

Neptune House

Block Island, RI



**Owners Association
Annual Meeting**

March 28, 2026

Agenda

- 10:00 – 10:10 a.m. Welcome & Opening Remarks..... Phil Totino**
- 10:10 – 10:20 a.m. Strategic Initiatives..... Monica Warek**
- 10:20 – 10:30 a.m. Facility Improvements..... Samantha Disotell**
- 10:30 – 10:50 a.m. Financial Status..... Mark Morrissette**
- 10:50 – 11:00 a.m. Election Results..... Chris Lindgren**
- 11:00 – 12:00 p.m. Q&A..... All**
- 12:00 p.m. Adjournment**

Welcome & Opening Remarks

Phil Totino



Housekeeping

- **Please mute your audio**
- **How to Raise Your Hand during the Q&A Session**
 - **Within Zoom**
 - **At bottom of Zoom Window, click *Reactions***
 - **Then click *Raise Hand* or *Lower Hand***
 - **Calling in via Telephone**
 - **Press *9 to raise or lower your hand**



NHOA Meeting

Introductions

- **Board of Directors**
 - **Phil Totino – President**
 - **Mark Morrissette – Treasurer**
 - **Cheryl Moore**
 - **Steve Smith**
 - **Monica Warek**
- **Other Officer**
 - **Chris Lindgren – Secretary**
- **Resort Manager**
 - **Samantha Disotell**
- **Vacatia**
 - **Jay Agustin, Regional Vice President of Operations**
 - **Katie Corson, Director, Vacatia Partner Services**

Resort Season Highlights

- **Began Repairs to Employee Housing Building**
 - Upgrading to Current Safety Standards in 2026 (\$77,000)
 - Making Improvement for Long-Term Viability in 2027 (\$43,000)
- **Completed Third Year of Unit Interior Upgrade Work**
- **Experienced Strong Financial Performance**
- **Developed a Renter's Handbook**
 - Ideas, rate guidelines, and tax information
- **Posted Association-Owned Inventory for Sale Online**



Resort Season Challenges

- **Passing of Former GM Meredith McAloon**
- **Poor Winter Weather**
- **Unpredictable Insurance Premiums**
- **Declining Ownership**



NHOA Meeting

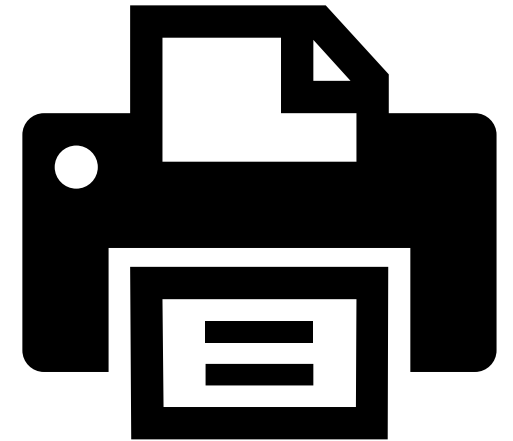
Strategic Initiatives

Monica Warek



Strategic Initiatives

- **Upgrade Living Unit Interiors**
 - **Common Standard of Function, Comfort, Quality, and Appearance**
- **Inventory Compilation**
 - **2022 Baseline**
 - **2024 Update**



Unit Interiors (1 of 3)

- **Features**

- **Bedroom Alarm Clocks with Power Outlets, USB Ports, and Bluetooth Speakers**
- **Bedroom & Living Room Lamps with USB Ports**
- **Living Room Rugs**
- **Up-To-Date Art on Walls**
- **Functional Up-To-Date Window Treatments**
- **Up-To-Date Sliding Glass Doors**
- **Framed-in Windows in place of some Sliding Glass Doors**
- **Up-To-Date Kitchen Cabinets, Countertops, and Appliances**



Unit Interiors (2 of 3)

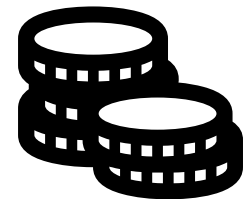
- **Features (Cont'd)**

- **Up-To-Date Dining Room Sets**
- **Up-To-Date Living Room Furniture**
- **42" Smart TVs**
- **Up-To-Date Bedroom Furniture and Comfortable Mattresses**
- **Doors on Closets**
- **Up-To-Date Bathroom Vanities**
- **Non-Slip Tubs/Showers**
- **Floor-Length Mirrors**
- **Functional, Attractive Flooring and Lighting**



