

**THE ISLANDER OWNER'S ASSOCIATION, INC
REGULAR SCHEDULED BOARD OF DIRECTOR'S MEETING**

NOTICE

**THERE WILL BE A REGULAR SCHEDULED BOARD OF DIRECTOR'S MEETING
SATURDAY, FEBRUARY 20TH, 2016 AT 9:00AM CST IN THE PALM ROOM OF THE
ISLANDER CONDOMINIUM AT 502 GULF SHORE DRIVE, DESTIN, FLORIDA 32541**

**THIS MEETING WILL BE AVAILABLE BY TELEPHONE FOR THOSE UNABLE TO
TRAVEL ONSITE THIS DAY.**

**PLEASE CALL 1-800-444-2801, ENTER CONFERENCE CODE
6921782 TO ATTEND THE MEETING.**

AGENDA

- 1) Call to Order
- 2) Roll Call
- 3) Proof of Notice
- 4) Approval of Agenda
- 5) Approval of Minutes (November 14, 2015)
- 6) President's Report – Axel Feltenberger
- 7) Finance Committee Report – Megan Pollak
 - a) 2015 Year-end Financials
 - b) 2015 Audit Update
- 8) Management Report – Stephen Parish
- 9) Marketing / Advertising Report – Stephen Parish
- 10) Unfinished Business
 - a) Sliding Glass Door Update
- 11) New Business
- 12) Adjournment

MINUTES
THE ISLANDER OWNER'S ASSOCIATION, INC
REGULAR SCHEDULED BOARD OF DIRECTOR'S MEETING

HELD ON SATURDAY, NOVEMBER 14TH, 2015
IN THE PALM ROOM AT THE ISLANDER CONDOMINIUM
AT 502 GULF SHORE DRIVE, DESTIN, FL 32541

THIS MEETING WAS AVAILABLE BY TELEPHONE AT 1-800-444-2801,
CONFERENCE CODE 6921782 TO ATTEND THE MEETING.

Board Members Present: Fisher (Axel) Feltenberger (#303), Rosemary Bubien (#411), Sharon Schlott (#413 & #603), Bob Whitley (#508), Ken Dixon (#704).

Board Members Absent: Linus Carroll (#209, #613 & #706), Larry O'Bryan (#108 & #318).

Members Present: James & Margaret Saai (#202 & #406), Louise & Stan Squires (#213), Jimmye Hill (#218), Dennis Schlott (#413 & #603), Thomas McIndoe (#417), Christine & Thomas Frichtel (#503), James & Mary Coston (#505), Lou Mossotti (#511), Janet Jeffcoat (#709).

Members Present via Telephone Conference: None

Management Present: Stephen Parish, General Manager, Megan Pollak, Assistant General Manager, Helene Korski, Transcription.

1) Call to Order: The Chairman, Ax Feltenberger called the meeting to order at 10:55AM.

2) Roll Call: The Chairman called the roll and confirmed quorum.
Mr. Feltenberger explained that there were 4 vacant seats on the Board. His and Sharon Schlott's due to term expirations and 2 resignations due to Board members selling their units. He, Sharon Schlott, Linus Carroll and Larry O'Bryan submitted their candidacy thus eliminating the need for an election.

3) Approval of Agenda:

Motion: To accept the agenda as presented moved by Ken Dixon, 2nd by Sharon Schlott.

Discussion: None

Vote: Unanimous. Motion carried.

4) Approval of Minutes (August 22, 2015)

Motion: To amend the published minutes by striking "7000" from the top of page 6 and accept the amended minutes moved by Rosemary Bubien, 2nd by Bob Whitley.

Discussion: None

Vote: Unanimous. Motion carried.

5) Election of Officers:

President: Rosemary Bubien nominated Ax Feltenberger, 2nd by Ken Dixon.

Ax Feltenberger accepted the nomination and was appointed President.

Vice President: Rosemary Bubien nominated Sharon Schlott, 2nd by Ken Dixon.

Sharon Schlott accepted the nomination and was appointed Vice-President.

Treasurer: Sharon Schlott nominated Larry O'Bryan as Treasurer, 2nd by Bob Whitley.

Larry O'Bryan confirmed acceptance of the nomination via texted message to Stephen Parish and was appointed Treasurer.

Secretary: Bob Whitley nominated Rosemary Bubien, 2nd by Ken Dixon.

Rosemary Bubien accepted the nomination and was appointed Secretary.

6) Unfinished Business:

Bob Whitley offered to serve as Snowbird liaison, and the Board accepted.

7) New Business:

a) Adoption of Approved 2016 Budget:

Motion: To approve the 2016 budget moved by Rosemary Bubien, 2nd by Sharon Schlott.

Discussion: None

Vote: Unanimous. Motion carried.

b) Board of Director's 2016 Meetings Schedule to be held at The Islander in Destin:

February 20th, 2016 May 14th, 2016 August 20th, 2016 November 12th, 2016

Motion: To approve the 2016 BOD's meetings schedule moved by Ken Dixon, 2nd Rosemary Bubien.

Discussion: None

Vote: Unanimous. Motion carried.

c) Aqua Creek Ranger Pool Lift Chair Special Assessment:

Motion: To approve a onetime special assessment of \$151.32 for purchase and installation of the Pool Lift Chair by CRC Pool Services for the month of November moved by Rosemary Bubien, 2nd by Sharon Schlott.

Discussion: None

Vote: Unanimous. Motion carried.

d) Sliding Glass Door Replacement Special Assessment

Mr. Feltenberger provided a recap of the Board's August decision to proceed with replacing the Sliding Glass Doors in the fall of 2016 (Pages 32 – 35 of the Board Information Packet).

Motion: To approve Sliding Glass Door Replacement Special Assessment option # 6 (page 31) of \$362.71 each month starting January – December 2016 moved by Ken Dixon, 2nd by Bob Whitley.

Discussion: Mr. Saai asked if we would get any credits for the old door. Mr. Feltenberger answered by saying very doubtful and there should be additional expenses incurred from disposing and storing the doors. Mr. Mossotti asked if the old doors could be scrapped.

Vote: Unanimous. Motion carried.

TO DO: Management will inquire as to whether money can be obtained from salvaging the aluminum door frames.

