

PALM BEACH SHORES RESORT  
 Estimated Operating Budget  
 For The Period: January 01, 2012 - December 31, 2012  
 Total Number of Unit Weeks: 13520

REVENUES:	WEEKLY	MONTHLY	ANNUAL	PER UNIT WEEK
MAINTENANCE FEES	152,099	659,094	7,909,133	585.00
OTHER INCOME	5,769	25,000	300,000	22.19
RENTAL INCOME	6,731	29,167	350,000	25.89
INTEREST AND LATE FEE INCOME	4,675	20,258	243,090	17.98
<b>TOTAL INCOME</b>	<b>169,274</b>	<b>733,519</b>	<b>8,802,223</b>	<b>651.05</b>
<b>ITEM OF EXPENSE</b>				
<b>I. PAYROLL, TAXES AND BENEFITS:</b>				
FRONT DESK & RESERVATIONS	9,768	42,329	507,944	37.57
HOUSEKEEPING	17,521	75,925	911,101	67.39
ACTIVITIES	3,484	15,098	181,174	13.40
ADMINISTRATION AND ACCOUNTING	6,345	27,494	329,931	24.40
MAINTENANCE	4,733	20,510	246,125	18.20
PAYROLL TAXES AND BENEFITS	7,606	32,960	395,522	29.25
	<b>49,458</b>	<b>214,316</b>	<b>2,571,797</b>	<b>190.22</b>
<b>II. OPERATING EXPENSES:</b>				
LAUNDRY , LINEN & CLEANING SUPPLIES	2,788	12,083	145,000	10.72
UNIFORMS	96	417	5,000	0.37
OPERATING AND GUEST SUPPLIES	2,596	11,250	135,000	9.99
SERVICE CHARGES & BAD DEBT	22,815	98,865	1,186,380	87.75
MAINTENANCE EXPENSES	5,385	23,333	280,000	20.71
ACTIVITIES EXPENSES	1,154	5,000	60,000	4.44
MAINTENANCE CONTRACTS	1,603	6,947	83,368	6.17
COMPUTER SERVICES AND MAINTENANCE	1,996	8,651	103,808	7.68
CAPITAL LEASES	994	4,307	51,688	3.82
	<b>39,428</b>	<b>170,854</b>	<b>2,050,244</b>	<b>151.65</b>
<b>III. GENERAL AND ADMINISTRATION EXPENSE:</b>				
TELEPHONE	623	2,700	32,400	2.40
OFFICE, PRINTING AND POSTAGE	2,308	10,000	120,000	8.88
LICENSES, DUES AND FEES	250	1,083	13,000	0.96
AUDIT FEES & TAX PREPARATION	231	1,000	12,000	0.89
PROFESSIONAL / ACCOUNTING FEES	923	4,000	48,000	3.55
BILLING AND COLLECTION	1,250	5,417	65,000	4.81
	<b>5,585</b>	<b>24,200</b>	<b>290,400</b>	<b>21.48</b>
<b>IV. RENT FOR RECREATIONAL AND OTHER COMMONLY USED FACILITIES</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>V. REAL ESTATE TAXES UPON ASSOCIATION PROPERTY WILL BE SEPARATELY ASSESSED AFTER THE ASSOCIATION RECEIVES THE TAX BILL FROM THE PALM BEACH TAX COLLECTOR.</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>VI. TAXES UPON LEASED AREAS</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>VII. UTILITIES:</b>				
ELECTRICITY	6,414	27,793	333,515	24.67
CABLE TELEVISION	826	3,580	42,960	3.18
FUEL	1,775	7,690	92,280	6.83
WATER	5,338	23,132	277,584	20.53
WASTE REMOVAL	821	3,559	42,711	3.16
	<b>15,174</b>	<b>65,754</b>	<b>789,050</b>	<b>58.36</b>
<b>VIII. INSURANCE (SEE ATTACHED LETTER )</b>	<b>17,260</b>	<b>74,792</b>	<b>897,508</b>	<b>66.38</b>
<b>IX. FEES DUE TO DIVISION OF TIMESHARE</b>	<b>520</b>	<b>2,253</b>	<b>27,036</b>	<b>2.00</b>
<b>X. MANAGEMENT FEES</b>	<b>19,492</b>	<b>84,467</b>	<b>1,013,600</b>	<b>74.97</b>
<b>XI. SECURITY</b>	<b>2,525</b>	<b>10,942</b>	<b>131,300</b>	<b>9.71</b>
<b>XII. FUNDING OF PRIOR YEARS DEFICIT</b>	<b>4,383</b>	<b>18,991</b>	<b>227,895</b>	<b>16.86</b>
<b>XIII. ESTIMATED EXPENSES FOR THE UNIT OWNER: RENT FOR THE UNIT, IF LEASED RENT PAYABLE BY THE UNIT OWNER</b>	<b>N/A N/A</b>	<b>N/A N/A</b>	<b>N/A N/A</b>	<b>N/A N/A</b>
<b>TOTAL EXPENSES</b>	<b>153,824</b>	<b>647,578</b>	<b>7,998,830</b>	<b>591.63</b>
<b>RESERVES ( SEE SCHEDULE ATTACHED )</b>	<b>15,450</b>	<b>66,949</b>	<b>803,393</b>	<b>59.42</b>
<b>TOTAL EXPENSES INCLUDING RESERVES</b>	<b>169,274</b>	<b>714,527</b>	<b>8,802,223</b>	<b>651.05</b>
<b>MAINTENANCE FEES PER UNIT WEEK</b>				<b>585.00</b>

