



September 8, 2023

Dear Neptune House Owner,

Your maintenance fee bill for 2024 and a copy of the resort's 2024 Budget are included in this mailing along with the resort's Assessment Billing and Collection Policy, our Check-In Date Calendar, and flyers with special offers from Capital Vacations and Trading Places International.

Maintenance fees for 2024 are as shown in the chart below. They represent a 14.1% increase over the 2023 fees, driven largely by dramatically increased insurance costs experienced in 2023 and expected in 2024.

	2023 Maintenance Fee	2024 Maintenance Fee	Change
Float	\$ 803	\$ 916	+ \$ 113
Studio	\$ 1,314	\$ 1,498	+ \$ 184
One Bedroom	\$ 1,459	\$ 1,665	+ \$ 206
Two Bedroom	\$ 1,604	\$ 1,832	+ \$ 228

Total Expenses in 2024 are budgeted at \$907,382, which is fractionally down from the budget in 2023 because of much lower spending on reserve projects. Total Revenue is budgeted at \$917,995, of which \$10,613 will be added to the Reserve Fund for future projects.

Revenue from Maintenance Fee Income will be 11.7% higher than in 2023. In spite of increasing maintenance fees by 14.1%, fewer owners overall (544 shares owned as of August 31, 2023, versus 559 shares owned as of August 31, 2022) will yield only 11.7% in added revenue.

Revenue from sources other than maintenance fees (labeled Other Income on the Presentation Budget) is budgeted at 15% less than in 2023. This is attributed to fewer expected winter rentals to contractors working on town projects and lower sales revenue, as the remaining shares available for sale by the Owners Association occur in weeks that are less desirable to purchase.

Reserve spending next year will be relatively small, in accordance with our 25-Year Reserve Plan. In fact, we plan to add to the Reserve Fund balance in preparation for upcoming projects. Maintenance Fee Income plus Other Income minus the amount added to the Reserve Fund equals Total Expenses.

The total costs to run the resort, which are comprised of the Operating Expenses, Administrative and General Expenses, Fixed Expenses, and Payroll & Benefits, are budgeted at \$834,719 in 2024. This amount represents a 16% increase compared to the similar group of expenses in 2023 primarily due to the increased insurance costs.

Spending on Reserve Plan projects plus Bad Debt Expense, \$72,663 combined, makes up the balance of Total Expenses. Reserve project spending will be \$46,000 which is 74% lower than in the 2023 budget per our revised 25-year Reserve Plan, while Bad Debt Expense will be \$26,663 which is 67% higher (Bad Debt Expense is budgeted at 3% of Maintenance Fee Income in 2024 versus 2% in 2023).

The Board believes that this budget is appropriate to deal with the rising costs of running the resort. Given the difficult financial circumstances, work to improve the function, comfort, quality, and appearance of the living units will proceed at a much slower pace than previously expected.

The levels of maintenance fees in 2025 and beyond are difficult to anticipate at this time because of the wild card of insurance costs. We will do our best to control maintenance fee increases while coping with an ongoing decline in ownership levels as some owners get older and are no longer able to derive sufficient value from their ownership.

If you have any questions, please send them to board@neptunehouse.com.

Board of Directors: Phil Totino, President
Mark Morrissette, Treasurer
Cheryl Moore
Doug Carnahan
Dave Cohen