TO DO: Management will investigate feasibility of additional UV filtering options.

e) Urgent Interim Sliding Glass Door Replacement Prior to 2016 Scheduled Installation

Mr. Parish reported that Alex Koskey confirmed he would be willing to install the sliding glass door in unit 312 for the bulk discounted price with an additional cost of \$170 to include the permit.

Mr. Parish said he thought that there may be other owner's doors to be replaced prior to fall 2016.

TO DO: Mr. Parish will compose a letter to the owners with the deadline to reply being December 15th offering interim replacement if the full amount and the additional \$170 is paid in full prior to install.

Mrs. Frichtel asked about the finishing touches of the sliding glass doors and who is responsible. Mrs. Pollak answered that this will be reviewed in the contract and if it is our responsibility, Todd (our in-house maintenance staff) will complete finishing touches.

Mrs. Pollak informed the board that Mr. Koskey required a \$5,000 deposit for the Islander to reserve a slot for the Sliding Glass Door installation for the fall of 2016. The contract is not yet signed. The deposit will be paid.

f) 2016 Rental Agreement

Mrs. Pollak read and explained the changes to the 2016 rental agreement (pages 36 - 41).

In response to Mrs. Frichtel's questions, she clarified that the Platinum through Bronze levels remain a unit point based rating system and the criteria document is available upon request.

Motion: To approve the 2016 Rental Management Agreement with changes moved by Bob Whitley, 2nd by Rosemary Bubien.

Discussion: None

Vote: Unanimous. Motion carried.

g) Staff Bonus

Mr. Feltenberger explained that the Friday Working group had discussed awarding the Staff bonus at length yesterday. The criteria to award the bonus are listed on page 54. The Association is short on funds and provisions to cover its share of the contribution have been identified.

All appreciate the excellent work done by management and staff.

Motion: On behalf of the Friday Working Group, to provide a Staff bonus of \$22,118 to be distributed based on the Islander Employee Bonus Plan. To enable distribution, the Association lacking funds to contribute its 1/3 share at this time, will withhold collecting rent from the Islander Rental Company until the amount is paid in full. Should pending real estate sales close, monies from the closing will be allocated toward the Association's share. Should the BP settlement be received, the remaining portion of the amount due will be expensed from the BP settlement to avoid a negative impact on the Association's 2016 operating budget moved by Rosemary Bubien, 2nd by Ken Dixon

Discussion: None

Vote: Unanimous. Motion carried.

h) Palm Room Rental Scheduling Fees

Mrs. Pollak related the outcome of the Friday Working Group discussion.

- Owners may reserve the Palm Room at no cost.
- The Islander Rental Company is paying the Association \$5/day for use of the Palm Room for the Snowbirds.
- Mrs. Korski has the booking calendar and rates.

In Response to Ms. Squires' question about spring break 2016, Mr. Parish clarified that spring break time can be considered to be March 15th – April 15th.

8) Adjournment:

Motion: To adjourn moved by Sharon Schlott, 2nd by Ken Dixon

Discussion: None

Vote: Unanimous. Meeting adjourned at 11:30 AM.

ISLANDER OWNERS' ASSOCIATION, INC.
December 2015

<u>Description</u>		<u>%</u>	<u>Assoc</u>	<u>%</u>		<u>%</u>	<u>Rental</u>	<u>%</u>
Assets			Balance Sheet				Balance Sheet	
Cash on Hand			\$ 74,062				\$ 110,958	
Acct Rec			\$ 42,089				\$ 9,708	
Due to/from-MISC			\$ (5,097)				\$ 5,097	
Prepays			\$ 42,230				\$ 8,813	
Inventory							\$ 14,222	
Fixed Assets			\$ 103,581				\$ 20,785	
Accum. Depreciation			\$ (54,555)				\$ (9,466)	
Total Assets	\$ -		\$ 202,309		\$ -		\$ 160,117	
Liabilities								
Accounts Payable			\$ 12,356				\$ 17,951	
NP-Insurance			\$ 49,007					
Notes Payable			\$ 54,892					
SBA/Misc			\$ 310,291				\$ 109,515	
Total Liabilities	\$ -		\$ 426,546		\$ -		\$ 127,466	
Fund Balance			\$ (224,237)				\$ 32,651	
Total Liab. and Fund Bal	\$ -		\$ 202,309		\$ -		\$ 160,117	
	<u>Assoc</u>		<u>Assoc</u>		<u>Rental</u>		<u>Rental</u>	
	<u>Dec</u>		<u>YTD</u>		<u>Dec</u>		<u>YTD</u>	
Revenues:								
Regular Assessments/Rep	74,682.35	138%	896,188.20	72%	10,958.75	42%	143,875.22	12%
RE/Commission	6,380.00	12%	39,248.45	3%	6,074.59	23%	528,108.00	44%
Lobby Rent/Damage Waiv	1,750.00	3%	21,000.00	2%	1,062.00	4%	108,775.00	9%
Washer:Dryer/Sundries	203.50	0%	10,213.75	1%	44.12	0%	5,470.37	0%
Vending,Beach Rentals			2,094.26	0%		0%	82,962.75	7%
Late Fees/Misc	68.85	0%	776.69	0%			1,840.16	0%
Palm/Hskpg-Maint Incm			1,300.00	0%	7,653.25	29%	317,409.63	26%
Interest Income	1.71	0%	68.34	0%	18.97	0%	388.86	0%
Cancel/Ck fee/Book					385.00	1%	5,985.00	0%
Sp Assess/Gift Shop	(28,955.79)	-53%	281,867.82	22%	80.00	0%	2,989.46	0%
Total Revenue	54,130.62	100%	1,252,757.51	100%	26,276.68	100%	1,197,804.45	100%
Cost of Sales					64.33		4,478.78	
Gross Profit	54,130.62		1,252,757.51		26,212.35		1,193,325.67	
Expenses:								
Salaries and Wages	15,331.51	19%	131,559.03	10%	40,851.34	35%	295,101.59	25%
Payroll txs,WC, Group Ins	1,240.90	2%	17,314.11	1%	3,638.99	3%	39,067.03	3%
Insurance/Repl	11,472.60	14%	141,636.27	11%	7,971.68	7%	146,605.39	13%
Taxes,Permits,Dues			3,803.55	0%				
Office Exp./Legal	1,755.56	2%	13,121.54	1%	3,052.15	3%	21,615.92	2%
Doors/Credit Card Fees	2,280.88	3%	278,861.84	22%	562.57	0%	46,626.19	4%
Interest/Damage Waiver	4,318.40	5%	12,492.37	1%	2,205.79	2%	10,359.11	1%
RE/Advertising	355.04	0%	8,898.23	1%	12,158.96	10%	69,813.89	6%
Utilities	11,386.41	14%	163,426.08	13%	4,377.10	4%	74,947.33	6%
Maintenance/Contracts	5,200.57	6%	95,759.02	8%	2,473.42	2%	22,903.15	2%
Hskpg, Guest supplies			3,185.10	0%	20,877.09	18%	314,624.59	27%
Depreciation	804.35	1%	9,652.20	1%	346.43	0%	4,157.16	0%
Provisions for Reserves	22,694.83	28%	272,338.00	22%				
Contingency/Misc	1,620.00	2%	38,659.42	3%	13,474.18	12%	17,189.56	1%
Misc/Rent	3,061.00	4%	70,139.06	6%	1,750.00	2%	21,000.00	2%
Guest Amenities/Beach			3,192.88	0%	2,539.53	2%	84,139.27	7%
Total Expenses	81,522.05	100%	1,264,038.70	100%	116,279.23	100%	1,168,150.18	100%
Net Income/(Loss)	(27,391.43)		(11,281.19)		(90,066.88)		25,175.49	