	WEEKLY	MONTHLY	ANNUAL	PER UNIT WEEK
XIV. RESERVES:				
ROOF	956	4,143	49,714	3.68
FIREPROOFING AND FIRE PROTECTION SYSTEM	682	2,957	35,482	2.62
PLUMBING	1,186	5,138	61,656	4.56
HEATING AND COOLING SYSTEMS	1,082	4,689	56,264	4.16
ELECTRICAL SYSTEMS	392	1,699	20,384	1.51
PAVEMENT AND PARKING AREAS	87	379	4,548	0.34
DRAINAGE SYSTEMS	11	46	547	0.04
SWIMMING POOL	170	735	8,817	0.65
ELEVATORS	12	54	648	0.05
FF & E - UNITS	8,882	38,490	461,883	34.16
FF & E - COMMON AREAS	579	2,511	30,134	2.23
EXTERIOR PAINTING	100	433	5,194	0.38
COMMON AREA EXPENSES	1,310	5,677	68,122	5.04
	15,450	66,949	803,393	59.42

SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL EXPENDITURES  
AND DEFERRED MAINTENANCE FUNDING

COMPONENTS	ESTIMATED USEFUL LIFE	ESTIMATED REMAINING USEFUL LIFE	ESTIMATED FUTURE REPLACEMENT COST (260 UNITS)	AMOUNT RESERVED UNDER THIS BUDGET	ESTIMATED FUND BALANCE 1/1/2011
ROOF	25 years	20 years	1,166,464	49,714	172,189
FIREPROOFING AND FIRE PROTECTION SYSTEM	14 years	9 years	410,800	35,482	91,466
PLUMBING	35 years	16 years	1,300,000	61,656	313,503
HEATING AND COOLING SYSTEMS	40 years	18 years	1,145,686	56,264	132,926
ELECTRICAL SYSTEMS	20 years	11 years	468,072	20,384	243,851
PAVEMENT AND PARKING AREAS	16 years	11 years	86,868	4,548	36,840
DRAINAGE SYSTEMS	40 years	31 years	25,000	547	8,032
SWIMMING POOL	10 years	3 years	149,169	8,817	122,719
ELEVATORS	30 years	27 years	338,000	648	320,510
FF & E - UNITS	15 years	10 years	5,732,359	461,883	1,113,015
FF & E - COMMON AREAS	18 years	5 years	507,530	30,134	356,862
EXTERIOR PAINTING	14 years	9 years	169,402	5,194	122,653
COMMON AREA EXPENSES	30 years	26 years	1,142,107	68,122	(24,195)
			12,641,457	803,393	3,010,371

NOTES

AS OF DECEMBER 31, 2010 THERE WERE THE FOLLOWING NOTES IN THE AUDITED FINANCIAL STATEMENTS WHICH DISCLOSE RELATED PARTY TRANSACTIONS;

COMMITMENTS

The Time share Resort has entered into a three-year management agreement on June 19, 1997 with a management company. The agreement automatically renews for three-year periods, unless either party notifies the other in writing at least sixty days prior to the end of any three - year period of its intention not to renew. By a vote by the condominium owners pursuant to the provisions of the condominium or timeshare act or by written notice from the management company, as defined in the management agreement The management was assigned to a new Developer on August 27, 1999, under the same terms as the management agreement entered into on June 19, 1997. The management agreement was automatically renewed on June 19, 2009 for three more years.

The agreement requires the Time Share Resort to pay the management company 15% of the budget maintenance fees exclusive of the management fee expense. The management fee for 2010 was \$938,412.00

NOTICE

A BOARD OF DIRECTORS MEETING WILL BE HELD WEDNESDAY, NOVEMBER 09, 2011 AT PALM BEACH SHORES RESORT, 181 OCEAN AVENUE, PALM BEACH SHORES, FLORIDA AT 11:00 AM.

THE PURPOSE IF THIS MEETING IS TO CONSIDER AND VOTE UPON THE PROPOSED BUDGET, A COPY OF WHICH IS ATTACHED.