Unit Interiors (3 of 3)

- **Total Estimated Cost of Work Needed: \$552,000**
- **Completion Percentage to Date: 28%**
- **Estimated Cost of Remaining Work: \$397,000**
 - **Average Per Unit: \$17,260**
- **Units Needing the Least Work: 3, 11, 2, 15, 6**
- **Units Needing the Most Work: 20, 19, 21, 4, 24**
- **Funding Source: Annual Maintenance Fees**
- **Amount allocated in 2026 Budget: \$37,000**



Facility Improvements

Samantha Disotell



2025 Improvements: Units (1 of 2)

- **Replaced Microwave Oven in Unit 1**
- **Replaced Stove in Unit 4**
- **Installed Living Room Rugs in Units 1, 3, 4, 5, 8, 10, 16 and 21**
- **Replaced Coffee Tables in Units 3 and 5**
- **Replaced TV Cabinet in Unit 14**
- **Replaced End Tables in Unit 3**
- **Replaced Dining Sets in Units 4, 7, 9, 10, 12 and 21**
- **Replaced Living Room Set in Unit 19**
- **Replaced Sleep Sofa in Unit 4**

2025 Improvements: Units (2 of 2)

- **Replaced Love Seat in Unit 5**
- **Replaced Alarm Clocks in Units 19 and 24**
- **Replaced Bedframes/Headboards in Units 14 and 19 and in the Guest Bedrooms in Units 23 and 24**
- **Replaced Dressers in Guest Bedrooms of Units 16 and 20**
- **Replaced Nightstands in Units 23 and 24**
- **Replaced Mattresses in Units 12, 14 and 19**
- **Installed/Replaced Closet Doors in Units 1, 2, 8, 16, 18, 19, 20 and 21**
- **Installed Floor-Length Mirrors in Units without them**

2025 Improvements: Common Areas

- **Purchased Eight New Patio Chairs for the Pool**
- **Had the Pool's Saltwater System Serviced**
- **Had the Pool Cover Reconditioned**
- **Replaced Fifteen Fire Extinguishers**



2026 Improvements Planned (1 of 3)

- **Upgrade Employee Housing to Current Safety Standards**
- **Replace Exterior Doors in Unit 1**
- **Replace the Stairway up to Units 7 and 8**
- **Replace Sleep Sofas in Units 21, 22, and 23**
- **Replace Side Tables in Units 21, 22, and 23**
- **Replace Twin Beds in Units 16 and 20**
- **Replace Nightstands in Units 16 and 20**
- **Replace Chests of Drawers in Units 22 and 23**
- **Replace Bedroom Set in Unit 4**



2026 Improvements Planned (2 of 3)

- **Replace Headboard in Unit 6**
- **Replace Bed and Nightstands in Unit 8**
- **Replace Small Round Living Room Table in Unit 8**
- **Add Small Chest in Closet of Half Bath in Unit 8**
- **Replace Queen Bedroom Set in Unit 16**
- **Replace Coffee/End Tables in Unit 12**
- **Replace Side Table and Curtains in Kitchen in Unit 12**
- **Replace Bedroom Furniture in Unit 9**
- **Replace Dining Side Table in Unit 2**



2026 Improvements Planned (3 of 3)

- **Replace Wicker Chest in Unit 10**
- **Replace Small Bedroom Chair in Unit 10**
- **Replace Nightstand in Guest Bedroom in Unit 19**
- **Replace Living Room Chair in Unit 19**
- **Replace TV Stand in Unit 19**
- **Replace Coffee Table and Two End Tables in Unit 24**
- **Replace Dining Set in Unit 17**
- **Upgrade Bathroom in Unit 14**
- **Improve Lighting in Units 7 and 10**



