

NOTICE OF BOARD OF DIRECTORS MEETING TO APPROVE THE
2026 BUDGET FOR PALM WORTH, INC.

October 27, 2025

Dear Palm Worth Shareholder:

Please take notice that a Board of Directors Meeting to approve the Palm Worth, Inc. Budget for 2026 will take place on:

Date: Wednesday, November 12, 2025

Time: 2:00 p.m.

Place: Palm Worth Clubhouse / Zoom - Upon Request

2850 South Ocean Blvd

Palm Beach, FL 33480

All shareholders are invited to attend. A copy of the 2026 proposed budget is enclosed with this notice..

BUDGET MEETING AGENDA

1. Call to Order
2. Roll Call
3. Treasurers report
4. Budget discussion and approval
5. Adjournment

Mike Guzman, LCAM

Posted 10.27.25

Comments on the Proposed 2026 Palm Worth, Inc. Budget

As noted in the mid-year commentary, our insurance premium was lower than budgeted which allowed us to fund increased expenses, the retention of a key employee (Kevin) and fund about half of the east stairwell renovation with Waterfront allowing us to retain more reserves.

Through year end, no substantial unusual expenditures are expected. Waterfront will perform an evaluation on the cracks in the cantilever beams so we can better anticipate what to expect moving forward as we have always been proactive.

We experienced inflation in almost every category this past year with another 5-10% expected in 2026 as reported by several key vendors. For our largest expense contract vendor (Ocean's Edge), we have not had a contract adjustment since 2017.

The following increases have been budgeted:

- Utilities: 3.2%
- Payroll: As noted previously, increased Kevin's salary. Eliminates Andy's salary (see administrative expenses) and prudently placeholds property management expense.
- Contract Expenses: up 15% including increased elevator expenses, planned increases from vendors and fire alarm monitoring and testing @ \$5,000 for the past 2 years.
- Repairs and Maintenance: landscaping costs have increased 5% and bumped up contingency and building repairs in anticipation of additional concrete repairs and seal coating our parking lot.
- Administrative: increase largely allocated to Bookkeeping. Our bookkeeper was no longer providing the services we use so we had to hire a new one. After much consideration, the decision was made to transition our accounts payable and accounts receivable functions to the same organization since we are losing Andy in November. Compared to Andy's payroll and bank fees, the cost of this is \$4,000 less per year.

We are currently enjoying what will likely be a brief respite in rising insurance premiums. As such, it is a favorable time to update our appraisal and increase our insured value. Our Broker believes we can do this and keep our premium level with this year.

As a result, the proposed Palm Worth budget for 2026 reflects an increase of 2.3% allowing us to adequately fund operations, update our insurance valuation and bolster reserves with a minimum impact on monthly assessments.

All Palm Worth Board of Directors have reviewed the budget. Thanks to Glenn Keller for his continued guidance and support of this process.

Respectfully submitted,

Karen Wallis, Treasurer
Glenn Watson, President

Palm Worth, Inc.
Proposed 2026 Budget

| | 2025 Budget | Proposed 2026 Budget |
|---|------------------------|-------------------------------------|
| 5000 · UTILITIES EXPENSE | | |
| 5015 · Water & Sewer | 41,500.00 | 43,500.00 |
| 5025 · Trash | 360.00 | 1,200.00 |
| 5030 · Gas | 10,000.00 | 8,300.00 |
| 5010 · Electricity | 14,000.00 | 15,000.00 |
| Total 5000 · UTILITIES EXPENSE | 65,860.00 | 68,000.00 |
| 5200 · PAYROLL EXPENSES | | |
| 5210 · Property Manager | 42,000.00 | 60,000.00 |
| 5240 · Payroll Tax Expense | 8,100.00 | 10,200.00 |
| 5585 · P/T Wages Cleaning & Maint | 44,000.00 | 68,000.00 |
| Total 5200 · PAYROLL EXPENSES | 94,100.00 | 138,200.00 |
| 5500 · CONTRACTS EXPENSES | | |
| 5515 · Elevator & Phone Contract | 5,000.00 | 6,100.00 |
| 5520 · Pest Control-Common Area | 2,100.00 | 3,600.00 |
| 5525 · Lawn Pest Control | 8,400.00 | 9,000.00 |
| 5536- Comcast Office Phone | 5,000.00 | 4,000.00 |
| 5545 · Pool Service Maintenance | 10,000.00 | 10,500.00 |
| 5555 · Beach Cleaning | 2,000.00 | 2,000.00 |
| 5565 · Fire Alarm and Monitoring | 1,000.00 | 5,000.00 |
| 5560 · Lawn Maintenance | 21,600.00 | 22,800.00 |
| Total 5500 · CONTRACTS EXPENSES | 55,100.00 | 63,000.00 |
| 6000 · REPAIRS & MAINTENANCE | | |
| 6005 · Tree Trimming | 8,500.00 | 11,000.00 |
| 6010 · Building Repairs | 30,000.00 | 35,000.00 |
| 6012 · Contingency | 20,000.00 | 25,000.00 |
| 6015 - Elevator Repairs | | 5,000.00 |
| 6020 · Pool Supplies & Repairs | 500.00 | 500.00 |
| 6035 · Landscaping | 2,500.00 | 3,500.00 |
| 6040 · Fire Alarm Repairs | 5,000.00 | 3,500.00 |
| 6095 · Building Supplies | 1,800.00 | 2,000.00 |
| Total 6000 · REPAIRS & MAINT | 68,300.00 | 85,500.00 |
| 7000 · ADMIN EXP. | | |
| 7010 · Audit & Tax Preparation | 5,600.00 | 6,500.00 |
| 7012 - Bookkeeping | 4,400.00 | 13,500.00 |
| 7015 · Legal Fees | 5,000.00 | 6,000.00 |
| 7020 · Social Committee Expenses | 1,000.00 | 2,500.00 |
| 7025 · Annual Fees | 3,200.00 | 4,300.00 |
| 7035 · Office Supplies Expense | 3,000.00 | 3,000.00 |
| 7040 · Bank Charges | 1,200.00 | 300.00 |
| 7045 - Miscellaneous | | 2,000.00 |
| 7510 · Insurance General Expense | 365,000.00 | 275,000.00 |
| 7000 · ADMIN EXP. | 388,400.00 | 313,100.00 |
| TOTALS | 671,760.00 | 667,800.00 |
| 9000 · Reserve Funding | 85,801.00 | 107,500.00 |
| Total Budget | 757,561.00 | 775,300.00 |

