

**MILANO SECTION II RESIDENTS ASSN., INC.**  
**ADOPTED BUDGET FOR THE FISCAL YEAR**  
**JAN. 1, 2020 TO DEC. 31, 2020**

MILANO SECTION II	2019	2019	2020	CHANGE	2020	2020
UNITS - 74	ADOPTED	PROJECTED	ADOPTED	FROM	QUARTERLY	Budget Notes
	BUDGET	ACTUAL	BUDGET	'19 TO '20	PER UNIT	
<b>REVENUE:</b>	<b>\$950/qtr</b>		<b>\$1,004/qtr</b>			\$54 per unit per quarter increase - operating a deficit budget
MAINTENANCE ASSESSMENTS	242,424.00	242,424.00	257,520.00	15,096.00	870.00	in 2019 operated \$17,464 deficit budget. For 2020 increase \$54/unit/quarter - Milano Rec increase is the reason for the higher quarterly assessment - operate a deficit budget of \$14,500.
RESERVE ASSESSMENTS	38,776.00	38,776.00	39,664.00	888.00	134.00	see Reserve schedule - increase for new roof plan partially offset by fully funded paint reserve and reduced funding for fire panel reserve
<b>TOTAL REVENUE</b>	<b>\$281,200.00</b>	<b>\$281,200.00</b>	<b>\$297,184.00</b>	<b>\$15,984.00</b>	<b>\$1,004.00</b>	5.68%
<b>EXPENSES:</b>						percentage increase
<b>- OPERATING -</b>						
ELECTRICITY	1,390.00	1,389.03	1,390.00		4.70	For 2020, based on 2019 projection w/no rate increase expected in 2020. FPL news release from 2017, proposing a plan for 2017-2020 to include 3 base rate adj during 4 yr period. 2017=3.9%, 2018=3.2%, 2019=2.7%, 2020=none.
FIRE ALARM, FIRE SPRINKLER AND BACKFLOW INSPECTION AND MAINTENANCE	10,300.00	3,829.80	5,700.00	(4,600.00)	19.26	In 2019, paid Naples Fire Protection \$225 for 1st Qtr Fire Sprinkler Inspection, \$154.80 for repairs and \$630 for Backflow inspection, \$695 for Annual Fire Sprinkler add'l fees & tax \$275; Estimate \$225 x 2 for other qtrly inspection, \$400 for Annual Fire Extinguisher inspection and \$1000 repairs before y/e. For 2020 Annual sprinkler \$695; qtrly inspections \$225/qtr; Annual backflow inspection \$630; annual fire alarm inspections \$595; Annual Fire Extinguishers inspections \$390 and OT fee for Annual Fire Sprinkler \$275; Mgr suggests \$2000 on repairs.
FIRE ALARM MONITORING	3,800.00	5,584.20	4,000.00	200.00	13.51	In 2019, paid National Security Fire \$946.05/qtr. BoD discussing change to Naples Fire Protection; discussion with Atty on cancelling contract with National Security; cancelled service but they claim a cancelation fee. Please note that Nat'l Security was paid in full for 2019 in January/July 2019. Discussed with Stephanie regarding refund of over payment. Naples Fire also charges a \$1800 take over fee; included as an October 2019 projected expense. For 2020 used Naples Fire \$1800 Annual Fire Alarm Monitoring & \$1800 Annual Cellular Service plus tax.
CC UTILITIES - FIRE METERS	0.00	119.42	0.00			CCU Fire Meter. CC decided to charge monthly, but due to protests cancelled the charge after 4 months (Nov 2018 to Feb 2019)
ROOF CLEANING	6,180.00	0.00	0.00	(6,180.00)	0.00	In 2018, paid Clean up Group \$3,090 for 1st Bi annual cleaning for 10 bldgs. In 2019 put on hold due to determination for new roofs. Not needed for 2020 - roofs are new.
INSURANCE	34,000.00	34,945.00	38,140.00	4,140.00	128.85	In 2019, paid AmCap \$30,725 (Property), Westfield \$1534 (Package), Hartford \$805 (Fidelity), CAIS \$644 (W/C) and McGriff \$1237 (D&O) policies. Policies renew in August with D&O exception (April) For 2020, estimate \$38,133 per agent - Property \$33.5k, GL \$1.7K, D&O \$1.4K, Fidelity \$900 and W/C \$633.
MANAGEMENT/ACCOUNTING	16,245.00	17,145.00	18,225.00	1,980.00	61.57	In 2019, paid CFI \$660/mo & \$525 for budget prep; paid Cambridge \$650/mo (Jan-Jun) then Waterways Assoc. Mgmt \$800/mo (Jul-Dec). For 2020, no change for Waterways \$800/mth; CFI \$670/mth, and no change to budget prep \$585
MASTER ASSOCIATION FEE	175,232.00	175,232.00	191,216.00	15,984.00	646.00	For 2019, Milano Rec \$592/qtr per unit. For 2020, Adopted rate \$646/qtr per unit
OFFICE/POSTAGE/ADMINISTRATION	3,200.00	3,187.89	3,200.00		10.81	In 2019, paid Collier Financial, Cambridge and Waterways admin & postage costs. For 2020, no change.
PROFESSIONAL FEES	3,400.00	4,645.70	3,400.00		11.49	In 2019 (thru 10/11/19) total expense \$9,182. Paid Adamczyk Law \$897.20 for collection issues/ \$1364 for general matters; paid GADC \$6036.25 for roof contract work-RECLASS TO HURRICANE IRMA 2018 SETTLEMENT, \$325 for collection issue and \$572 for "sale denial" process; paid CFI \$375 to Attend the Annual Meeting, \$200 to research CCU FM billing; \$125 for K Simon/ins settlement and \$50 on "sale denial" process; paid Townsend \$270 for the annual Insurance update appraisal. Two owners reimbursed association for legal fees \$975. Estimate \$1,500 add'l fees by year end. For 2020 maintain the same budget for legal/other professional - roof contract non-recurring