Financial Update

Mark Morrissette



Financial Overview

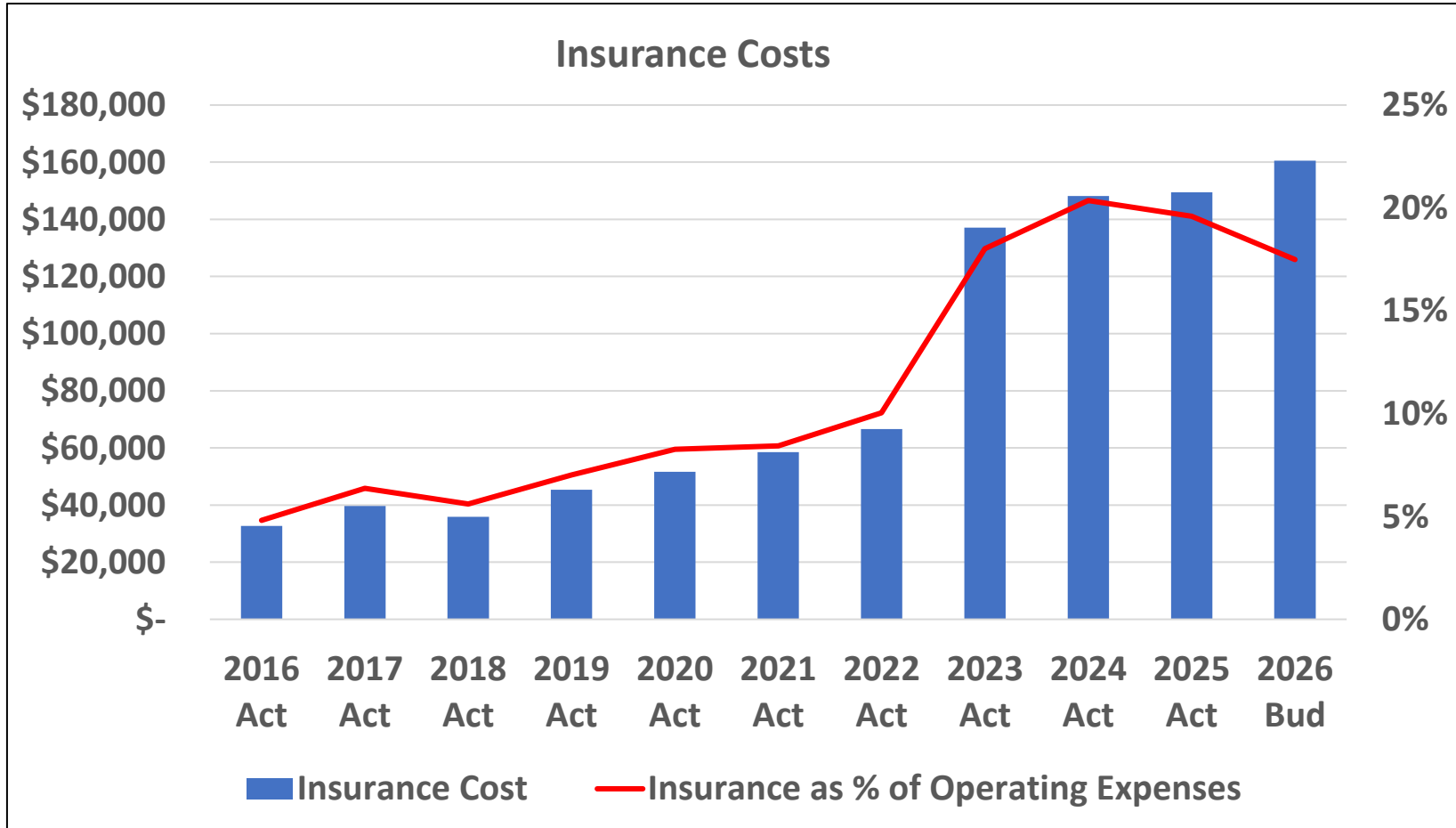
- **2025 was a strong financial year for the resort**
- **Strong expense control and positive revenue variance**
- **Annual Assessment 2026 and beyond: continue to anticipate annual increases**

Required Insurance Review

- **Completed annual review of hazard insurance and fidelity bond**
- **Resort maintains adequate coverage**
- **Costs remain very high but have stabilized**



Insurance Costs



2025 Operations vs. Budget

	<u>Gain/Loss(\$000)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue	\$ 952	\$ 907	\$ 45
Operating Expenses	<u>787</u>	<u>909</u>	<u>(122)</u>
Gain (Loss)	165	(2)	167

- Revenue outperformance: employee tax credit
- Expense outperformance: Reduced personnel costs, stable insurance rates; reduction in bad debt expense

2025 Reserves vs. Budget

	<u>Gain/Loss(\$000)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue	\$ 64	\$ 61	\$ 3
Reserve Expenses	<u>28</u>	<u>40</u>	<u>(12)</u>
Gain (Loss)	36	21	15

