

**Harbor Cove Timeshare Owners' Association**  
**2023 Annual Financial Report (235 current owner weeks)**  
**2024 Projected Budget based on 221 owner weeks paying**

Prepared by Cheryl Schmelzle CPA 2-7-2024

Shared with BOD 2/12/24

	2023	2023	Approved Operating	Final Operating
	YE PROJECTED (1)	YE ACTUAL	2024 Budget-230 wks	2024 Budget-221 wks
<b>Revenue-Operations &amp; Reserves</b>				
Maintenance Fees-Operating	\$165,900	\$163,502	\$195,500	\$187,850
RCI Admin Fee Income	1,120	1,520	1,200	1,500
Credit card fees received		329		
<b>Additions to Reserve:</b>				
<b>LESS RESERVE FOR REPLACEMENT &amp; IMPROVEMENTS</b>			(18,400)	(17,680)
<b>LESS ASSOCIATION DUES - CC REBUILD FOR 10 YEARS</b>			(13,800)	(13,260)
Maintenance Fee Recoup through rentals	4,200	7,496		
Rental income of HCTSA owned weeks	214	1,864		
Less commissions netted on rentals to NME		(3,276)		
Late fees, penalties and collection fees paid by owners	1,045	1,176		
Interest Income on Restricted reserves	7	8		
<b>Total Additions to Reserve</b>	5,466	7,268	(32,200)	(30,940)
<b>TOTAL REVENUE</b>	172,486	172,619	164,500	158,410
<b>Operating Expenses</b>				
Association dues to Phase I & Community Properties	\$34,985	\$34,985	\$38,500	\$38,500
Association dues - Community Ctr rebuild (10 yr pmt plan)			Reported in Reserves-replacement	
Bank & Credit Card fees	\$107	\$213	\$110	\$220
Cleaning - Carpet	2,758	1,358	3,000	1,500
Cleaning (weekly units)	15,385	17,525	28,000	28,000
Cleaning - Maintenance Week special cleaning projects	4,500	1,695	4,200	2,100
Electric & Water	5,700	5,921	6,000	6,000
Gas	6,800	5,390	7,100	5,800
Internet - Cable - Phone	16,400	16,248	16,900	16,900
Insurance	3,287	3,287	3,616	3,400
Laundry	7,012	6,810	7,300	7,000
Legal & Collection fees	3,000	999	450	450
Replacements - reoccurring	4,000	3,295	4,000	3,400

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Maintenance & repairs	8,395	6,161	4,234	4,200
Management Fees	22,400	22,200	22,800	22,800
Printing-Mailing-Miscellaneous	930	689	650	700
Professional fees - CPA tax services	75	75	75	75
Property Tax expense	14,614	14,614	15,345	15,345
Taxes - Income & Filing Fees	20	20	20	20
Unit Supplies	2,100	1,905	2,200	2,000
<b>TOTAL OPERATING EXPENSES</b>	<b>152,468</b>	<b>143,390</b>	<b>164,500</b>	<b>158,410</b>
<b>Total Revenue less Operating expenses</b>	<b>\$20,018</b>	<b>\$29,229</b>	<b>\$0</b>	<b>\$0</b>
<b>Less additions to Reserve for Replacement-above</b>	<b>(5,466)</b>	<b>(7,268)</b>	<b>ADDED TO RESERVE IN 2024</b>	<b>30,940</b>
<b>Excess Operating revenue over operating expenses****</b>	<b>\$14,552</b>	<b>\$21,961</b>		

<b>Analysis of Reserve for Replacement</b>		<b>Cash Basis</b>	<b>12/31/2023</b>
<b>Carryover Balance as of 12/31/2022 *</b>			<b>\$39,478</b>
<b>Replacements/improvements incurred during the period **</b>			<b>(37,151)</b>
Community Center rebuild including SA paid 9/1/23	Note 2		<b>(32,400)</b>
Costs incurred for transfers and foreclosure capitalized to	Asset-Balance sheet		<b>(2,191)</b>
Additions during the period from above collections			<b>7,268</b>
SA Additions during the period plus installment 2 of 3	Cash Basis		<b>17,828</b>
Cash Transfer from Restricted Reserves net			<b>13,506</b>
Excess during the period to carryover-above			<b>21,961</b>
Less interest to restricted reserve noted below			<b>(8)</b>
<b>Cash Balance in Replacement Reserve (RR)</b>			<b>\$28,291</b>

	<b>12/31/2022</b>	<b>12/31/2023</b>
<b>Restricted Reserve Cash Balance***</b>	<b>\$31,007</b>	<b>\$17,509</b>

	<b>Proof of cash balance</b>	<b>12/31/2023</b>
Unrestricted Cash Balance		<b>\$181,155</b>
Less Prepaid 2024 fees recd in November & December 2023		<b>(147,155)</b>
Less Prepaid 2024 fees recd on balance sheet in AR as credit		<b>(5,709)</b>
<b>Cash available for Replacement Reserves</b>		<b>\$28,291</b>

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\* Reserve for Replacement carryover balance as of 12/31/2022 was \$39,478 per 2022 Annual Financial Report represents cash basis accumulation of funds for replacements & improvements planned that were not completed in prior year period.

\*\*Major improvements : Furnace replaced in all 6 units with Smart thermostats, AC in unit 8, washer/dryer in unit 2 & 8, dishwasher in unit 8.

\*\*2024 planned replacements , AC in units 2,5,11,19. Unit 14 was done in 2019, unit 8 done in 2023. Estimated cost to replace 4 AC units is \$22,000.

\*\*\*Bylaws require a minimum of 10% of annual operating budget to be held in restricted reserve. \$17,509 restricted reserves is 11%

\*\*\*\*Any excess funds at year end will be used for future year capital improvements, added to the Reserves for Replacement or Restricted Reserve.

**Amount paid for property taxes for each week current (235) in 2023= \$62.19**

*Note 1: Report was based upon actual 8 month results and best estimate of final 2023 numbers.*

This report is a Treasurer & President's summary of the official books kept by our property manager, Northern Michigan Escapes

Note 2: The HCCP billed our association a \$24,000 special assessment that was paid on 9/1/2023 as our share of the cost overruns on the CP rebuild.

The balance of the cost for our share of the remaining CP rebuild will be financed over 10 years with a local bank through HCCP.