Islander Owners Association, Inc.
Profit & Loss Budget vs. Actual
January through December 2015

	Jan - Dec 15	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
6001-1 · Assessment Income	859,456.20	859,455.00	1.20
6002-1 · SBA Assessment Income	36,732.00	36,732.00	0.00
6009-1 · Special Assess - Front UniDoors	272,259.00	0.00	272,259.00
6010-1 · Late Fees-Association	776.69	600.00	176.69
6012-1 · Office/Lobby Rental Income	21,000.00	21,000.00	0.00
6013-1 · Brokerage Income 10%	7,968.18	900.00	7,068.18
6014-1 · Brokerage Income - Assoc	31,280.27	8,100.00	23,180.27
6015-1 · Palm Room Income	1,300.00	0.00	1,300.00
6016-1 · SpAssess - Pool Lift	9,608.82	0.00	9,608.82
6021-1 · Washer/Dryer Income	10,213.75	10,500.00	-286.25
6202-1 · Beach Rentals - Assoc	2,094.26	1,200.00	894.26
6901-1 · Interest Income - Association	68.34	20.00	48.34
Total Income	1,252,757.51	938,507.00	314,250.51
Gross Profit	1,252,757.51	938,507.00	314,250.51
Expense			
8011-1 · Housekeeping Payroll - Assoc	21,758.85	37,530.00	-15,771.15
8012-1 · Staff - Association	6,611.66	7,322.00	-710.34
8013-1 · Maint Payroll - Assoc	39,198.89	40,244.00	-1,045.11
8023-1 · Assistant Manager - Assoc	30,000.12	30,000.00	0.12
8031-1 · General Manager- Association	25,750.63	25,550.00	200.63
8033-1 · Employee Gift/Bonus - Assoc	6,635.88	0.00	6,635.88
8036-1 · IRA Contribution - Assoc	1,971.31	2,813.00	-841.69
8061-1 · Contract Labor - Assoc	700.00	0.00	700.00
8101-1 · Payroll Taxes - Assoc	11,450.70	16,877.00	-5,426.30
8102-1 · Workers Compensation-Associatio	3,369.57	4,806.00	-1,436.43
8111-1 · Uniform Exp - Association	522.53	800.00	-277.47
8201-1 · Office Expense - Association	5,236.04	4,900.00	336.04
8207-1 · Bank Fees - Association	172.00	100.00	72.00
8212-1 · Legal & Professional - Assoc	7,713.50	11,000.00	-3,286.50
8213-1 · Main & Rental Contracts - Assoc	4,701.61	7,620.00	-2,918.39
8214-1 · Security - Assoc	903.00	0.00	903.00
8215-1 · Taxes, Licenses, Permits -Assoc	3,803.55	4,200.00	-396.45
8304-1 · Depreciation - Association	9,652.20	0.00	9,652.20
8321-1 · Insurance - Association	141,636.27	139,544.00	2,092.27
8411-1 · Guest Amenities - Assoc.	3,192.88	6,842.00	-3,649.12
8501-1 · Trash 50/50 - Association	9,372.86	7,400.00	1,972.86
8503-1 · Electric 70/30 - Association	31,803.65	34,100.00	-2,296.35
8505-1 · Gas - Pools/Linen - Association	12,985.97	20,384.00	-7,398.03
8507-1 · Water/Sewer - Association	44,416.56	41,800.00	2,616.56
8521-1 · Pest Control	4,850.00	4,923.00	-73.00
8531-1 · Cable TV	26,536.45	28,758.00	-2,221.55
8532-1 · Cable Internet	21,744.01	24,232.00	-2,487.99
8551-1 · Telephone Expense - Association	11,716.58	10,920.00	796.58
8600-1 · Building/Ground Main.	31,813.72	40,000.00	-8,186.28
8605-1 · Elevator Maint	5,842.28	6,283.00	-440.72
8609-1 · Pool Maint / Supplies	16,545.43	17,850.00	-1,304.57
8621-1 · Landscaping	31,105.50	37,777.00	-6,671.50
8631-1 · Laundry Equip Maint. - Assoc	1,103.37	1,000.00	103.37
8651-1 · Fire Alarm Inspection/Maint	4,647.11	3,600.00	1,047.11
8702-1 · Unit Front Door Expense	278,861.84	0.00	278,861.84
8703-1 · Palm Room Renovation Expense	55,491.82	0.00	55,491.82
8704-1 · Palm Room Expense	1,977.42	0.00	1,977.42
8705-1 · Pool Lift Expense	9,608.82	0.00	9,608.82
8855-1 · Housekeeping Product - Assoc	3,185.10	3,500.00	-314.90
8901-1 · Capital/Equip Reserves Fund	272,338.00	272,338.00	0.00
8912-1 · Interest Expense - SBA	9,616.89	13,759.00	-4,142.11
8914-1 · Interest Expense-TM-LO -Associa	1,150.73	420.00	730.73
8915-1 · Interest Exp - Insurance	1,724.75	0.00	1,724.75
8971-1 · Contingencies	38,659.42	5,000.00	33,659.42
9501-1 · SBA Principal	3,061.00	22,973.00	-19,912.00
9950-1 · Real Estate Expense - Assoc	8,898.23	1,342.00	7,556.23
Total Expense	1,264,038.70	938,507.00	325,531.70
Net Ordinary Income	-11,281.19	0.00	-11,281.19