- **Modest year for reserve expenses consistent with multi-year plan**

Consolidated Financials

	<u>Gain/Loss(\$000)</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Assessment	\$ 894	\$ 1,010	\$ 939
<i>Plus</i> Additional Revenue	<u>54</u>	<u>123</u>	<u>77</u>
Total Revenue	948	1,133	1,016
<i>Less</i> Expenses	<u>958</u>	<u>1,026</u>	<u>815</u>
Gain (Loss)	<u>(10)</u>	<u>107</u>	<u>201</u>

- **On track for 5-year plan**
- **Building reserves for future repair, maintenance and reserve projects**

Summary Balance Sheets

(December 31) (\$000)

Assets	<u>2023</u>	<u>2024</u>	<u>2025</u>	
Cash	\$ 659	\$ 636	\$ 929	
Assessments Receivable*	234	466	--	
Acct. Rec. & Pre-Paid Expenses	<u>36</u>	<u>54</u>	<u>53</u>	
Total Assets	929	1,156	982	
Liabilities				
Accounts Payable	26	11	14	
Accrued Expenses	10	9	16	
Deferred Revenue*	<u>803</u>	<u>939</u>	<u>554</u>	
Total Liabilities	<u>839</u>	<u>959</u>	<u>584</u>	
<i>Fund Balance</i>	90	197	398	<i>\$201 increase in Fund Balance</i>

*Accounting change eliminates offsetting asset and liability between the Reserve and Operating Accounts

Reserve Plan Background

- Objectives:**
- **Ensure long-term viability of Neptune House**
 - **Maintain stable Maintenance Fees, limiting need for Special Assessments**

- Actions:**
- **Completed initial review of all facilities (2016)**
 - **Full update completed in 2022**
 - **Maintain 25-year reserve spending plan**
 - **Budgeting preventive maintenance & improvements**
 - **Increased budget for interior improvements**



New item in Plan: Employee Housing

Reserve Plan Status

- **Strong Fund balances and reserve account for anticipated projects**
- **Employee Housing: 2026 and 2027**
- **Decking and Roofs: 2026-2030**

