

West Bay at Jonathan's Landing Condominium Association, Inc.
Commentary on the Schedule of Operating Revenues and Expenses
For the Years Ending December 31, 2024 and 2025

To West Bay Owners:

The Board of Directors wishes to share with you the forecasted financial results (actual year-to-date and forecasted full year) for calendar year 2024 and the fiscal budget for calendar year 2025. To that end, attached are the following financial schedules:

1. Schedule of Operating Revenues and Expenses for the years ending December 31, 2024 and 2025
2. 30-year Reserve Plan Summary beginning January 1, 2025
3. Calculation of Fully Funded Balance as of January 1, 2025
4. Proposed Reserve Fund Expenditure Details for the five years beginning January 1, 2025

Financial Overview of 2024:

- Overall, 2024 is expected to end quite favorably when compared to budget. Total Operating expenses, which excludes miscellaneous revenue and contributions to the Reserve Fund and Loan payments, are projected to be approximately 13% (\$132,025) under budget. However, we hasten to add that this amount is subject to change depending upon actual reported results for the fourth quarter of 2024 and to an independent audit.

A more detailed discussion of our individual expense items and projected surplus for 2024 follows.

- As we have told you on previous occasions, it is quite difficult to budget our calendar year insurance expense because our insurance policy year runs May 1 through April 30 and thus does not coincide with our fiscal year, the calendar year. Consequently, during last Fall's 2024 budgeting process we had to anticipate premiums starting May 1, 2024. Given the lingering effects of the Surfside tragedy, the occurrences of hurricanes in Florida, and the bankruptcies and withdrawals of property and casualty insurance companies from the Florida market, making a projection was quite difficult.

In determining our 2024 insurance expense budget, we worked with our insurance broker and asked them to obtain premium estimates from our insurance carriers based on the most recent data then available. The resultant information was staggering. What was provided as a result of our broker's inquiries was an astonishing estimated increase of approximately \$200,000 (44% on a policy-year basis) more than our 2023 actual policy premiums. Consequently, we budgeted an insurance expense of \$601,300 for calendar year 2024. However, to our surprise and delight, actual premiums billed for the 2024-2025 policy year were nearly \$135,500 less than budget.

- Under the Operating Expense categories, our total Landscaping Expenses are projected to be 5.8% over budget.

As reported to you in the Fall 2024 Newsletter, the hedgerow along Casseekey Drive was thinned and then supplemented with new plantings to comply with the POA's hedge improvement

initiative which is part of the POA's master landscaping plan. Our hedge project was done at a cost of roundly \$30,000 and paid out of the 2024 Operating budget.

- We project 2024 Repairs and Maintenance to end the year under budget by approximately \$16,665 (14%) largely due to less-than-budgeted expenditures in General and Building Repairs. Offsetting the favorable variances was an unexpected need to repair/replace sections of the boardwalk near the pool at a cost of \$3,100.
- In terms of Amenities, the negative variance in pool-related costs is attributable to additional water treatment due to algae; to clearing the filtration system; to replacing the pool lights; and to replacing the pool pump.
- While the Board budgeted \$10,000 for Contingencies in 2024, none of that budget was used.
- As mentioned above and subject to the caveats provided, the Board is projecting a surplus for fiscal 2024 and this surplus will be used to reduce your Operating Fund assessment in 2025. The current surplus estimate is roundly \$138,000 and will have the effect of reducing each Association member's quarterly assessment attributable to the Operating Fund by \$265.

Reserve Projects Completed in 2024:

- Monies expended from the Reserve in 2024 were used for the following purposes:
 - Replacing the irrigation pump and installing a "smart controller" at the south pump station at the cost of \$21,200. The smart controller is required by the Master Water Supply Agreement undertaken by West Bay and the POA in 2022.
 - Pressure washing the roofs - \$23,500.
 - The materials needed to repair our electrical boxes have finally been received and as of the time of this writing, we expect the repair work to commence as soon as practicable and possibly to be completed prior to calendar year end 2024. As you are aware this project is being financed by a special assessment which is being collected over years 2024 and 2025.

Proposed 2025 Income and Expense Budget:

- Several of our contracted vendors have explicitly requested cost increases, but none rise to the level of notable significance.
- Based on our historical budgeting experiences for insurance premiums and on input obtained through our insurance broker in the 2025 budgeting process, we anticipate a continued increase in 2025 in our insurance premiums. The difficulty in budgeting our calendar year insurance expense is discussed earlier in this document and need not be repeated.

