

PALM BEACH SHORES RESORT
Estimated Operating Budget
For The Period: January 01, 2018 - December 31, 2018
Total Number of Unit Weeks: 13,520

INCOME:	WEEKLY	MONTHLY	ANNUAL	PER UNIT WEEK
MAINTENANCE FEES	210,860	913,727	10,964,720	811.00
OTHER INCOME	5,769	25,000	300,000	22.19
RENTAL INCOME	5,769	25,000	300,000	22.19
INTEREST AND LATE FEE INCOME	1,731	7,500	90,000	6.66
REAL ESTATE TAX COMMISSION	1,442	6,250	75,000	5.55
TOTAL INCOME	225,572	977,477	11,729,720	867.58
ITEM OF EXPENSE				
I. PAYROLL, TAXES AND BENEFITS:				
FRONT DESK & RESERVATIONS	11,827	51,250	615,000	45.49
HOUSEKEEPING	20,385	88,333	1,060,000	78.40
ACTIVITIES	3,654	15,833	190,000	14.05
ADMINISTRATION AND ACCOUNTING	7,133	30,910	370,921	27.43
MAINTENANCE	6,442	27,917	335,000	24.78
PAYROLL TAXES AND BENEFITS	9,808	42,500	510,000	37.72
	59,248	256,743	3,080,921	227.88
II. OPERATING EXPENSES:				
LAUNDRY , LINEN & CLEANING SUPPLIES	5,288	22,917	275,000	20.34
UNIFORMS	192	833	10,000	0.74
OPERATING AND GUEST SUPPLIES	2,885	12,500	150,000	11.09
SERVICE CHARGES & BAD DEBT	50,725	219,808	2,637,690	195.10
MAINTENANCE EXPENSES	6,731	29,167	350,000	25.89
ACTIVITIES EXPENSES	1,058	4,583	55,000	4.07
MAINTENANCE CONTRACTS	1,894	8,208	98,500	7.29
COMPUTER SERVICES AND MAINTENANCE	1,346	5,833	70,000	5.18
CAPITAL LEASES	1,615	7,000	84,000	6.21
COMMON EXPENSES	6,058	26,250	315,000	23.30
ENERGY CONSERVATION PROJECT	96	417	5,000	0.37
	77,888	337,516	4,050,190	299.57
III. GENERAL AND ADMINISTRATION EXPENSE:				
TELEPHONE	577	2,500	30,000	2.22
OFFICE, PRINTING AND POSTAGE	2,885	12,500	150,000	11.09
LICENSES, DUES AND FEES	288	1,250	15,000	1.11
AUDIT FEES AND PROFESSIONAL FEES	1,231	5,333	64,000	4.73
BILLING AND COLLECTION	1,250	5,417	65,000	4.81
	6,231	27,000	324,000	23.96
IV. RENT FOR RECREATIONAL AND OTHER COMMONLY USED FACILITIES				
	N/A	N/A	N/A	N/A
V. REAL ESTATE TAXES UPON ASSOCIATION PROPERTY WILL BE SEPARATELY ASSESSED AFTER THE ASSOCIATION RECEIVES THE TAX BILL FROM THE PALM BEACH TAX COLLECTOR.				
	N/A	N/A	N/A	N/A
VI. TAXES UPON LEASED AREAS				
	N/A	N/A	N/A	N/A
VII. INTEREST EXPENSE				
	423	1,833	22,000	1.63
VIII. UTILITIES:				
ELECTRICITY	5,769	25,000	300,000	22.19
CABLE TELEVISION	1,058	4,583	55,000	4.07
FUEL	1,635	7,083	85,000	6.29
WATER	4,327	18,750	225,000	16.64
WASTE REMOVAL	865	3,750	45,000	3.33
	13,654	59,167	710,000	52.51
IX. INSURANCE				
	16,346	70,833	850,000	62.87
X. FEES DUE TO DIVISION OF TIMESHARE				
	537	2,327	27,924	2.07
XI. MANAGEMENT FEES				
	27,460	118,993	1,427,917	105.62
XII. SECURITY				
	2,788	12,083	145,000	10.72
XIII. FUNDING OF PRIOR YEARS DEFICIT				
	1,788	7,750	93,000	6.88
XIV. ESTIMATED EXPENSES FOR THE UNIT OWNER:				
RENT FOR THE UNIT, IF LEASED	N/A	N/A	N/A	N/A
RENT PAYABLE BY THE UNIT OWNER	N/A	N/A	N/A	N/A
TOTAL EXPENSES	206,364	894,246	10,730,952	793.71
RESERVES (SEE SCHEDULE ATTACHED)	19,207	83,231	998,768	73.87
TOTAL EXPENSES INCLUDING RESERVES	225,572	977,477	11,729,720	867.58
MAINTENANCE FEES PER UNIT WEEK	<u><u>\$811.00</u></u>			