Islander Owners Rental Management
Profit & Loss Budget vs. Actual
 January through December 2015

	Jan - Dec 15	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
6101-2 · Rental Commissions	528,108.00	504,850.00	23,258.00
6103-2 · Amenity/Beach Service Income	80,649.74	80,002.00	647.74
6104-2 · Gift Shop Sales Income	2,989.46	2,000.00	989.46
6106-2 · Maint Work Order Income	7,011.38	6,000.00	1,011.38
6107-2 · Booking Fee Income	385.00	0.00	385.00
6109-2 · Late Fee Stmt Rentals	177.69	125.00	52.69
6110-2 · Cancellation Fee Income	5,600.00	6,000.00	-400.00
6111-2 · Damage Waiver Income	108,775.00	90,000.00	18,775.00
6202-2 · Beach Service/Rentals	2,313.01	900.00	1,413.01
6301-2 · Housekeeping Services	310,398.25	316,500.00	-6,101.75
6401-2 · Outside Vendor Replace - Income	118,194.97	0.00	118,194.97
6402-2 · Stock Replacement Items	25,680.25	0.00	25,680.25
6403-2 · Sales Tax Income	1,662.47	0.00	1,662.47
6701-2 · Sundries-ice charcoal,soap	4,238.90	2,300.00	1,938.90
6750-2 · Postage, Fax, keys	1,231.47	1,000.00	231.47
6901-2 · Interest Income - Rental	388.86	250.00	138.86
Total Income	1,197,804.45	1,009,927.00	187,877.45
Cost of Goods Sold			
7001-2 · Cost of Sundries Sold	2,131.82	1,300.00	831.82
7002-2 · Cost of Goods Sold-Gift Shop	2,346.96	0.00	2,346.96
Total COGS	4,478.78	1,300.00	3,178.78
Gross Profit	1,193,325.67	1,008,627.00	184,698.67
Expense			
8012-2 · Staff Payroll	112,125.90	137,130.00	-25,004.10
8013-2 · Maintenance Payroll - Rental	47,425.04	49,187.00	-1,761.96
8023-2 · Assistant Manager	30,000.11	30,000.00	0.11
8025-2 · Linen Room Attendant	36,939.19	37,980.00	-1,040.81
8031-2 · General Manager - Rental	47,822.63	47,450.00	372.63
8033-2 · Employee Gift/Bonus - Rental	15,983.72	0.00	15,983.72
8036-2 · IRA Contribution - Rental	4,121.55	6,034.00	-1,912.45
8061-2 · Contract Labor	4,805.00	0.00	4,805.00
8101-2 · Payroll Taxes - Rental	25,763.05	36,210.00	-10,446.95
8102-2 · Workers Compensation - Rental	6,954.86	10,213.00	-3,258.14
8112-2 · Uniform Expense - Rental	2,227.57	2,000.00	227.57
8201-2 · Office Expense - Rntl Mgt	10,688.68	8,000.00	2,688.68
8204-2 · Amenity/Beach Service	80,685.87	80,002.00	683.87
8205-2 · Credit Card Fees Expense	46,626.19	48,000.00	-1,373.81
8207-2 · Bank Fees - Rental	581.49	350.00	231.49
8212-2 · Legal & Professional - Rental	10,345.75	10,000.00	345.75
8213-2 · Maint & Rental Contract -Rental	21,491.90	17,498.00	3,993.90
8215-2 · Taxes, License & Permit -Rental	0.00	1,000.00	-1,000.00
8305-2 · Depreciation - Rental	4,157.16	0.00	4,157.16
8401-2 · Advertising/Marketing Expense	69,813.89	50,000.00	19,813.89
8411-2 · Guest Amenities	3,453.40	0.00	3,453.40
8501-2 · Trash - 50/50 - Rental	8,259.09	7,400.00	859.09
8503-2 · Electric - 70/30 - Rental	12,205.45	13,745.00	-1,539.55
8505-2 · Gas-Pools/ linen - Rental	4,345.93	4,000.00	345.93
8507-2 · Water/Sewer - Rental	43,173.68	40,800.00	2,373.68
8533-2 · Internet Service - Office	3,585.96	3,586.00	-0.04
8551-2 · Telephone Expenses - Rental	3,377.22	3,400.00	-22.78
8610-2 · Linen Room Supplies - Rental	14,183.01	12,500.00	1,683.01
8632-2 · Laundry Equip Maint- Rental	1,411.25	3,000.00	-1,588.75
8700-2 · Outside Vendor Replacement	125,589.34	0.00	125,589.34
8701-2 · Stock Replacement Purchase	21,016.05	0.00	21,016.05
8801-2 · Office/Lobby Rent Ex	21,000.00	21,000.00	0.00
8853-2 · Linen Expense	17,381.98	0.00	17,381.98
8854-2 · Housekeeping Expense	299,992.09	285,500.00	14,492.09
8855-2 · HouseKeeping Product - toiletry	449.49	400.00	49.49
8910-2 · Penalties - Rental	82.53	0.00	82.53
8914-2 · Interest Expense	34.42	0.00	34.42
8971-2 · Contingencies - Rntl Mgt	-1,078.81	11,742.00	-12,820.81
8972-2 · Guest Complaints Reimbursed	803.86	500.00	303.86
8973-2 · Damage Waiver Fee Expense	10,324.69	30,000.00	-19,675.31
Total Expense	1,168,150.18	1,008,627.00	159,523.18

Islander Owners Rental Management
Profit & Loss Budget vs. Actual
January through December 2015

	<u>Jan - Dec 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Net Ordinary Income	25,175.49	0.00	25,175.49
Net Income	<u>25,175.49</u>	<u>0.00</u>	<u>25,175.49</u>

The Islander Owner's Association, Inc.