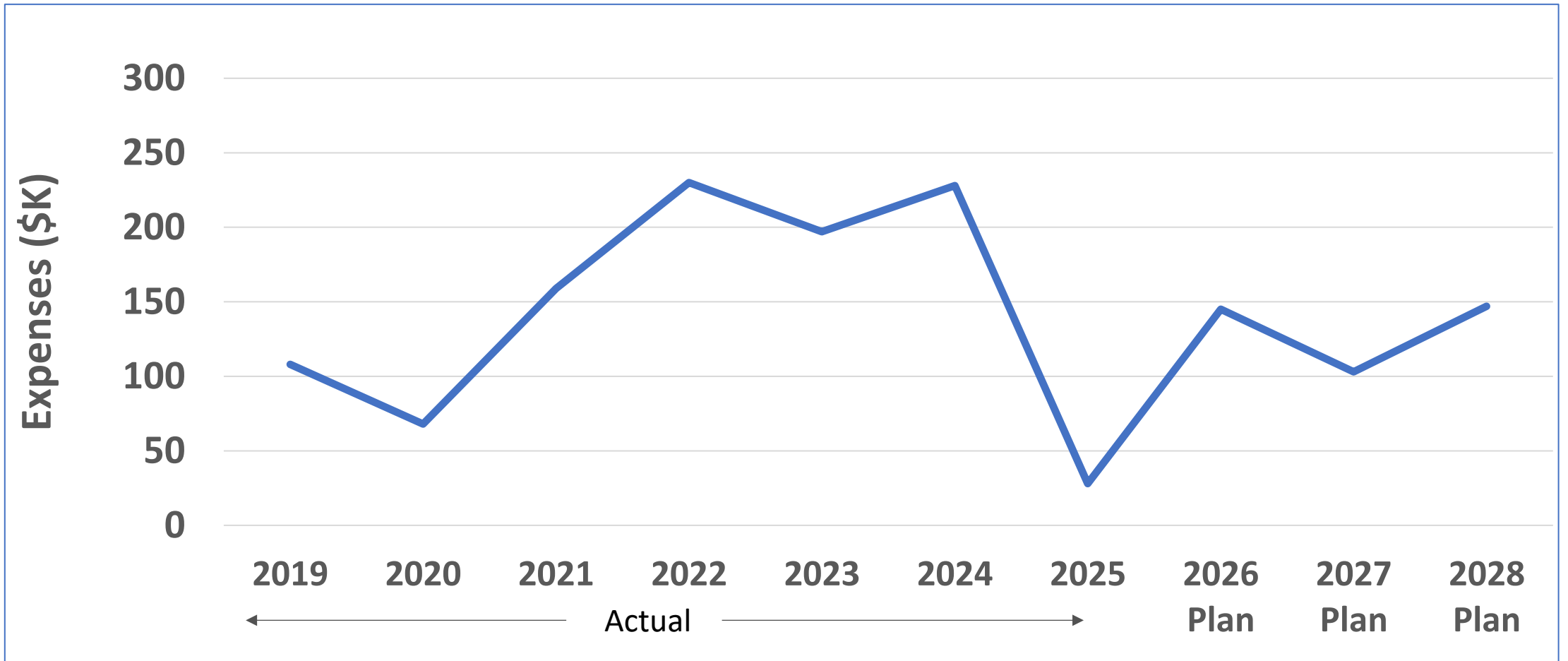


Reserve Plan Projects

Reserve Plan Project	2026	2027	2028	2029	2030	Total
Living Unit Upgrades	\$ 20,000	\$ 20,000	\$ 15,000	\$ 5,000	\$ 10,000	\$ 70,000
Exterior Doors Bldg. A	\$ 9,381					\$ 9,381
Employee Housing Repairs	\$ 77,000	\$ 43,000				\$ 120,000
Decking Bldg. A	\$ 20,000	\$ 40,000				\$ 60,000
Concrete Pad - Bldg. B			\$ 22,046			\$ 22,046
Roof Bldg. B - Architectural Composition			\$ 72,509			\$ 72,509
Common Area Bldg. B			\$ 2,208			\$ 2,208
Van			\$ 35,395			\$ 35,395
Bldg. A Brick Stairs Replacement				\$ 15,000		
Decking Bldg. A				\$ 51,009		
Decking Bldg. B					\$ 187,393	\$ 187,393
Total	\$ 126,381	\$ 103,000	\$ 147,158	\$ 71,009	\$ 197,393	\$ 644,941

