

November 7, 2011

Dear Ms. Ingold:

In reviewing the financial documents for the 2012 budget we do have some questions and request after your review an amended budget be submitted.

EXPENSE ACCOUNTS IN QUESTION:

Cable TV: Expense to date 9/11 = $35,585.26/9=3,953.92/\text{mo} \times 12= 47,447.01$ total for 2011

Question: Why are you budgeting less than project spending for 2011

Question Cable Receipts: Why does 2011 Budget distributed in November 2010 show 39,750 and the 2011 Budget cable receipt total distributed October 2011 show 42,144.00

License and Fees: Expense to date 9/11 = 250.00 WHY are you budgeting for 5,000.00 in 2012

Water and Sewer: Expense to date 9/11 = $16,043.67/9=1,782.63/\text{mo} \times 12 = 21,391.56$ WHY are you budgeting 46,000.00 in 2012

Painting and Decorating: Expense to date 9/11 = $506.40/9= 56.27 \times 12 = 675.20$ WHY are you budgeting 5,000.00 in 2012

General Repairs and Maintenance: Expense to date 9/11 = $21,734.60/9= 2,414.95/\text{mo} \times 12 = 28,979.46$ WHY is the 2011 Budget 72,178.50 Why is 2012 decreasing to 62,380.18 – looks like some work in 2011 has gone undone comparing the budget total vs ytd total.

Equipment: Expense to date 9/11= $232.70/9= 25.85/\text{mo} \times 12= 310.25$ WHY are you budgeting 6,000.00 for both 2011 and 2012

Vehicle Expense: Expense to date 9/11 = $3,032.95/9= 336.99/\text{mo} \times 12 = 4,043.93$ WHY is the budget total 3,000.00 Please Note: In the letter of October 20, 2011 to all unit owners you made a statement “Your Board of Directors will continue to search out and implement cost-effective procedures for maintenance and improvement of our properties.” Now would be a good time for you to prove your intent to search out cost-effective procedures.

Elevator Maintenance: If a Special Assessment is being approved for 2012, why is the 2012 budget total increasing – wouldn't this regular expense go down if the expenses are covered with Special Assessment – With an elevator upgrade there should be a new contract for service at a lower rate.

Board Meetings: Expense to date 9/11 = 459.40 WHY a budget total of 300.00

Salary Janitor: WHY are the 2011 and 2012 budget totals remaining the same. A pay increase of \$2.00 per hour was given in 2011 this equals an increase of 4,160.00 per year.

Salary Doormen: WHY are the 2011 and 2012 budget totals remaining the same. A pay increase was given in 2011.

Salary Office: Expense to date 9/11 = $37,106.57/9=4,122.95 \times 12 = 49,475.42$ WHY is the budget total 46,000.00

Salary Security: Expense to date 9/11 = ZERO The 2010 Actual Expense was ZERO - WHY are you budgeting 30,000 – Again, this would be a good time for you to prove your intent to search out cost-effective procedures.

Workers Comp / Bld Ins: Expense to date 9/11 = $4,212.00/9=468.00 \times 12 = 5,616.00$ WHY are you budgeting 65,000.00

Payroll Taxes and Unemployment Taxes: Expense to date 9/11 = $44,081.68/9=4,897.94 \times 12 = 58,775.30$ WHY does the 2012 budget 15,650.00 – Based on the Payroll tax rates and the total gross salary the Payroll Taxes and Unemployment Taxes compute to around 32,973 – Why is the ytd total 44,081.68

INCOME ACCOUNTS IN QUESTION:

Laundry Income: Income to date 9/11 = 14,294.30 (how do you get .30 – machines take .25) $14,294.30/9 = 1,588.25 \times 12 = 19,059.06$ Budget 2012 = 22,500.00 – income will most likely decrease if units remain unoccupied.

Sanitation Rebate: The maximum rebate allowed is 75.00 per unit. $75.00 \times 151 \text{ units} = 11,325.00$ WHY are you budgeting to receive 14,336.00. Also, the Sanitation Rebate is being challenged by our Mayor, and may not be available why are you budgeting this as income.

Late Fees: The Late Fee Charge is 35.00. The 2012 budget is 2,700/yr this would indicate 6.4 late fees received per month – this does not compute.

SPECIAL ASSESSMENT: Seawall, Garage, Elevators, Roof & Pipes (and possible reserves) We need proposals showing estimated work to be done and cost of the repairs. This is too open ended, there is no way this can be approved without further documentation. Where and how did you arrive at the amount of 388,750.00

Respectfully submitted:

Catherine McCarty

Bogdan Bogdan

cc unit owners