YTD Reserve Analysis

December 31, 2015

Reserves	Beginning Balance	Monthly Funding	Interest	Expenses	Ending Balance
Site Improvements					
5101 West Pool Building - Roof & Paint	\$2,178.31	\$395.76			\$2,574.07
5102 East Pool Building - Roof & Paint	\$2,178.32	\$395.76			\$2,574.08
5103 Model Unit 119 - Roof, Paint, Doors	\$1,818.13	\$354.72			\$2,172.85
5104 Maintenance Building - Roof, Paint, Doors	\$3,485.95	\$632.76			\$4,118.71
Site Amenities					
5105 Entrance Sign, Flag Pole, Suffleboard	\$1,187.91	\$243.72			\$1,431.63
5106 Tennis Surface & Stripping	\$3,083.88	\$1,484.88		-\$3,200.00	\$1,368.76
5107 Lighting (8)	\$1,577.89	\$559.80			\$2,137.69
5108 Gate Openers	\$8,995.90	\$2,740.92			\$11,736.82
Beach Walkover					
5109 Structure & Electrical	\$4,796.40	\$875.88			\$5,672.28
5110 Decking, Handrails, Gates, Lights	\$3,012.97	\$4,287.72			\$7,300.69
5111 Sidewalk Pavers (10,000 sq. ft.)	\$7,527.88	\$984.72			\$8,512.60
5112 Landscape & Irrigation - Control System & I	\$6,629.61	\$2,656.80			\$9,286.41
5169 Plant Replacement	\$0.00	\$3,510.72			\$3,510.72
5113 Fencing - Pool & Perimeter	\$5,681.59	\$2,548.80			\$8,230.39
Parking Lot					
5170 Asphalt Overlay	\$0.00	\$9,999.72			\$9,999.72
5114 Seal, Stripe, Signs, Curb Stops	\$4,887.64	\$8,349.72			\$13,237.36
5115 Lighting	\$3,155.44	\$599.76			\$3,755.20
5116 Storm Drain System Pump	\$2,091.45	\$3,940.80			\$6,032.25
Pool - West					
5117 Pool Shell/Pavers	\$12,825.16	\$2,779.80		-\$5,673.39	\$9,931.57
5118 Marcite Surface	\$4,637.69	\$1,185.84		-\$4,934.15	\$889.38
5119 Pool Filter, Heater, Lights	\$3,736.70	\$1,151.76		-\$4,024.64	\$863.82
5120 Pool Furniture	\$1,303.96	\$963.72			\$2,267.68
5121 Spa	\$2,431.71	\$2,088.72			\$4,520.43
Pool - East					
5122 Pool Shell/Pavers	\$15,954.43	\$3,191.76		-\$7,271.56	\$11,874.63
5123 Marcite Surface	\$4,637.72	\$662.88		-\$4,803.44	\$497.16
5124 Pool Filter, Heater, Lights	\$1,641.86	\$2,833.80		-\$1,759.86	\$2,715.80
5125 Pool Furniture	\$1,303.96	\$963.72			\$2,267.68
5126 Spa	\$346.10	\$2,441.76			\$2,787.86
Pavilion					
5127 Roof (9 Squares)	\$2,000.39	\$389.76			\$2,390.15
5128 Structure Light	\$11,436.70	\$3,818.76			\$15,255.46
Building					
5129 Concrete Restoration	\$18,509.67	\$5,113.80			\$23,623.47
Doors - Common					
5131 Service Doors (54)	\$5,168.88	\$1,087.80			\$6,256.68
5132 Service, Trash, Automatic, Store, Roll U	\$6,581.25	\$1,882.80			\$8,464.05
5133 Store Front Doors & Glass (9)	\$3,401.57	\$590.76			\$3,992.33
Windows					
5134 Unit Window Paint (381)	\$3,201.28	\$3,349.80		-\$1,325.00	\$5,226.08
5135 Common Space Window Paint (20)	\$1,657.49	\$417.72			\$2,075.21
Doors - Units					
5136 Trim & Paint (127)	\$10,351.70	\$24,929.76		-\$350.00	\$34,931.46
5137 Sliding Doors Paint (127)	\$13,259.17	\$3,342.72			\$16,601.89

The Islander Owner's Association, Inc.