Reserve Expenses

Reserve Expenses fluctuate based on long-term plan

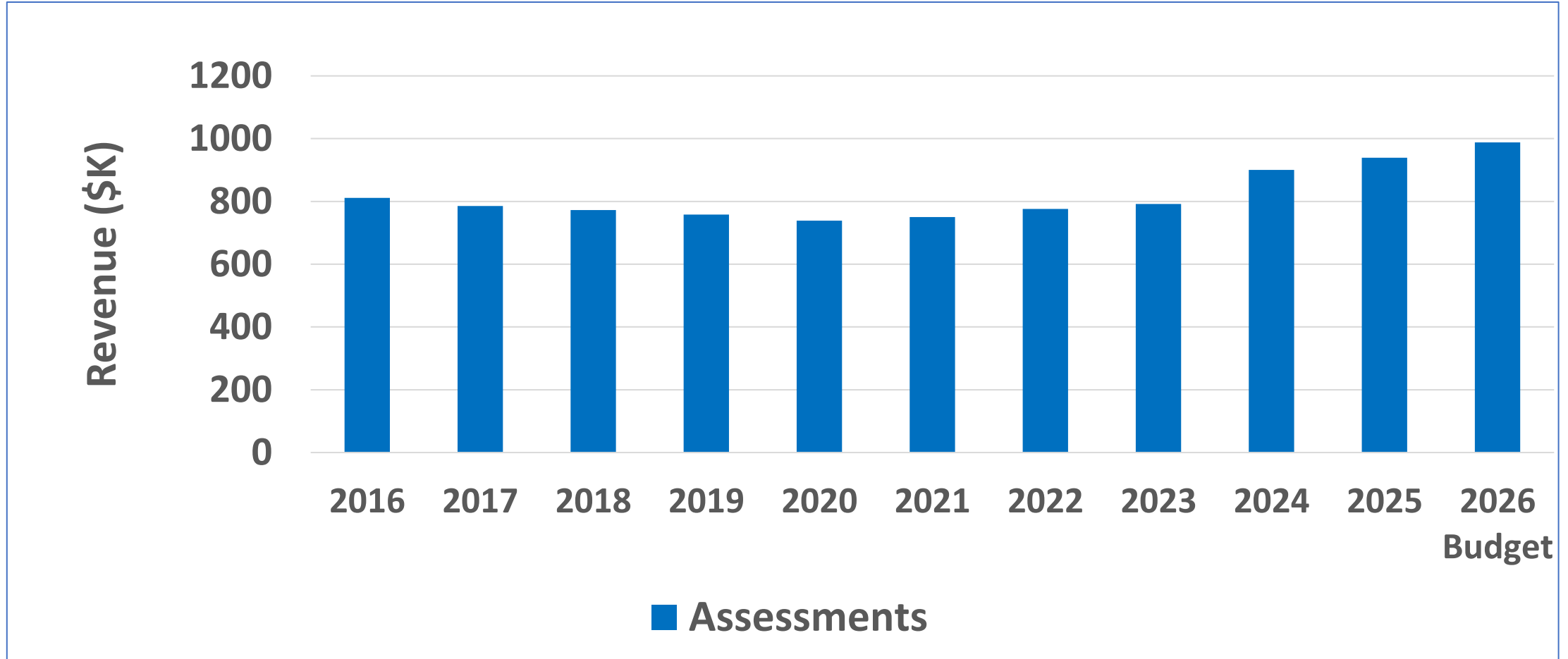


2026 Budget

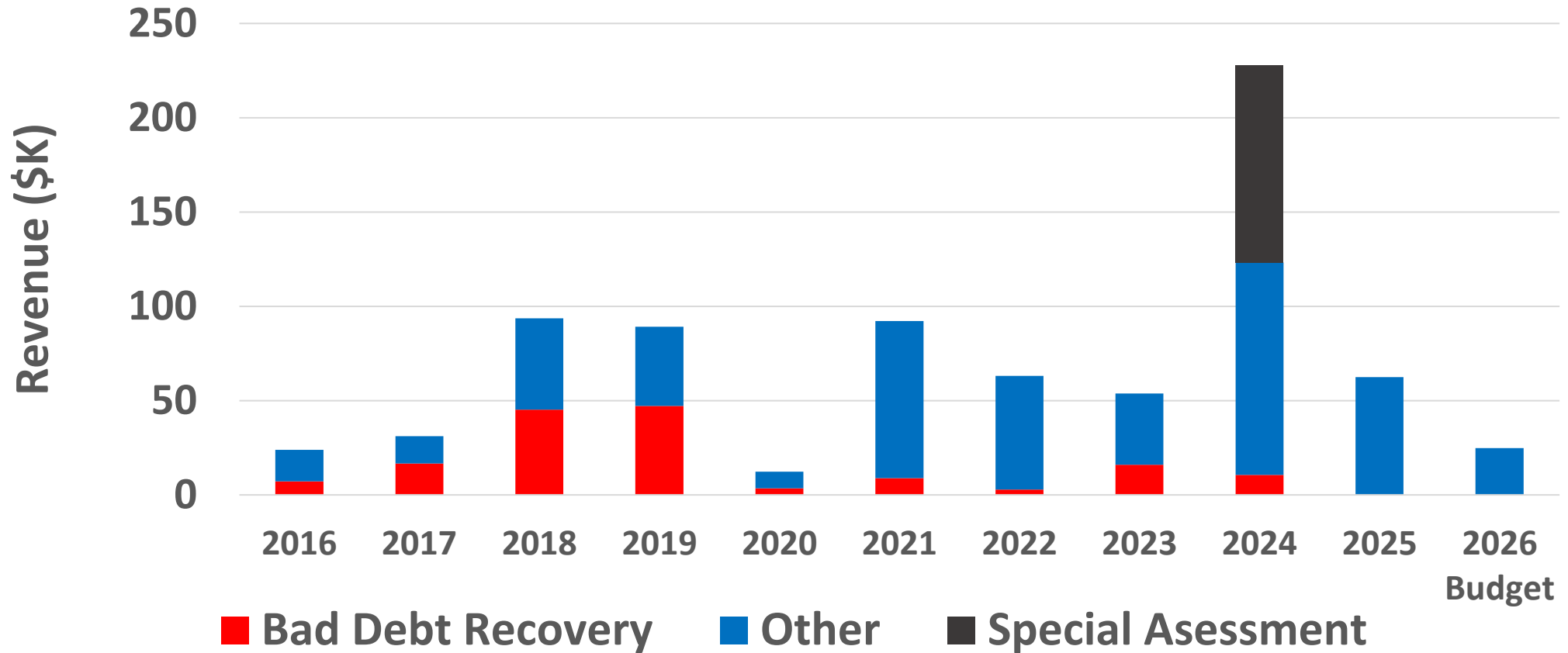
Operating Expenses	\$ 918,035	+0.6% vs. 2025 Budget
Reserve Budget	\$ <u>145,338</u>	
Total Budget	\$1,063,373	

