

THE SHORE CLUB STRATA PLAN #125

FINANCIAL STATEMENT YTD 2017 COMMENTS

GENERAL OVERVIEW

- As 2017 was the first year of operations, there was not any history available from prior years to build the budget. Budget 2017 was made based on experience with The Palms which is a similar structure and to our best knowledge.
- Strata income statement ended with a profit of \$77,741 vs a budgeted profit of \$3,835
- To be noted that figures for LY (2016) are not really comparable, as the resort was not yet operational and only consisted of 10 months.
- To be noted that 2017 also was an abnormal year and affected by the major hurricane Irma, so some operating expenses during the closing and post-hurricane clean up and repairs might have been allocated to hurricane related.
- Major variances to budget are explained below.

REVENUES:

- **Maintenance revenues:**
 - o New property and all work orders for interior related in the units have been absorbed by the construction budget as part of punch lists.
- **Income from water/power:**
 - o 10% mark-up for line losses directly related to utility consumptions in the individual units.
- **Income from cable / pest control:**
 - o Adjustment has been made in the course of the year to reflect the correct mark-up as the billing to the individual unit owners was higher than the actual expense, showing the profit in Strata Corp. statements.

ADMIN & GENERAL:

- **Payroll & related:**
 - o Below budget but compensated with more outside security expenses, posted under other expenses.

- **Other expenses:**
 - **Outside Security Services:** explained as per above.
 - **Telephone:** to be allocated going forward.
 - **D&O insurance:** Insurance as from 2018 with formal strata board.
 - **Gym:** below budget as less budgeted expenses due to no dedicated gym attendant.
 - **Travel Expenses:** Travel allowance for Strata Board members to attend board meetings put in place for 2018

MAINTENANCE:

- **Payroll & Related:**
 - **Landscaping Payroll:** There is a lot of casual labor workforce that is being posted in other expenses under Grounds & Landscaping.
 - **Benefits:** Less employee housing and work permit expenses than anticipated.
- **Other Expenses:**
 - **Vehicles & Transportation:** Includes gas and vehicle repairs
 - **Maintenance Supplies:** Majority is directly related to less revenues from work orders.
 - **Building Maintenance:** Approx. \$5,600 included for additional utility meter readers.
 - **Life Safety:** Annual maintenance contract with IFS.
 - **Grounds & Landscaping:** As explained above, casual labor force is posted here.
 - **Sewage Treatment Plant:** A big part of the budgeted expense is utilities. As no individual meter readers were available, corresponding consumption has been posted under general utilities.

POOL & BEACH:

- **Payroll & Related:**
 - Overall total payroll is down to budget, basically because no employee housing was needed.
- **Other Expenses:**
 - Beach raking is an important expense, using equipment fuel, operator, etc...
 - Pool chemicals seem very low and under investigation to find out where allocated.

COMMON AREAS:

- No dedicated employees are on payroll for public space cleaning, so a monthly allocation has been made.