	WEEKLY	MONTHLY	ANNUAL	PER UNIT WEEK
XV. RESERVES:				
ROOF	1,289	5,585	67,024	4.96
FIREPROOFING AND FIRE PROTECTION SYSTEM	307	1,330	15,956	1.18
PLUMBING	1,136	4,921	59,054	4.37
HEATING AND COOLING SYSTEMS	1,917	8,307	99,679	7.37
ELECTRICAL SYSTEMS	-	-	-	-
PAVEMENT AND PARKING AREAS	96	416	4,994	0.37
DRAINAGE SYSTEMS	17	75	901	0.07
SWIMMING POOL	104	450	5,397	0.40
ELEVATORS	116	503	6,036	0.45
FF & E - UNITS	11,517	49,905	598,865	44.29
FF & E - COMMON AREAS	487	2,110	25,314	1.87
EXTERIOR PAINTING	541	2,344	28,123	2.08
COMMON AREA EXPENSES	1,681	7,285	87,425	6.47
	19,207	83,231	998,768	73.87

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL EXPENDITURES
AND DEFERRED MAINTENANCE FUNDING

COMPONENTS	ESTIMATED USEFUL LIFE	ESTIMATED REMAINING USEFUL LIFE	ESTIMATED FUTURE REPLACEMENT COST (260 UNITS)	AMOUNT RESERVED UNDER THIS BUDGET	ESTIMATED FUND BALANCE
ROOF	25 years	15 years	1,490,938	67,024	485,577.00
FIREPROOFING AND FIRE PROTECTION SYSTEM	20 years	10 years	464,112	15,956	304,550.00
PLUMBING	35 years	15 years	1,502,137	59,054	616,328.00
HEATING AND COOLING SYSTEMS	15 years	8 years	1,185,136	99,679	387,707.00
ELECTRICAL SYSTEMS	20 years	10 years	176,605	-	359,743.00
PAVEMENT AND PARKING AREAS	20 years	10 years	113,112	4,994	63,171.00
DRAINAGE SYSTEMS	40 years	15 years	25,000	901	11,487.00
SWIMMING POOL	10 years	1 years	151,612	5,397	146,215.00
ELEVATORS	30 years	20 years	351,099	6,036	230,388.00
FF & E - UNITS	20 years	10 years	8,446,331	598,865	2,457,682.00
FF & E - COMMON AREAS	15 years	10 years	515,398	25,315	262,253.00
EXTERIOR PAINTING	15 years	10 years	392,357	28,123	111,131.00
COMMON AREA EXPENSES	40 years	20 years	1,758,321	87,425	9,816.00
			16,572,158	998,768	5,446,048.00

*** BUDGETED MAINTENANCE FEES HAVE INCREASED BECAUSE OF INCREASES IN HEALTH CARE BENEFITS, AS WELL AS GENERAL OPERATING EXPENSES.

NOTES

AS OF DECEMBER 31, 2016 THERE WERE THE FOLLOWING NOTES IN THE AUDITED FINANCIAL STATEMENTS WHICH DISCLOSE RELATED PARTY TRANSACTIONS;

COMMITMENTS

The Time share Resort has entered into a three-year management agreement on June 19, 1997 with a management company. The agreement automatically renews for three-year periods, unless either party notifies the other in writing at least sixty days prior to the end of any three - year period of its intention not to renew, by a vote of the unit owners pursuant to the provisions of the condominium or timeshare act or by written notice from the management company, as defined in the management agreement. The management was assigned to a new Developer on August 27, 1999, under the same terms as the management agreement entered into on June 19, 1997. The management agreement was automatically renewed on June 19, 2015 for three more years.

The agreement requires the Time Share Resort to pay the management company 15% of the budget maintenance fees exclusive of the management fee expense and reserve funds for the year. The management fee for 2016 was \$1,249,005.

NOTICE

A BOARD OF DIRECTORS MEETING WILL BE HELD
PALM BEACH SHORES, FLORIDA.

AT 11:00 AM AT PALM BEACH SHORES RESORT, 181 OCEAN AVENUE,

THE PURPOSE OF THIS MEETING IS TO CONSIDER AND VOTE UPON THE PROPOSED BUDGET, A COPY OF WHICH IS ATTACHED.