As has been our practice in past budgeting processes, we worked with our insurance broker and asked them to obtain premium estimates based on the most recent data available. Once again, the resultant premium quotes are staggering. The premiums quoted for our policy year beginning May 1, 2025 total \$704,544, before financing costs and minor associated fees. This amount represents an increase of \$256,600 above our 2024-2025 actual premiums and \$62,900 more than our preliminary quotes for 2024-2025. We also should note that pursuant to Florida Condominium regulations, a condominium complex is required to have a property valuation at least every three years performed by an independent organization, and in 2025 we will be

required to have such a value assessment performed. While we all hope that the overall value of West Bay has increased in the past three years, you know that any increased value likely will result in increased premiums which have not yet been taken into consideration in establishing our 2025-2026 policy premiums.

For reasons discussed above, the 2025 insurance expense budget, while significant, is a current projection and actual premiums could be greater or less when we receive our actual premium notices in April 2025.

You also should know that we pay our annual insurance premiums up front to avail ourselves of discounts in the premiums, but since we do not have sufficient monies on hand at the time to make our premium payments, we finance the payments. Rising borrowing costs also affect our insurance expense budget.

Our fiscal 2025 insurance budget is a combination of the amortization of the remaining payments [four months] on our 2024-2025 premiums, a portion [eight months] of our projected 2025-2026 premiums and the associated financing costs of both years' premiums.

- We increased the overall Landscaping budget for 2025, most notably by \$15,000 for mulch and \$5,000 for tree trimming.
- In the category of Utilities, we have budgeted \$32,250 for a program to inspect and clean out the various drain culverts and intake structures within West Bay to ensure that they are flowing properly and are in good working condition. This project is an extension of the one undertaken by JLPOA and one that the JLPOA suggests all JL villages undertake. The West Bay board has not yet reviewed and approved of this project and proposed cost.
- With respect to Repairs and Maintenance, we have maintained our 2024 budget of \$115,500.
- The proposed year-over-year increase (approximately \$104,645 or 11%) in our total Operating expenses from 2024 to 2025 is primarily driven by the projected increase in our insurance expense (\$40,750 or 37% of the total increase) and the inclusion of a budget for drainage maintenance (\$32,250 or 29% of the total increase).

Proposed 2025 Reserve Projects:

- We are increasing the annual funding of our Reserve account to \$292,800 from \$262,843, an increase of roundly \$29,950, which would result in an increase of \$58 per unit per quarter. This budgeted funding amount is based upon a recommendation made by an independent consultant that has been engaged by the Board to review the Association's Reserve account and to update it annually. Expenditures currently planned to be made from the "regular" Reserve account in 2025 include continuation of repairing street light bases (\$12,000) and sealing the pool deck (\$1,400).

With respect to the Special Reserve account, we expect to conclude the electrical repairs in 2025 (\$25,000). As previously mentioned, the most significant portion of the repairs should be completed in 2024 and the associated costs will be charged to the Reserve Fund in this year.

Disclaimer: *This Commentary is strictly created and intended for the sole personal use and benefit of Members of the West Bay at Jonathan's Landing Condominium Association, and no statements, representations or projections as may be deemed to have been made or included within this Commentary are intended to be, or may be relied upon by anyone else, such as but not limited to any seller or buyer of any unit in West Bay, including their agents, assigns, and legal representatives as may be lawfully designated by any owner or seller.*

West Bay at Jonathans Landing Condominium Association, Inc.
Schedule of Operating Revenue and Expenses - Budget and Actual
Years Ending December 31, 2024 and 2025
(Unaudited)

	Budget 2024 (Compiled)	Actual nine months ended Sept. 30, 2024	Projected Actual 2024	Projected Variance to Budget Favorable (Unfavorable)	Budget 2025 Proposed
INCOME					
Income					
Homeowner Assessments	\$ 1,374,568	\$ 1,026,851	\$ 1,374,568	\$ -	\$ 1,374,530
Special Assessments	212,500	158,965	212,500	-	212,500
Deferred Assessment Surplus	-	-	-	-	137,940
Legal Fees	-	15	15	15	-
Miscellaneous Income	-	(113)	-	-	-
Application Fees	300	500	500	200	300
Interest Income	1,800	4,919	7,500	5,700	4,500
TOTAL INCOME	\$ 1,589,168	\$ 1,191,137	\$ 1,595,083	5,915	1,729,770
EXPENSES & RESERVE FUNDING					
General & administrative					
Management Contract	\$ 23,000	\$ 16,204	23,000	\$ -	\$ 21,650
Accounting Services	4,725	3,150	4,500	225	4,725
Legal & Professional Services	5,000	2,150	3,875	1,125	6,500
Audit & Tax Services	4,550	4,550	4,550	-	5,000
Reimbursed Expenses	-	(3,065)	-	-	-
Postage & Mailing	-	1,390	2,300	(2,300)	2,500
Copies & Printing	-	1,275	2,425	(2,425)	2,000
Insurance Expense	601,300	348,875	465,850	135,450	642,045
Office Supplies	7,600	230	350	7,250	7,000
Licenses, Fees & Permits	350	-	-	350	350
Filing Fees	600	-	600	-	600
Storage Fees	-	246	425	(425)	200
Meeting Expenses	300	369	750	(450)	500
Miscellaneous Administrative Expenses	-	49	50	(50)	-
TOTAL General & Administrative	647,425	375,423	508,675	138,750	693,070

