



September 7, 2018

A copy of the 2019 Budget and maintenance fees is included in this mailing. Fees will remain flat, as promised over the 3-year time horizon for paying for the pool. 2019 will be the final year of the 3-year plan.

Total revenue in 2019 is forecasted to be \$802,629, which is a 1.4% increase over the 2018 budget. Income from the Annual Assessment, the Amenities Construction Fee, and the Reserve Fee is forecasted to be down slightly, as there are fewer paying shares. However, this is offset by increases in revenue compared to the 2018 budget in Rental Income, Bad Debt Income, and Sales Revenue, which is reflective of actual 2018 results.

The total costs to run the resort, which include the Operating Costs, Administrative Expenses, Fixed Expenses, and Payroll Expenses, are budgeted at \$641,154 in 2019 which represents a 2.0% increase in the budget over the similar group of expenses in 2018.

Phase II of the pool construction project, described in more detail in the September newsletter, is budgeted for \$83,200. That leaves \$62,904 for planned additional repairs and improvements, after accounting for Bad Debt Expense.

The fees that apply to you are reflected in the bill that is included in this mailing. Beginning in 2020, the Amenities Construction Fee will be gone, but consistent with our long-term, the Board anticipates an increase in the Reserve Fee to allow for needed long-term improvements to the resort. The net impact on fees in 2020 will depend on the degree to which we are able to monetize the inventory held by the Owners Association.

The Board is confident that this is a responsible budget that keeps us on the path to maintaining the long-term financial and physical health of the resort. Ongoing operations are being managed efficiently; the reserve plan has appropriate funding for long-term maintenance and periodic refreshing of the living units; and Phase II of the pool project is expected to be ready for use next season.

We are continuing efforts to get the shares that the Owners Association currently owns in the 30-week resort season into the hands of paying owners, so we can spread future expenses over a broader base, thereby controlling maintenance fees.

If you have any questions, please send them to [board@neptunehouse.com](mailto:board@neptunehouse.com).

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