YTD Reserve Analysis

December 31, 2015

Common Space					
5138 Palm Room	\$8,532.07	\$5,451.88		-\$12,620.99	\$1,362.96
5139 Lobby/Office/Break Room	\$8,391.88	\$1,968.72			\$10,360.60
5171 Exercise Equip	\$0.00	\$2,777.76			\$2,777.76
Railings					
5140 Walkways Paint (3,000 ft.)	\$5,948.21	\$2,122.80			\$8,071.01
5141 Balcony Rails Paint (1,500 ft.)	\$3,951.46	\$1,311.72			\$5,263.18
5142 Stairwell & Int Railings Paint	\$2,523.02	\$621.72			\$3,144.74
Roofing					
5143 Flat Roofs (300 Squares) - East	\$41,287.93	\$12,211.80			\$53,499.73
5144 Flat Roofs (300 Squares) - West	\$75,524.36	\$29,698.80		-\$47,880.16	\$57,343.00
5145 Trash Room Roofs	\$14,950.22	\$1.80			\$14,952.02
5146 Core Roofs	\$16,285.62	\$4,833.72			\$21,119.34
Coatings & Tile					
5147 Stucco Walls	\$54,166.57	\$24,025.80			\$78,192.37
5148 Caulking & Patching	\$30,699.89	\$13,779.72			\$44,479.61
5149 Balcony/Walkway Soffits	\$9,209.32	\$4,133.76			\$13,343.08
5150 Walkway Soffits	\$14,817.90	\$2,997.72			\$17,815.62
5151 Balcony Tile	\$11,110.02	\$1,385.76			\$12,495.78
5152 Walkway Tile	\$11,110.02	\$1,385.76			\$12,495.78
Equipment					
5153 Domestic Water System/Back Flow	\$10,666.83	\$6.72			\$10,673.55
5154 Roof Hatch, Gutters, Ext Ladders	\$2,091.30	\$492.72		-\$2,460.84	\$123.18
5155 Trash & Linen Chutes (& 2 Doors)	\$10,735.99	\$13,905.72			\$24,641.71
5156 Bldg Graphic Signs	\$2,819.73	\$758.76			\$3,578.49
5157 Computers & Software	\$5,443.77	\$3,161.76			\$8,605.53
5158 Security System	\$693.12	\$1,032.72		-\$786.32	\$939.52
5159 A/C	\$3,311.53	\$1,940.88		-\$3,380.00	\$1,872.41
5160 Commercial Washers & Dryers	\$4,028.19	\$11,460.00			\$15,488.19
5161 Coin Washers & Dryers	\$2,787.88	\$6,087.84		-\$2,679.57	\$6,196.15
5162 Electrical System	\$4,545.65	\$886.92			\$5,432.57
5163 Lighting	\$6,380.01	\$1,501.92			\$7,881.93
Elevator					
5164 Door in Shaft (14)	\$7,273.15	\$1,553.88			\$8,827.03
5165 Cabs (2)	\$9,970.33	\$4,999.92			\$14,970.25
5166 Controller Modernation	\$20,618.47	\$5,671.92			\$26,290.39
Fire Protection					
5167 Pump & Fire Room Equipment	\$3,151.71	\$2,061.84			\$5,213.55
5168 Fire Monitoring Equipment	\$2,040.45	\$354.84			\$2,395.29
6905 Interest Income	\$38.15		\$3,338.22		\$3,376.37
Total	\$591,781.41	\$272,338.00	\$3,338.22	-\$103,149.92	\$764,307.71
Expenses:					
	Total				
Matt Hyde	\$1,675.00	\$1325 Paint Unit Windows, \$350 Doors			
Aqua Pool	\$22,892.04	Phase I pool heater, replaster; Phase II spa heater, replaster, Lights			
Washers R Us	\$2,679.57	2 new coin washers			
Climate Makers	\$3,380.00	2nd Floor Laundry A/C			
WestCo	\$786.32	2nd Floor Laundry Camera, break room cam			
Koskey Homes	\$12,620.99	Palm Room			
Bel-Mac Roof	\$50,341.00	Phase II roof and Roof hatch			
William Keller	\$3,200.00	Tennis Court Re-surface			

**Islander Owners
Balance Sheet
As of December 31, 2015**

	Dec 31, 15
ASSETS	
Current Assets	
Checking/Savings	
1001-2 · Petty Cash	1,880.00
1041-3 · AmSouth - Cert of Depost 2	160,692.86
1080-2 · Trustmark Replacement Account	1,487.24
1085-1 · Trustmark RealEstate Bank	7,630.86
1089-1 · Trustmark Islander Owners Assoc	66,430.76
1091-3 · Trustmark Money Market	177,506.42
1092-3 · Investment CDs	
1092-31 · Bank of China	225,000.00
1092-32 · Bank of India	200,000.00
1092-3 · Investment CDs - Other	1,108.43
Total 1092-3 · Investment CDs	426,108.43
1101-2 · Trustmark Rental Operating Acct	24,769.58
1102-2 · Trustmark Security Deposit	10.09
1103-2 · Trustmark Rental Escrow	64,366.92
1105-2 · Trustmark Utility Account	18,443.73
Total Checking/Savings	949,326.89
Accounts Receivable	
1250-3 · Accrued Interest	131.00
1300-1 · Owners Assessments	40,575.45
1304-1 · Special Assessment - Pool Lift	1,513.20
1304-2 · Replacement / OVEND	7,146.33
Total Accounts Receivable	49,365.98
Other Current Assets	
1202-1 · Due to Rental	-5,096.68
1204-2 · Due to/from Rental	5,096.68
1401-1 · Prepaid Insurance - Association	41,741.44
1402-2 · Prepaid Insurance - Rental	2,444.45
1403-1 · Prepaid Expense- Assoc	488.13
1403-2 · Prepaid Main. Contracts	2,864.61
1404-2 · Prepaid expense	3,504.31
1500-2 · Inventory - Gift Shop	88.17
1501-2 · Inventory - Supplies	14,134.15
3004-2 · Accrued A/R	2,561.75
Total Other Current Assets	67,827.01
Total Current Assets	1,066,519.88
Fixed Assets	
2011-1 · Building - Assoc	40,933.50
2022-1 · Security Cameras	6,206.00
2031-2 · Computers	4,742.96
2032-1 · Computer Software	5,189.97
2034-2 · Machinery & Equipment	1,108.76
2051-1 · Furniture/Fixtures-Assoc	35,520.88
2061-1 · Equipment	15,730.64
2062-2 · Gym Equip - Rental	14,933.75
2801-1 · Accumulated Depreciation-Assoc	-53,955.33
2802-2 · Accumulated Depreciation-Rental	-9,466.33
Total Fixed Assets	60,944.80
Other Assets	
2901-1 · Accum. Amortization	-600.00
Total Other Assets	-600.00
TOTAL ASSETS	1,126,864.68
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2001-1 · Account Payable-Assoc	12,355.92
2002-2 · Accounts payable-rental	17,951.32

