and is prohibited.



COMMUNITY

UPDATES



Spectrum

Sign up today and receive one DVR box, one cable box, high speed WiFi and multiple platforms listed for the low price of \$87.50 a month. Includes — Disney+, STARZ, and Paramount+ with Showtime.



Hercules

Thank you for your patience with the transition of our laundry room. If you haven't already done so, please make sure to pick up your new laundry card and complimentary laundry bag.

Please let us know how Hercules is doing. We welcome your feedback, please contact:

info@edenrockowners.com