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	BUDGET	ACTUAL	BUDGET	'19 TO '20	PER UNIT	
REPAIRS & MAINTENANCE	4,500.00	3,780.00	4,500.00		15.20	In 2019, paid Chrisfa Service \$480 to paint garage @ 15764. Estimate \$1000 for dryer vent cleaning and \$1500 to pressure wash pavers. For 2020, no change
TAX RETURN PREPARATION	400.00	400.00	400.00		1.35	In 2019 paid CFI \$400 - no change for 2020.
TAXES/LICENSES/FEES	1,791.00	2,443.25	2,599.00	808.00	8.78	In 2019 paid \$61.25 to CFI for the Annual Corp Report; paid Irs \$2382 for Federal Taxes - rental income. In 2020 expect similar taxes with higher reserve interest
EXPENSES FOR 15544 HSE	0.00	-571.76	0.00		0.00	In 2019, paid CCU water usage for 15544 2/7-6/7 including meter lock fee. Used \$866 of rental deposit for a/c repair done July 2018
<b>TOTAL OPERATING</b>	<b>\$260,438.00</b>	<b>\$252,129.53</b>	<b>\$272,770.00</b>	<b>\$12,332.00</b>	<b>\$921.52</b>	
<b>- RESERVE TRANSFERS -</b>						
INTEREST	1,000.00	10,857.21	4,000.00	3,000.00	13.51	any interest earned from reserves will be transferred
PAINT	3,214.00	3,214.00	0.00	(3,214.00)	0.00	see Reserve schedule - fully funded
ROOF	27,718.00	27,718.00	36,003.00	8,285.00	121.63	see Reserve schedule - new reserve funding plan - RCV provided by K.Simon Construction
FIRE PROTECT-FIRE ALARM PANELS	5,591.00	5,591.00	1,669.00	(3,922.00)	5.64	see Reserve schedule - next panel replacement to be paid from hurricane irma settlement funds - significantly reduce funding
FIRE PROTECT-ENCLOSURE W/AC	503.00	503.00	504.00	1.00	1.70	see Reserve schedule
GUTTERS for BUILDINGS	1,750.00	1,750.00	1,488.00	(262.00)	5.03	see Reserve schedule
HURRICANE IRMA SETTLEMENT	0.00	1,879,640.57	0.00		0.00	Settlement check \$1,879,640.57; 10% public adjuster fee \$187,964 and 10% atty fee \$187,964.
<b>TOTAL RESERVE TRANSFERS</b>	<b>\$39,776.00</b>	<b>\$1,929,273.78</b>	<b>\$43,664.00</b>	<b>\$3,888.00</b>	<b>\$147.51</b>	
<b>TOTAL EXPENSES</b>	<b>\$300,214.00</b>	<b>\$2,181,403.31</b>	<b>\$316,434.00</b>	<b>\$16,220.00</b>	<b>\$1,069.03</b>	
<b>OTHER INCOME:</b>						
LATE FEES	300.00	1,153.12	500.00	200.00	1.69	conservative estimate w/other income sources
RENTAL INCOME	0.00	1,400.00	0.00		0.00	Unit was foreclosed by the bank; no more rental income
APPLICATION FEES	250.00	450.00	250.00		0.84	conservative estimate w/other income sources
INTEREST EARNED - RESERVES	1,000.00	10,857.21	4,000.00	3,000.00	13.51	conservative estimate w/other income sources - 2019 interest so high from insurance settlement
INSURANCE SETTLEMENT	0.00	1,879,640.57	0.00		0.00	Amcap settlement for Hurricane Irma damage.transferred to Reserve
<b>TOTAL OTHER INCOME</b>	<b>\$1,550.00</b>	<b>\$1,893,500.90</b>	<b>\$4,750.00</b>	<b>\$3,200.00</b>	<b>\$16.04</b>	
<b>NET INCOME/(LOSS)</b>	<b>(\$17,464.00)</b>	<b>(\$6,702.41)</b>	<b>(\$14,500.00)</b>	<b>\$2,964.00</b>	<b>(\$48.99)</b>	
		<b>\$90,077.56</b>	<b>12/31/18 cumulative surplus</b>			
		<b>\$83,375.15</b>	<b>12/31/19 projected cumulative surplus</b>			
The Association will end the year with an estimated cumulative surplus of approximately \$83,400.						
Board will consider using \$14,500 of the accumulated surplus to supplement 2020 operations and only increase the quarterly assessment \$54 per unit.						
The "true" cost to operate the Association in 2020 is \$1,066 per unit per quarter.						
The "true" cost to operate the Association in 2019 was \$1,009 per unit per quarter.						

