



September 10, 2021

Dear Neptune House Owner,

Your maintenance fee bill for 2022 and a copy of the resort’s 2022 Budget are included in this mailing along with the resort’s Assessment Billing and Collection Policy and our Check-In Date Calendar.

Maintenance fees for 2022 are as shown in the chart below. They represent a 2.5% increase over the 2021 fees. Although the average increase in maintenance fees over the past twenty years is 5.1% per year, we are able to limit the amount of next year’s increase because the sale of six summer shares earlier in the year is making it possible to end the year with no net loss in ownership.

	2021 Maintenance Fee	2022 Maintenance Fee	Change
Float	\$ 746	\$ 765	+ \$ 19
Studio	\$ 1,221	\$ 1,252	+ \$ 31
One Bedroom	\$ 1,357	\$ 1,391	+ \$ 34
Two Bedroom	\$ 1,493	\$ 1,531	+ \$ 38

Total Expenses in 2021 are budgeted at \$859,227, which is a 4.2% increase from the budget in 2021. Funding will come from Total Revenue of \$804,841 plus \$54,386 from the accumulated Reserve Fund balance.

Revenue from Maintenance Fee Income is budgeted 2.5% higher than in 2021. Revenue from sources other than maintenance fees (labeled Other Income on the Presentation Budget) is set at 5% less than in 2021. Lower Deedback Income and an expected drop-off in Bad Debt Recovery due to completion of most legal actions relating to the 2016 and 2018 foreclosures are partially offset by higher rental income, largely from winter rentals to contractors working on town projects, and the VRI Contribution to Marketing which is a new provision of the management contract with VRI that will go into effect next year.

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 \$698,463 in 2022. This amount represents a 1% decrease compared to the similar group of expenses in 2021 due to tighter spending controls over a variety of operating accounts.

Spending on Reserve Plan projects plus Bad Debt Expense, \$160,764 combined, make up the balance of Total Expenses. Reserve project spending will be significantly higher in 2022 than in the 2021 budget per our 25-year Reserve Plan, while Bad Debt Expense will be slightly higher (Bad Debt Expense is set at 2% of Maintenance Fee Income).

The Board believes that this is a solid budget that positions the resort for long-term financial and physical health. 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 has the appropriate level of funding.

The levels of maintenance fees in 2023 and beyond are expected to increase at a rate slightly higher than the rate of inflation on Block Island as operating costs rise and presuming that our ownership base resumes its downward trajectory.

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

Board of Directors: Phil Totino, President
Chery Moore, Vice President of Facilities Planning
Mark Morrissette, Treasurer
Jeff Anliker
Doug Carnahan