

Cond. Bahía del Mar

Notes to Financial Statements

(1) Fuel

- * Lesser use of the power generator due to electricity company outages.

(2) Cleaning supplies/Repairs & maintenance

* Includes the following:	
* Aluminum doors to roof terrace	\$ 1,100.00
* Power generator maintenance	595.32
* Tele-entry repair	550.00
* Elevator tiles and glue	408.37
* Security cameras repairs	375.00
* Emergency lights substitution	335.51
* Lobby ceiling repair	150.00
* Light bulbs purchased	133.17
* Gazebo tiles	124.55
* Paint purchased	91.49
* Corridors floor buffering	88.29
* Lobby keypad re-programming	58.85
* Other various miscellaneous	60.32
	<u>\$ 4,070.87</u>

(3) Uncollectible maintenance dues from apartment 502.

(4) Electricity costs was \$884.37 lower than last year expense. Savings in electricity have been accomplished through controlled illumination, maintaining monthly invoice around \$700, or \$74 lower than last year.

(5) Water costs increase due to increased rates from August 2013. Monthly invoice for September and October reflected a 165% increase. November 2013 invoice reflected a 220% increase. In process of checking with the AAA in order to verify these charges.

(6) Operating deficit

- * Mainly due to the Bad Debt Expense charged to operating costs on the situation with apartment 502, which was foreclosed by the mortgage lender and monthly dues collection are not expected until the apartment is sold by the Bank.
- * Legal reserve accumulations have been made in accordance with the Rules of Administration.
- * Total cash balance as of 10/31/13 is \$21,779.00, comparable to \$18,198.71 @ 10/31/12.

(7) 2013-14 Budget

- * Increase of approximately 15.7% in operating expenses; mainly to consider effect of the maintenance dues not collected on foreclosed apartment, professional services and water expense.
- * Proposed increase in monthly maintenance fees of:
 - 18.64% to cover increased costs.
 - 26.82% to cover increased costs and increase in legal reserve to 10%, for compliance purposes with FHA requirements.