

**Estimated 2014 Condominium Operating Budget for the Period January 1, 2014 through December 31, 2014
For Phases 1 through 15 of the Time Share Plan (254 Time Share Units) and 101 Residential Whole Condominium Units.**

SOURCES OF REVENUE:

Total Revenues are projected to be \$12,044,076 received from the following sources:

4,593,003	From 6,828 Time Share Unit Week Owners (6,828 Time Share Units x \$672.59 = \$4,593,003 with rounding adjustment)
4,290,696	From advances by "Newport Hospitality, LLC", the Management Company, towards a "Bad Debt Reserve" resulting from an estimated 6,380 delinquent Time Share Owners who might not be paying their 2014 Maintenance fee. (6,380 x \$672.59 = \$4,290,696 with rounding adjustment)
3,052,136	From 101 Residential Whole Condominium Units
108,241	From the Commercial Units

12,044,076

FOOTNOTES:

- (1) Column "A" shows the budget for the entire Condominium
- (2) Column "B" is the budget for the 101 Whole Residential Condominium Units which are a part of the entire Condominium.
- (3) Column "D" represents the budget of the 254 Condominium Units designated as part of the Timeshare Plan.
- (4) Fees to the Division applies to Time Share Units and Residential Whole Units only and not to Commercial units. Therefore 100% of the total budget for this item is allocated to the Time Share Units as shown in columns ("D"), and to the Residential Whole Units as shown in column ("B"). Time Share Units are currently annually assessed for Division fees at the rate of \$2.00 per week. Residential Whole Units are annually assessed for Division fees at the rate of \$4.00 per unit.
- (5) Trash Removal - A single trash removal bill is shared among the entire structure. Engineering analysis has reported that the Residential and Time Share Units and Common Elements of the Condominium utilize 70% of this aggregate trash removal demand, while the Commercial Units utilize (and pay for) 30% of this aggregate trash removal demand. The budgeted figure represents only the Time Share and Residential and common elements portion of the Condominium (70%).
- (6) F.F. & E. reserves apply to Furniture, Fixtures and Equipment contained within the Condominium. The Capital Reserve Analysis is presented below.
- (7) Personal Property Taxes upon Condominium Property are estimated Dade County Tangible Personal Property Taxes and are levied upon Association property, and not levied upon the Time Share Units.
- (8) During the past several years, Time Share Owners, accounting for approximately 36% of the total budget, have not paid their maintenance fees. It is estimated that the 2014 deficit caused by these delinquent Time Share Owners will be \$4,290,696. This creates a huge deficit in the budget and makes it impossible for the Homeowners Association to meet its Operating Expenses. The Management Company, "Newport Hospitality, LLC", has agreed to advance these funds to the Homeowners Association pursuant to the Budget Assistance Agreement.
- (9) The budgeted Real Estate tax for Time Share Owners in 2014 of \$776,942 was reduced by a net credit of \$287,939 due to refunds received from Miami-Dade County during 2013 for previous years. This credit reduced the anticipated 2014 Real Estate Taxes to \$489,003. Real Estate taxes. Taxes payable by the 101 Residential Condo Units and the Commercial Units are NOT a part of this budget since they are paid directly by the Residential and Commercial Condo Owners to Miami-Dade County.
- (10) Related Party Transactions- The Management Company, Newport Hospitality, LLC (Newport) leases units in the Condominium from "Five Seas Investors, Inc." (Five Seas) for the purpose of operating a Resort Hotel pursuant to a lease by and between Five Seas and Newport. This portion of the Condominium is operated as the "Newport Beachside Resort". Units purchased from Five Seas by the Concurrent Developer shall be released from the Lease prior to transfer.
The Association is paying \$388,725 as a Non-Exclusive, year by year License to allow its Owners and employees to park their vehicles in adjoining parking areas which are owned by Five Seas, an affiliate of Newport. Either party may cancel this agreement upon 60 days written notice. As outlined in the 2014 budget, substantially all Operating expenses have been allocated to the Association by the Management Company.

Newport Miami Beach Condominium Association Reserve Analysis for Period of 01-01-2014 Thru 12-31-2014

Replacement	Average Estimated Useful Lives	Col. (A)		Col. (B)		Col. (C)		Col. (D)		Col. (E)		2014 Per Unit Week Funding for Time Share Unit Weeks
		Estimated Remaining Life	Estimated Replacement Cost	Reserve Balance for Condominium, Time Share & Commercial Whole Units @12-31-13	2014 Reserve Funding for 355 Condominium & Commercial Whole Units	2014 Reserve Funding for 101 Condominium Whole Units	2014 Reserve Funding for Commercial Whole Units	2014 Reserve Funding for 254 Time Share Whole Units				
Reserve Fund					$[(B - C) / A]$	$[(D \times 99\%) / 355] \times 101$	$(D) \times 1.0 \%$	$[(D \times 99\%) / 254]$	$(E) / 254$			
Furn., Fixt. & Equip	10	2	1,800,000	40,478.49	859,521.51	242,094.52	8,595.22	608,831.77	46.10			
Roof	10	9	500,000	11,244.02	44,311.54	12,480.87	443.12	31,387.55	2.38			
Exterior Painting	7	5	500,000	11,244.02	88,755.98	24,999.18	887.56	62,869.24	4.76			
Paving	20	7	250,000	5,622.01	30,092.28	8,475.85	300.92	21,315.51	1.51			
Fire Protection	20	5	350,000	7,870.82	62,129.19	17,499.43	621.29	44,008.47	3.33			
Heating & Cooling	15	9	1,000,000	22,488.05	88,623.07	24,961.75	886.23	62,775.09	4.75			
Elevators	20	12	300,000	6,746.41	18,253.60	5,141.34	182.54	12,929.72	0.98			
Window Management	20	2	1,250,000	28,110.06	596,889.95	168,121.20	5,968.90	422,799.85	32.01			
Building & Equip**	20	13	4,000,000	89,952.20	217,740.10	61,329.10	2,177.40	154,233.60	11.68			
TOTAL			9,950,000	223,756.08	2,008,317.22	565,103.24	20,063.18	1,421,150.80				
											RESERVE FUNDING PER WEEK	\$ 107.60

** "Building & Equipment" includes "Plumbing, Electric, Swimming Pool, Drainage & Sewall".

NOTE: The State of Florida mandates that Condominium Associations prepare calculations to fully fund Reserves. The Board of Directors recommends a vote in favor of providing for the full funding requirement for Statutory Reserves at the Annual Members Meeting, thereby establishing the Reserve Assessment at \$ 107.60 for the Budget Year. There are 254 Time Share Whole Units and 101 Condominium Whole Units Registered.