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August 7, 2025

## 2026 ANNUAL BUDGET LETTER

Sunrise Bay Resort and Club Owners,

There will be a 2026 Budget Approval Meeting at 4:00 PM ET on September 8, 2025. The meeting will take place at Sunrise Bay. The meeting is open to owners to attend in person or via the Zoom link. The Zoom link will be posted on the Sunrise Bay Website, Owners Only page.

The proposed 2026 budget is contained in the accompanying document. The accompanying budget document is in a new simplified, single page format. Both this letter and budget document are posted on the Owners Only page.

The 2026 Maintenance Fees will be \$1,035 per unit-week based on reasonable assumptions on inflation and a good understanding of expenses during the first half of 2025. The operating budget presented to you is balanced, and the reserve budget will have modest growth. In 2020, the annual maintenance fee was \$800 per unit week—the now announced 2026 fee of \$1,035 reflects a 4.4% annual rate of increase from 2020. None of us like higher costs, however given the issues faced at SBR and in the broader economy we feel that this should be seen as a reasonable pace of increases and the board and management will remain vigilant on costs and revenue management.

The 2026 budget addresses the previous budget years' inherent issues of overestimating income and improper splitting of the fee income between operating and reserves. These issues have historically prevented completing the year with the operating income equaling the operating expenses. Previous budget years have been a struggle to pay operating expenses and perform maintenance and repair. The accumulation of yearly operating struggles contributed to the special assessment. Incorporating learning from our recent budget issues will establish both a defense against future special assessments and a means to ensure maintenance and repair are first class.

The 2026 budgeted expenses are based on monitoring the fixed and variable expenses during the first half of 2025. The dollar allocation to the expense categories in the budget is supported by the monitoring of expenses.

We expect the rental income in the 2026 budget to be a conservative estimate and hope rental income will be above the budget estimate. However, the operation and management of Sunrise Bay will not depend on rental income that may not be realized. In addition, a carryover from the special assessment is anticipated. The carryover has been designated as a 2026 contingency expense. In future years, it is planned that the use of the excess rental income and of the previous year's carryover money can be decided by the owners at the annual owners' meeting.

Completing the 2026 budget year, without searching for operating money, will provide a firm foundation that we can gradually build on in future years.

LeRoy Petrick  
Treasurer

Tony Garczynski  
President

# Sunrise Bay Resort and Club 2026 Approved Budget

Operating		
Income		
Potential Fee Income	\$923,100.00	
Not Collectible Fees	<u>-\$341,185.00</u>	
Planned Fee Income	\$581,915.00	
2025 Carryover (Special Assessment)	\$35,000.00	
Unit-Week Rental	\$20,000.00	
Unit-Week Sales	\$0.00	
Boat Rental	\$0.00	
Other (Bank Interest)	\$3,500.00	
<b>Total Income</b>	<b>\$640,415.00</b>	
Expenses Paid Yearly		
Insurance	\$144,000.00	
Audit/Accounting	\$15,000.00	
Legal	\$2,500.00	
Property Tax	\$16,000.00	
Leases and Licenses	\$2,200.00	
Contingency	\$35,000.00	
<b>Year Total</b>	<b>\$214,700.00</b>	
Expenses Paid Weekly and Monthly		
	<u>per year</u>	<u>per month</u>
Employee Pay	\$277,000.00	\$23,083.33
Bookkeeping and Payroll	\$6,000.00	\$500.00
Utilities	\$65,715.00	\$5,476.25
Office and Computers	\$8,000.00	\$666.67
Housekeeping and General Supplies	\$16,000.00	\$1,333.33
Facility Care and Maintenance	\$33,000.00	\$2,750.00
Room Care and Maintenance	\$2,000.00	\$166.67
Grounds/Pool Care and Maintenance	\$18,000.00	\$1,500.00
<b>Year Total</b>	<b>\$425,715.00</b>	<b>\$35,476.25</b>
<b>Total Expenses</b>	<b>\$640,415.00</b>	
Budget Balance – Surplus/Deficit	\$0.00	

Reserve	
Income	
Potential Fee Income	\$132,600.00
Not Collectible Fees	<u>-\$49,010.00</u>
Planned Fee Income	\$83,590.00
2025 Carryover	\$200,000.00
Bank Interest	\$9,000.00
<b>Total Additions</b>	<b>\$292,590.00</b>
Planned Expenditures	
End of Life Replacements	\$30,000.00
Storm Damage	\$10,000.00
<b>Total Expenditures</b>	<b>\$40,000.00</b>
<b>Total at End of Year</b>	<b>\$252,590.00</b>
<b>Year – Gain/Loss</b>	<b>\$52,590.00</b>

Note:  
The Reserve Fund is not fully funded.  
A Comprehensive Reserve Study  
is scheduled to be completed in 2026.

Fee Income Constraint	
Unit-Weeks	
1020	<b>Potential Collectible</b>
	<b>Not Collectible</b>
-323	Association Deeds
-20	Maintenance
-34	Foreclosure/Surrender
<b>-377</b>	<b>Total</b>
<b>643</b>	<b>Planned Collectible</b>

2026 Maintenance Assessment (per Unit-Week)			2025	2026 Change
Operating	85.0%	\$880.00	676.04	\$203.96
Reserve	12.6%	\$130.00	203.43	<b>-\$73.43</b>
Property Tax	2.4%	\$25.00	20.53	<u>\$4.47</u>
<b>Total</b>		<b>\$1,035.00</b>	900.00	\$135.00