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	Budget 2024 (Compiled)	Actual nine months ended Sept. 30, 2024	Projected Actual 2024	Projected Variance to Budget Favorable (Unfavorable)	Budget 2025 Proposed
Grounds & Landscaping					
Landscaping Contract	108,850	81,630	108,850	-	111,750
Landscape - Other	45,000	48,026	55,000	(10,000)	45,000
Mulch	5,000		-	5,000	20,000
Irrigation Repairs	20,000	14,962	22,500	(2,500)	20,000
Tree Trimming	25,000		25,000	-	30,000
Holiday Decorations			4,265	(4,265)	4,500
TOTAL Grounds & Landscaping	203,850	144,618	215,615	(11,765)	231,250
Utilities					
Electricity	15,000	10,215	14,200	800	15,000
Gas	1,000		-	1,000	1,000
Water & Sewer	1,650	3,461	4,325	(2,675)	4,800
Back Flow	-	466	475	(475)	
Drainage Maintenance	-	-	-	-	32,250
TOTAL Utilities	17,650	14,142	19,000	(1,350)	53,050
Amenities					
Pool Service	7,500	3,882	5,825	1,675	8,400
Pool Supplies	-	2,153	2,200	(2,200)	1,000
Pool Maintenance & Repairs	3,000	9,593	23,050	(20,050)	3,000
Pool Janitorial	4,200	2,864	3,925	275	4,500
Pool Permit	500	475	475	25	500
TOTAL Amenities	15,200	18,967	35,475	(20,275)	17,400
Repairs & Maintenance					
General Repairs & Maintenance	20,000	8,706	12,500	7,500	20,000
Buiding Repairs & Maintenance	50,000	28,137	35,000	15,000	50,000
Wood Repairs & Maintenance	2,000	-	-	2,000	2,000
Roof Repairs & Maintenance	15,000	170	15,000	-	15,000
Lighting Repairs & Maintenance	2,500	831	1,000	1,500	2,500
Powerwashing	4,500	-	-	4,500	4,500
Pest Control	21,500	13,221	19,000	2,500	21,500
Janitorial Supplies		260	450	(450)	-
Common Area Repairs & Mtce		13,164	15,000	(15,000)	-
Dock/Seawall Repair			885	(885)	
TOTAL Repairs & Maintenance	115,500	64,489	97,950	16,665	115,500

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	Budget 2024 (Compiled)	Actual nine months ended Sept. 30, 2024	Projected Actual 2024	Projected Variance to Budget Favorable (Unfavorable)	Budget 2025 Proposed
Other Expenses					
Loan	104,200	69,467	104,200	-	104,200
Contingency	10,000	-	-	10,000	10,000
TOTAL Other Expenses	114,200	69,467	104,200	10,000	114,200
Reserve Contributions					
General	262,843	197,132	262,843	-	292,800
Electrical Project	212,500	159,375	212,500	-	212,500
TOTAL Reserve Contributions	475,343	356,507	475,343	-	505,300
TOTAL Disbursements	\$ 1,589,168	\$ 1,043,613	\$ 1,456,258	\$ 132,025	\$ 1,729,770
Deferred Assessment Surplus					
Deferred Surplus	-		137,940	(137,940)	-
NET INCREASE (DECREASE)	\$ -	\$ 147,524	\$ 885	\$ -	\$ -

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Summation of 2025 assessment:

			Total \$s	Per unit			
			budgeted	Annual	Quarterly		
			2025	2025		2024	
Total Admin & Operating expenses, net of misc. revenue			\$ 1,115,470	\$ 8,581	\$ 2,145	\$ 1,940	% 11%
Deferred Assesemt Surplus - 2024			(137,940)	(1,061)	(265)	-	-14%
			\$ 977,530	\$ 7,519	\$ 1,880	\$ 1,940	-3%
Proposed				\$ 7,520	\$ 1,880	*	
Contribution to Reserve			\$ 292,800	\$ 2,252	\$ 563	\$ 505	12%
Loan repayment			104,200	802	200	200	0%
Total Reserve contribution			\$ 397,000	\$ 3,054	\$ 763	\$ 705	
Proposed				\$ 3,055	\$ 765	*	\$ 705 9%
TOTAL ASSESSMENT before SPECIAL ASSESSMENT -							
Proposed			\$ 1,374,530	\$ 10,575	\$ 2,645	*	\$ 2,645 0%
SPECIAL ASSESSMENT -							
Electric panel repairs			\$ 212,500	1,635	410	*	410 0%
TOTAL PROPOSED			\$ 1,587,030	\$ 12,210	\$ 3,055		\$ 3,055 0%
* Quarterly amounts have been rounded							