

## THE 2023 BUDGET EXPLAINED

Our Annual Letters always contain a detailed budget report, which is referenced in the discussion below.

### Income and Expenses:

- Strictly Variable Expenses -- \$64K in 2023 vs \$184K in 2022  
Costs incurred strictly when we are open so they're budgeted at 1/3 of the 2022 level (because September – December is 1/3 of the year.)  
*Boat Tour, Cable TV, Food, Housekeeping.*
- Other Variable Expenses -- \$312K in 2023 vs \$397K in 2022  
Costs incurred at a lower rate when we're closed and at a full rate when we're open  
*Electric, Labor, Office Expenses, Repair & Maintenance of the Building – Grounds – Pool / Spa, Telephone / Internet, Trash, Unit Supplies, Water.*
- Estimated independently of our being open or closed
  - Fixed Expenses -- \$160K in 2023 vs \$146K in 2022  
*Audit Fees, Bank Service Charges, Collections, Division Fees, Fees / Dues / Licenses, Insurance, Legal & Professional Fees, Management Fee, Office Systems, Pest Control, Repair & Maintenance of Elevators, Security.*
  - Budget-Neutral items  
*Hurricane Insurance Proceeds + Assessment = Hurricane Recovery Expense. Sales Income of Association Unit-Weeks = Sales Costs of Association Unit-Weeks.*

### Reserves:

Florida law requires condominiums to assess contributions to reserves based upon a current Reserve Study of all capital items. We updated our Reserve Study in October and the increase in Reserves for 2023 compared to 2022 is mostly due to 3 major capital projects approved by the Board of Directors:

- Replace Pool filtration tank
- Lanai aluminum railings
- Vinyl Flooring in all bedrooms

### Property Taxes:

Property Taxes are forecast to be higher in 2023 than 2022 due to this year's strong sales.