**Islander Owners
Balance Sheet
As of December 31, 2015**

	Dec 31, 15
Total Accounts Payable	30,307.24
Other Current Liabilities	
2000-2 · Advance Deposits	96,723.07
3000-2 · Due To Owners	12,423.06
3001-1 · Deferred Special Assessment	28,955.79
3405-2 · FL Unemploy Comp Fund	318.74
3501-2 · Sales Tax Payable	1,302.77
3602-2 · Escrow Utility	-1,252.84
3701-1 · Notes Payable -TM-LOC	54,891.82
3709-1 · Note Payable Insurance	49,007.05
Total Other Current Liabilities	242,369.46
Total Current Liabilities	272,676.70
Long Term Liabilities	
3707-1 · Note Payable - SBA	281,334.96
Total Long Term Liabilities	281,334.96
Total Liabilities	554,011.66
Equity	
5000-3 · Reserve Fund Balance	
5001-3 · Reserves - Roof	131.00
Total 5000-3 · Reserve Fund Balance	131.00
5004-2 · Fund Balance - Rental	7,475.54
5100-3 · Reserve Fund Balance -	
5101-3 · West Pool Building	2,574.07
5102-3 · East Pool Building	2,574.08
5103-3 · Model Unit 119	2,172.85
5104-3 · Maintenance Building	4,118.71
5105-3 · Entrance Sign, Flag Pole, Shuff	1,431.63
5106-3 · Tennis Surface & Stripping	1,368.76
5107-3 · Lighting (8)	2,137.69
5108-3 · Gate Openers	11,736.82
5109-3 · BW - Structure & Electrical	5,672.28
5110-3 · BW - Deck,Handrail,Gates,Lights	7,300.69
5111-3 · Sidewalk Pavers	8,512.60
5112-3 · Landscape & Irrigation	9,286.41
5113-3 · Fence - Pool & Perimeter	8,230.39
5114-3 · PL - Seal, Stripe, Signs, Curbs	13,237.36
5115-3 · PL - Lighting	3,755.20
5116-3 · PL - Storm Drain Pump	6,032.25
5117-3 · West Pool Shell/Pavers	9,931.57
5118-3 · West Pool Marcite Surface	889.38
5119-3 · West Pool Filter, Heater, Light	863.82
5120-3 · West Pool Furniture	2,267.68
5121-3 · West Pool Spa	4,520.43
5122-3 · East Pool Shell/Pavers	11,874.63
5123-3 · East Pool Marcite Surface	497.16
5124-3 · East Pool Filter, Heater, Light	2,715.80
5125-3 · East Pool Furniture	2,267.68
5126-3 · East Pool Spa	2,787.86
5127-3 · Pavilion Roof (9 Squares)	2,390.15
5128-3 · Pavillion - Strutur Light	15,255.46
5129-3 · Concrete Restoration	23,623.47
5131-3 · Common Service Doors (54)	6,256.68
5132-3 · Doors - Trash/Automatic/Store	8,464.05
5133-3 · Doors - Store Front & Glass (9)	3,992.33
5134-3 · Window - Unit Paint (381)	5,226.08
5135-3 · Windows - Common Paint (20)	2,075.21
5136-3 · Unit Doors - Trim & Paint	34,931.46
5137-3 · Unit Sliding Glass Doors Paint	16,601.89
5138-3 · Palm Room	1,362.96
5139-3 · Lobby/Office/Break Room	10,360.60
5140-3 · Rails - Walkway Paint (3,000ft)	8,071.01
5141-3 · Rails - Balcony Paint	5,263.18
5142-3 · Rails - Stairwell & Interior	3,144.74
5143-3 · Flat Roofs (300 Squares)	53,499.73
5144-3 · Flat Roof (300 Squares)	57,343.00

**Islander Owners
Balance Sheet
As of December 31, 2015**

	<u>Dec 31, 15</u>
5145-3 · Trash Room Roofs	14,952.02
5146-3 · Core Roofs	21,119.34
5147-3 · Stucco Walls	78,192.37
5148-3 · Caulking & Patching	44,479.61
5149-3 · Balcony/Walkway Soffits	13,343.08
5150-3 · Walkway Soffits	17,815.62
5151-3 · Balcony Tile	12,495.78
5152-3 · Walkway Tile	12,495.78
5153-3 · Domestic Water System/Back Flow	10,673.55
5154-3 · Roof Hatch/Gutters/Exit Ladders	123.18
5155-3 · Trash & Linen Chute (& 2 Doors)	24,641.71
5156-3 · Building Graphic Sign	3,578.49
5157-3 · Computers & Software	8,605.53
5158-3 · Security System	939.52
5159-3 · A/C	1,872.41
5160-3 · Comm Washers & Dryers	15,488.19
5161-3 · Coin Washers & Dryers	6,196.15
5162-3 · Electrical System	5,432.57
5163-3 · Lighting	7,881.93
5164-3 · Elevator Door in Shaft (14)	8,827.03
5165-3 · Elevator Cabs (2)	14,970.25
5166-3 · Elevator Controller Modernation	26,290.39
5167-3 · Fire - Pump & Fire Room Equip	5,213.55
5168-3 · Fire Monitoring Equipment	2,395.29
5169-3 · Plant Replacement	3,510.72
5170-3 · Asphalt Overlay	9,999.72
5171-3 · Exercise Equip	2,777.76
5172-3 · Interest Income	3,376.37
	<hr/>
Total 5100-3 · Reserve Fund Balance -	764,307.71
5802-1 · Fund Balance Association	-212,955.53
Net Income	13,894.30
	<hr/>
Total Equity	572,853.02
	<hr/>
TOTAL LIABILITIES & EQUITY	1,126,864.68
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Islander Rental Report

GROSS REVENUES 2015/16 02/15/16

	2014 FINAL	2015	2016	Budget 2016	Over/Under	2016/2015	2017	2016
January	\$65,183.12	\$76,225.06	\$78,216.65	\$90,000	\$11,783.35		\$	\$ 81,835.75
February	\$115,224.12	\$113,371.83	\$109,342.81	\$110,000			\$	\$ 90,907.17
March	\$174,934.64	\$121,092.23	\$141,664.35	\$160,000			\$	\$ 53,403.46
April	\$128,680.07	\$93,925.42	\$105,881.05	\$135,000			\$	\$ 3,036.35
May	\$169,191.36	\$63,472.46	\$72,492.09	\$170,000				
June	\$772,216.97	\$100,578.33	\$94,342.22	\$460,000				
July	\$600,519.18	\$89,965.79	\$135,225.19	\$580,000				
August	\$215,176.43	\$46,067.78	\$43,065.53	\$230,000				
September	\$123,862.72	\$16,170.74	\$20,955.78	\$120,000				
October	\$146,786.96	\$22,531.21	\$39,636.82	\$135,000				
November	\$22,283.71	\$4,354.94	\$3,314.04	\$20,000				
December	\$33,278.56	\$17,769.60	\$15,286.35	\$25,000				
TOTAL*	\$2,287,337.84	\$765,525.39	\$859,422.88	\$2,235,000		12.27%	\$ 188,611.21	\$ 229,182.73