Palm Worth 2026 Proposed Reserve Budget

| Required Reserve Component | Estimated Age | Estimated Typical Life | Estimated Replacement Cost \$ | Projected Balances by EOY25 | Proposed 2026 Funding | Monthly Funding |
|--|---------------|------------------------|-------------------------------|-----------------------------|-----------------------|-----------------|
| Roof Replacement | 1 | 20 | 525,000 | 37,224.14 | 25,672.41 | 2,139.37 |
| Concrete and Stucco Repairs | 0 | 10 | 85,000 | 14,406.52 | 18,000.00 | 1,500.00 |
| Floor Coatings | 0 | 8 | 30,000 | 3,756.00 | 3,500.00 | 291.67 |
| Foundation | 12 | 50 | 20,000 | 1,730.00 | 480.79 | 40.07 |
| Fireproofing and Fire Protection Systems | 11 | 25 | 70,000 | 2,019.00 | 5,500.00 | 458.33 |
| Plumbing | 10 | 50 | 150,000 | 11,088.20 | 10,000.00 | 833.33 |
| Electrical Systems | 10 | 50 | 100,000 | 6,974.10 | 12,000.00 | 1,000.00 |
| Waterproofing and Exterior Painting | 3 | 8 | 120,000 | 39,959.66 | 16,261.99 | 1,355.17 |
| Windows and Doors | 21 | 40 | 40,000 | 5,616.52 | 1,809.66 | 150.81 |
| Paving | 5 | 20 | 40,000 | 16,836.00 | 1,582.40 | 131.87 |
| Elevator | 1 | 25 | 240,000 | 20,686.28 | 9,500.00 | 791.67 |
| Pool Ramarciting | 1 | 16 | 20,000 | 2,520.73 | 1,192.75 | 99.40 |
| Laundry Machines | 5 | 5 | 6,000 | 7,488.10 | - | - |
| Clubhouse AC | 7 | 7 | 5,000 | 2,242.35 | 2,000.00 | 166.67 |
| Interest | | | | 2,986.71 | - | - |
| Grand Total | | | 1,451,000 | 175,534.31 | 107,500.00 | 8,958.33 |

**Palm Worth Proposed 2026 Budget
Maintenance Fee Allocation by Unit Type**

| Unit Type | Yearly Fees | Monthly Fees | Number of Units | Annual Fees |
|-------------------------|----------------|-----------------|--------------------|----------------------|
| 1 Bedroom | \$ 10,482.01 | \$ 873.50 | 39 | \$ 408,798.40 |
| 2 Bedroom | \$ 12,482.43 | \$ 1,040.20 | 18 | \$ 224,683.74 |
| Apt 402 & 513 | \$ 11,234.10 | \$ 936.17 | 2 | \$ 22,468.20 |
| Apt 108, 212, 502 & 509 | \$ 13,730.57 | \$ 1,144.21 | 4 | \$ 54,922.27 |
| Apt 504 & 511 | \$ 15,482.75 | \$ 1,290.23 | 2 | \$ 30,965.50 |
| Apt 214 | \$ 16,234.78 | \$ 1,352.90 | 1 | \$ 16,234.78 |
| Apt 206 | \$ 17,227.17 | \$ 1,435.60 | 1 | \$ 17,227.17 |
| Total | | | 67 | \$ 775,300.07 |