- **Modest increase in Operating Expenses aligns with recent trends**
- **Maintenance Fees Increased 6.2% from 2025 to 2026; supporting future reserve expenses**

Maintenance Fee Revenue

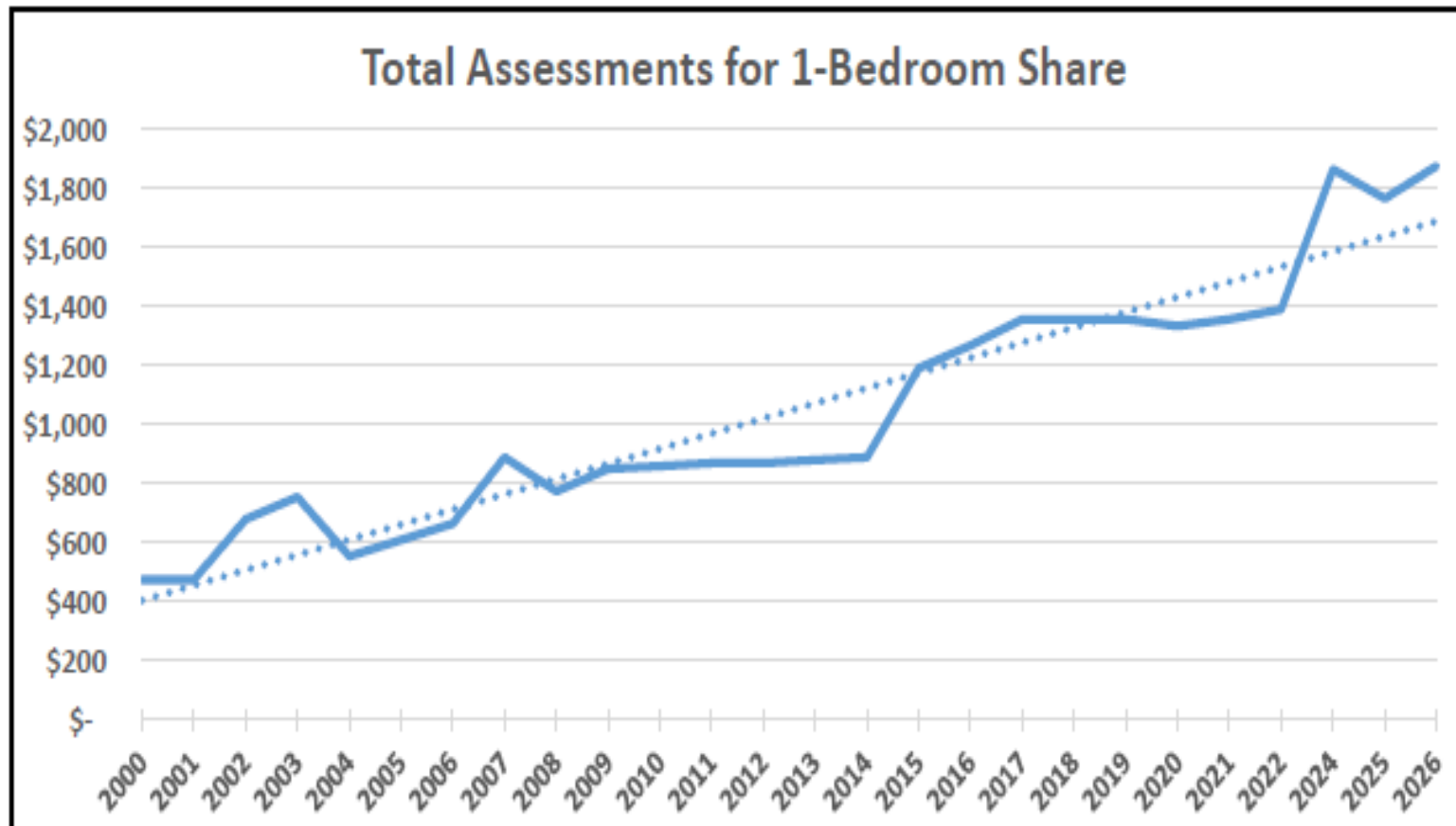


Non-Maintenance Fee Revenue



Note: Other includes sales, rentals, deedbacks, interest, VRI payments, and ERC payments