2016 Year

Month	Rental Revenue	Beach Service Cost	Net Rental Revenue	YTD	Rental Nights Avail.	Rental Nights	Rental Occupancy %	Avg. Dollars per Night
January	\$78,216.65	\$0.00	\$78,216.65	\$78,216.65	2897	1866	64.41%	\$41.92
February	\$109,342.81	\$0.00	\$109,342.81	\$187,559.46				
March	\$141,664.35	\$0.00	\$141,664.35	\$329,223.81				
April	\$105,881.05	\$0.00	\$105,881.05	\$435,104.86				
May	\$72,492.09	\$0.00	\$72,492.09	\$507,596.95				
June	\$94,342.22	\$0.00	\$94,342.22	\$601,939.17				
July	\$135,225.19	\$0.00	\$135,225.19	\$737,164.36				
August	\$43,065.53	\$0.00	\$43,065.53	\$780,229.89				
September	\$20,955.78	\$0.00	\$20,955.78	\$801,185.67				
October	\$39,636.82	\$0.00	\$39,636.82	\$840,822.49				
November	\$3,314.04	\$0.00	\$3,314.04	\$844,136.53				
December	\$15,286.35	\$0.00	\$15,286.35	\$859,422.88				
TOTAL*	\$859,422.88	\$0.00	\$859,422.88					

2015 Year

Month	Rental Revenue	Beach Service Cost	Net Rental Revenue	YTD	Rental Nights Avail.	Rental Nights	Rental Occupancy %	Avg. Dollars per Night
January	\$77,312.19	\$0.00	\$77,312.19	\$77,312.19	2901	1843	63.53%	\$41.95
February	\$114,083.23	\$0.00	\$114,083.23	\$191,395.42	2602	2305	88.59%	\$49.49
March	\$144,281.84	\$3,337.19	\$140,944.65	\$332,340.07	2971	1875	63.11%	\$75.17
April	\$141,001.15	\$5,876.93	\$135,124.22	\$467,464.29	2870	1069	37.25%	\$126.40
May	\$181,777.56	\$6,346.31	\$175,431.25	\$642,895.54	2659	1573	59.16%	\$111.53
June	\$462,378.84	\$12,705.23	\$449,673.61	\$1,092,569.15	2946	2096	71.15%	\$214.54
July	\$630,712.17	\$16,370.84	\$614,341.53	\$1,706,910.68	2956	2489	84.20%	\$246.82
August	\$281,196.01	\$13,140.03	\$268,055.98	\$1,974,966.66	2896	2231	77.04%	\$120.15
September	\$158,125.10	\$10,132.24	\$147,992.86	\$2,122,959.52	2964	1623	54.76%	\$91.18
October	\$169,611.13	\$10,891.81	\$158,719.32	\$2,281,678.84	2727	2123	77.85%	\$74.76
November	\$25,843.59	\$0.00	\$25,843.59	\$2,307,522.43	2613	400	15.31%	\$64.61
December	\$27,131.84	\$0.00	\$27,131.84	\$2,334,654.27	2744	569	20.74%	\$47.68
TOTAL*	\$2,413,454.65	\$78,800.38	\$2,334,654.27		33849	20196	59.66%	\$115.60

01/01/16-02/15/16	\$379,729.80				Online Bookings			
Total Bookings 2015		01/01/2015 - 02/15/15	\$273,410.55				2016	2015
							\$196,926.37	\$126,362.63
					%		51.86%	46.22%

KOSKEY CORPORATION

Florida Certified Building Contractor
34 Cobalt Lane, Miramar Beach, FL 32550
Alex Koskey, CBC 1250552 (850) 585-7883
AKoskey@cox.net www.koskeyhomes.com

Stephen Parish, General Manager
Islander Condominium
502 Gulf Shore Drive
Destin, FL 32541
By e-mail

February 13, 2016

RE: cost increase on sliding glass door installation.

Stephen when we bid the install of the sliding glass doors the plan was to reuse the interior casing trim and to not have any exterior casing trim, which is how the existing doors are installed.

Upon removal of the very first door I discovered a large gap inside the wall between the structural wood bucks and the existing door frames. This is not allowed by code. Further, while we were aware that the existing doors leaked as evidenced by water stains on the existing carpet, we also found that the entire top and sides of the door jamb were wet which indicates that the caulk joint all around the door had failed. Upon examination, it failed because the joint is too wide for a critical joint as this is.

To cure the problems we fabricated jamb extensions using pressure treated yellow pine and plywood. After installing the new door, we then sealed the joint connection with polyurethane sealant but then added a 3 ½" wide pure vinyl casing to the exterior and sealed this to the exterior stucco and the door frame. This vinyl casing now acts as counter flashing which covers and protects the sealed door/wall joint from the weather and the sun's ultraviolet rays. You now have a weather-tight exterior with reduced maintenance needs.

We also found that if we had reused the small 2 ¼" wide interior cove style casing it would have left a mark all around where the entire wall would need to be repainted. It made much more common sense to discard this old casing and add a new more robust 3 ½" Howe style casing that not only covers all the old marks so that the wall does not need to be repainted but also make a much more attractive trim for these costly doors.

Unfortunately, these are extra costs that we could not have anticipated until we took apart a door. I am 99% sure that every door we install will require these extra costs:

The detail of the extra is as follows:

Pressure treated materials for jamb extensions	\$ 11.85
3/4" x 3 1/2" x 24' exterior white vinyl casing	\$ 53.32
3 1/2" Howe interior casing	\$ 43.45
Misc. materials	\$ 7.50
2.5 extra hours crew labor	<u>\$ 163.56</u>
 Total Extra Cost to Customer Per Door	 \$ 279.68

As I have said, now that we have taken one unit apart I do believe we will encounter the same conditions at ever door. For sure the exterior vinyl is required on all. If we find that the wider interior trim is NOT required I will adjust the billing accordingly.

Please contact me should you have any questions.

Sincerely,

Alex Koskey

Alex Koskey, President
Koskey Corporation, Inc.
34 Cobalt Lane, Miramar Beach, FL 32550
AKoskey@cox.net (850) 585-7883
www.KoskeyHomes.com