



September 6, 2019

Dear Neptune House Owner,

Your maintenance fee bill for 2020 and a copy of the resort’s 2020 Budget are included in this mailing, along with the resort’s Assessment Billing and Collection Policy and a flyer from the Trading Places exchange company (a VRI sister company offering free membership to owners of VRI-managed resorts).

**All maintenance fees for 2020 are lower** as shown in the chart below. The decreases are made possible by discontinuance of the Recreational Amenities Fee that has been in place for the past three years to pay for the pool and patio. The decrease might have been larger, if not for our smaller ownership base and the increased costs of doing business on Block Island.

	2019 Maintenance Fee	2020 Maintenance Fee	Change
<b>Float</b>	\$ 746	\$ 734	- \$ 12
<b>Studio</b>	\$ 1,221	\$ 1,200	- \$ 21
<b>One-Bedroom</b>	\$ 1,357	\$ 1,334	- \$ 23
<b>Two-Bedroom</b>	\$ 1,493	\$ 1,468	- \$ 25

Total Available Funds in 2020 are forecasted to be \$840,047, which is a 4.7% increase over the 2019 budget. Total Available Funds are comprised of Total Revenue of \$804,147 plus \$5,900 from the accumulated Reserve Fund balance and a \$30,000 loan. The loan, provided by long-time owners at a below-market rate, will allow the Owners Association to accelerate the final Phase of the Recreational Amenities project (demolishing one tennis court, resurfacing the remaining court, replacing the fence around the remaining court, and providing a level grassy area for lawn games), rather than delay the project for several years or increase fees for one year. The Board anticipates taking a second \$30,000 loan in 2021 to complete the project. The loans will be repaid over five years. The Board feels confident that the loans fit well in the long-term financial plan and are in the best interest of the owners.

While the total Maintenance Fee is going down slightly, the portion of the Maintenance Fee allocated to Reserves is increasing in 2020 in accordance with our 25-year Reserve Plan. Revenue is also augmented in 2020 by anticipated increases in Sales Revenue, Rental Income, and Licensing Income, as a result of our new marketing strategy (described in the September newsletter).

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 \$681,732 in 2020. This amount represents a 6.3% increase over the similar group of expenses in 2019. The main drivers are increases in utility costs and expendable supplies as well as increased hours for seasonal staffing to lessen the strain on our permanent staff.

Spending on Reserve Plan projects plus Bad Debt Expense make up the difference of \$158,315 between Total Available Funds and Total Expenses. Reserve project spending will be slightly lower in 2020 than in 2019, while Bad Debt Expense will be approximately the same (Bad Debt Expense is set at 2% of Maintenance Fee Income).

The Board is confident that this is a sound budget that will sustain the long-term financial and physical health of the resort. Operations are being managed efficiently; the Reserve Plan has adequate funding for long-term maintenance projects; and major work to enhance owner satisfaction and the resort's curb appeal is proceeding as planned. The degree of success that we have in generating increased revenues from rentals, sales, and licenses will impact the levels of maintenance fees in the future.

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

Board of Directors: Phil Totino, President  
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