**MILANO SECTION II RESIDENTS ASSOCIATION, INC.**  
**ADOPTED RESERVE FUNDING FOR FISCAL YEAR JAN. 1, 2020 TO DEC. 31, 2020**

UNITS - 74	GUTTERS	PAINTING 2020	ROOF	FIRE PANELS (4)	FIRE PROTECTION FIRE ALARM PANELS (3) & WIRELESS EQUIP	FIRE PROTECTION ENCLOSURE W/ AIR COND.	TOTAL
<b>REPLACEMENT COST *</b>	<b>\$35,000</b>	<b>\$45,950</b>	<b>\$1,324,800</b>	<b>\$12,000</b>	<b>\$13,700</b>	<b>\$15,680</b>	<b>\$1,447,130</b>
<b>LIFE (YEARS)</b>	<b>20</b>	<b>8</b>	<b>30</b>	<b>10</b>	<b>10</b>	<b>6</b>	
<b>REMAINING LIFE (YEARS)</b>	<b>20</b>	<b>1</b>	<b>30</b>	<b>10</b>	<b>10</b>	<b>2</b>	
<b>12/31/19 BALANCE (estimated)</b>	<b>\$5,250</b>	<b>\$45,950</b>	<b>\$245,645</b>	<b>\$4,000</b>	<b>\$6,117</b>	<b>\$14,673</b>	<b>\$321,635</b>
<b>AMOUNT TO FUND</b>	<b>\$29,750</b>	<b>\$0</b>	<b>\$1,079,155</b>	<b>\$8,000</b>	<b>\$7,583</b>	<b>\$1,007</b>	<b>\$1,095,745</b>
<b>Year 2020 FUNDING</b>	<b>\$1,488</b>	<b>\$0</b>	<b>\$36,003</b>	<b>\$800</b>	<b>\$869</b>	<b>\$504</b>	<b>\$39,664</b>
<b>QUARTERLY FUNDING</b>	<b>\$372.00</b>	<b>\$0.00</b>	<b>\$9,000.75</b>	<b>\$200.00</b>	<b>\$217.25</b>	<b>\$126.00</b>	<b>\$9,916.00</b>
<b>QUARTERLY PER UNIT</b>	<b>\$5.03</b>	<b>\$0.00</b>	<b>\$121.63</b>	<b>\$2.70</b>	<b>\$2.94</b>	<b>\$1.70</b>	<b>\$134.00</b>
*To be expressed in terms of today's cost, without adjustment for inflation, which is covered from interest income.							
In addition to the above balances, the Association is estimated to have \$17,687 of accumulated interest on reserves.							
For above presentation, all reserve interest has been allocated to the roof reserves.							
In addition to the above balances, the Association has \$2,940 of Capital Funds.							
In addition to the above balances, the Association received \$116,680 of insurance settlement funds from Hurricane Irma.							
Reserve/Capital expenses in 2018							
In Jul/18 paid \$1510 to Naples Fire Protection replace a FACP enclosure box							
Reserve/Capital expenses in 2019 (thru 10/11/19):							
In May/19 paid Cambridge \$4,025 to supervise roofer (mar-apr) Paid from Hurricane settlement - 2018							
In Apr&May/19 paid K Simon \$751,856.15 for 50% of project (contract \$1,503,712.57) paid from Hurricane Settlement							