

THE SHORE CLUB STRATA PLAN #125

FINANCIAL STATEMENTS – BUDGET 2018 - COMMENTS

GENERAL OVERVIEW

- Budget for 2018 has been based on the historical information from 2017 that now is available.
- Budget 2018 has been made as a normal operating budget without any possible hurricane affects.
- Some expenses will be cost-shared with the (3) villas that are operational. We have budgeted as best as could the impact. Increased security, engineering, landscaping, etc.. vs recovery as cost sharing from the villas.
- Major variances to LY (2017) are explained below.

REVENUES:

- **Strata Fees:**
 - o No increase in strata fees are expected to be needed for 2018.
- **Maintenance revenues:**
 - o Regular billing for work orders as no repairs to interiors in units should be related to construction or punch lists anymore.
- **Income from water/power:**
 - o 10% mark-up for line losses directly related to utility consumptions in the individual units. Increase due to higher occupancies in 2018.
- **Villa Contributions:**
 - o These are contributions from the villas towards Strata Corporation for their use of facilities at the property (amounts for the 3 villas on a yearly base):

▪ Gym:	\$6,890
▪ Tennis court:	\$2,700
▪ Pool & Beach services:	\$40,450
▪ Sewage Plant:	\$6,688
▪ <u>Back of the house building</u>	<u>\$10,000</u>
Total contribution	\$66,728

ADMIN & GENERAL:

- **Payroll & related:**
 - Increase in direct contracted payroll and decrease in outside contracted security services.
 - Employee Relations: Allocation related to Strata employees (staff transportation, staff parties, employee recognition programs, year end staff party, etc...) No allocation had been made last year towards strata employees.
 - Back of the House Building contribution: Allocation related to Strata employees for services in the back of the house building (staff locker rooms, insurance, facilities for engineering, security, etc..)
- **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:** Increased expense with gym instructor added. Total increase is \$19,220 but \$6,890 allocated back to the contribution for the villas.
 - **Management Fee:** 3% CPI annual increase
 - **Travel Expenses:** Travel allowance for Strata Board members to attend board meetings put in place for 2018

MAINTENANCE:

- **Payroll & Related:**
 - **Landscaping Payroll:** Shift from casual payroll posted under other expenses to internal payroll.
 - **Bonus provision:** Expense was included under payroll last year.
- **Other Expenses:**
 - **Maintenance Supplies:** Directly related to increased revenues from work orders.
 - **Grounds & Landscaping:** As explained above, casual labor force is posted here.
 - **Sewage Treatment Plant:** As no individual meter readers were available, corresponding consumption has been posted under general utilities last year. Since individual meters have been installed being able to identify the consumption of the sewage treatment plant.

POOL & BEACH:

- **Payroll & Related:**
 - Same level as 2017

- **Other Expenses:**
 - **Laundry:** due to increase occupancy levels and corrected allocations.
 - **Pool Chemicals:** 2017 figures have been understated and is under investigation.