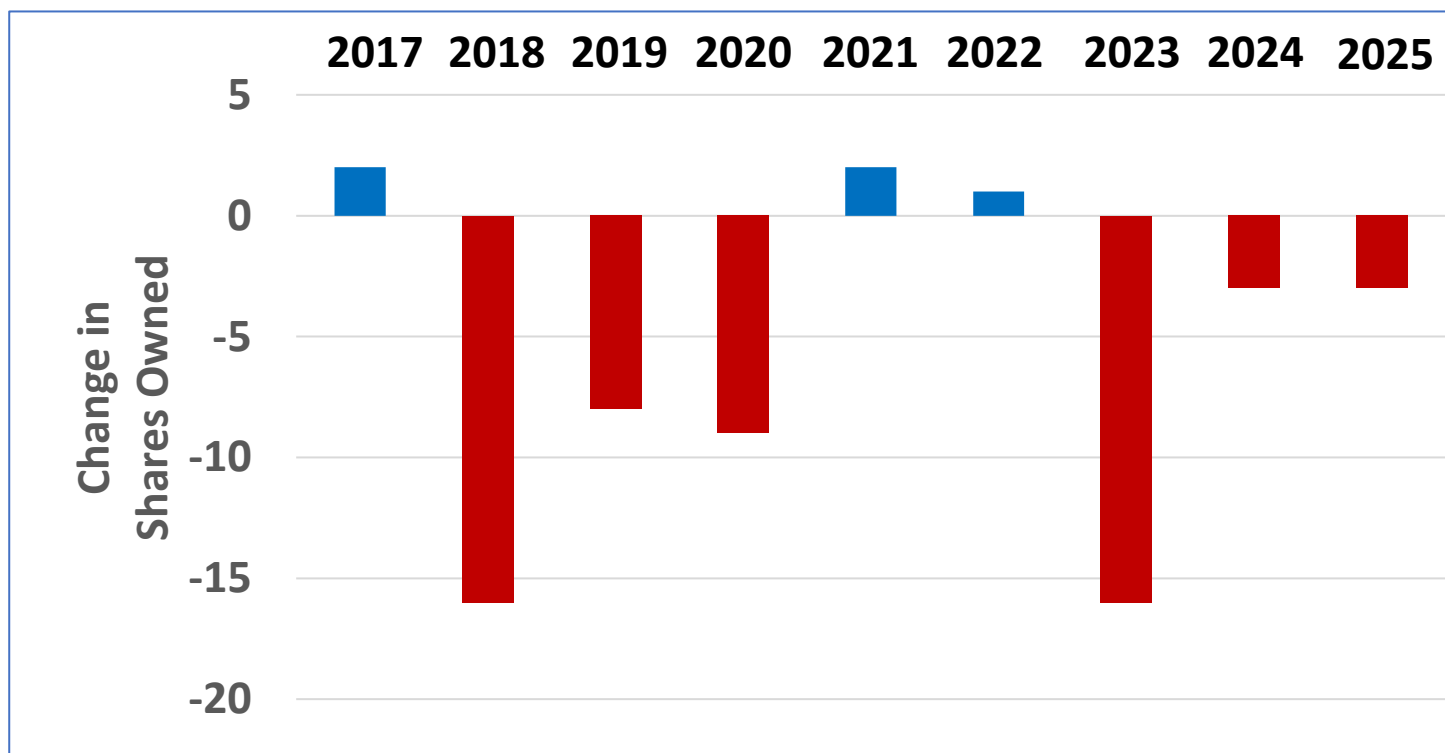
Maintenance Fee History



- **5.4% Compound Annual Growth Rate since 2000**
- **Key Factors For Increases**
 - Block Island Inflation
 - Fewer Paying Shares
 - Aging Facilities
 - Insurance Increases
- **Mitigation Efforts**
 - Spending Efficiencies
 - Supplementary Revenue Sources

Declining Ownership

Fewer owners to share the costs of the resort



- 590 Shares owned in 2017
- 538 Shares owned in 2025
- Average 6 lost per year
- Overall ownership down 9%
- Float week down 25%

Outlook

- **Slow/steady decline in performing shares remains key issue**
- **Fee guidance: 6.2% increase in 2026**
 - **Anticipate annual increases (5% - 6%) in 2027 and beyond**
 - **Reserve projects, declining ownership, insurance costs**
- **Board continuing to pursue ways to minimize fee increases while maintaining financial health of resort**

Election Results

Chris Lindgren



Election Results

- **Candidates**
 - **Phil Totino (incumbent)**
 - **Monica Warek (incumbent)**
- **3-year terms (expire March 2029)**
- **Congratulations and Thanks for Your Continued Service**



Q&A



Adjournment