

Summer House Budget Review 2026

The Big Picture: Modest Budget Growth

The 2026 Budget for Summer House is designed to continue the Association's long tradition of strategic foresight, financial stability, operational efficiency and service excellence. As always, the community is well positioned to weather cost increases while continuing to steadily improve its infrastructure. The proposed 2026 Budget asks the membership to increase its contributions a modest 1.94%, less than the overall rate of inflation in the general economy by any measure.

Volatile Cost Drivers: Insurance and Legislation

Insurance costs devastated the finances of many Florida condo associations with staggering increases over the last few years. We have weathered the storm and, following consultation with our insurance representatives, expect no such shocks in the coming year. The extensive and sometimes self-contradictory legislative mandates from Tallahassee in the wake of the Surfside collapse created a secondary financial storm for Florida condo associations. Many local associations still have not yet completed their Milestone and Structural Integrity Reserve Studies, much less achieving the revenue levels required to fund their infrastructure needs. Summer House's long-standing preference for long-term planning, in this context, again provided a favorable outcome. Based on our engineering studies required by law, our current budget fully reflects this year's portion of our 10 year structural component revenue needs without additional funding or assessments from the membership.

Strategic Capital Investment: Golfside Construction and Reserves

The transformation of the Golfside building envelopes proceeds without interruption. This kind of major construction is highly exposed to the cost and availability volatility of materials and labor in today's markets and never proceeds at the pace one would hope. Nonetheless, progress is continuous. At this time, the reconstruction of Building 10 is underway. When complete, over 75% of this major project will be behind us. Minor projects continue apace. Moreover, current reserve funding plans include every capital item identified by the engineers with a projected cost of \$10,000 or more.

Efficient Operations: Sensible Contracts and the Human Element

Budgets quantify revenue and expenses but can't capture the value of human capital. Our stable, experienced and attentive staff, office and field, processes an incredibly diverse array of projects and matters with an efficiency that is not duplicated by other condo management personnel in our area. This small staff of two office individuals also utilize their extensive institutional knowledge and broad set of vendor relationships to structure, negotiate and coordinate the numerous contract services essential to operate and maintain a property with 57 buildings on 45 acres. While medical benefits costs continue to outpace general inflation, our staff salaries remain quite modest given the breadth and depth of our operations and budget. None of our financial and operational success would be possible without our exceptional staff. One other note: our contract with First Service Residential makes a very unusual contribution to our success. With contract clauses that allow us to capture revenue streams unavailable to most associations and escape costs incurred by most associations through their management contracts, Summer House leadership continues to demonstrate a focus on "doing the right thing" for all association members.

Looking Forward: Good Governance and Discipline

The comprehensive financial picture is strong, well-planned and geared for future success. That future success depends on maintaining fiscal discipline, much like the fiscal discipline of the proposed 2026 Budget. Continued good governance is the key to fiscal discipline, especially when easier paths beckon. As we look forward to a bright future, the Finance Committee recommends that the membership remember that management excellence and fiscal discipline first require tough decisions, dedicated individuals willing to put forth the effort and experienced leadership from the Board of Directors. The Board has led well. We should all thank them, too.

The Finance Committee...November 3, 2025