

Baldwin Grove, A Condominium

Dear Baldwin Grove Condominium Members,

Every November, it is the responsibility of the Baldwin Grove Condominium Board of Directors to set a budget, which is primarily based upon the monthly income derived from homeowner association monthly dues. If you have not been able to attend any of our regular board meetings over the past year to participate in any of our financial discussions, we are hoping that this letter will help to provide some background information for the enclosed 2019 budget.

As you are probably aware, the Baldwin Grove community was constructed in the early to mid-1990's, and is now well over twenty years old. As such, we have been dealing with several major repair and replacement projects over the last few years, two of which are still underway: roof replacements and wood rot and painting repairs for all nine buildings. Some of the work falls under the category of normal aging and deterioration, and some of it is due to damage caused by extreme weather conditions (high winds, excessive rain, freeze/thaw, etc). Overall, the cost of these types of major repairs is somewhat unpredictable, as oftentimes the true extent of structural damage cannot be accurately determined until repairs have commenced.

In addition to these repairs, we also have ongoing monthly and annual expenses, such as water, electricity, trash removal, sprinkler system maintenance, landscaping, snow removal in the winter months, property management, grounds and building housekeeping, pest control, gutter cleaning, periodic tree trimming, ad hoc unit and common element repairs, insurance, and reserve funding. Additional costs can also be incurred for unit damage caused by sprinkler breaks during sub-freezing weather. Also, our service vendors generally raise their fees on an annual basis to cover their own operating expenses, which we must then absorb.

At this point in time, primarily due to the high cost of our ongoing repairs, we find ourselves in a fairly significant deficit situation, and in the somewhat tenuous position of trying to balance paying for repairs to our buildings while still paying our regular bills and maintaining a mandatory reserve fund. Also, we are keenly aware of the very real possibility of expensive snow removal events and potential sprinkler pipe issues during the upcoming winter season.

With all of the above taken into consideration, we have drafted a budget for 2019 that is based upon a 5% dues increase (\$279.57 per month for a one-bedroom unit, and \$416.90 for a two-bedroom unit). This will by no means be a "magic bullet" to fund everything we need, but it will help to keep us from falling even further behind. And while we fully realize that raising association fees is never popular, the Board would be seriously negligent if we do not take what we feel is a necessary step to properly maintain our community, and to thereby maintain the property values of everyone who is part of it.

Please review the materials included with this letter to familiarize yourself with the 2019 budget details for Baldwin Grove, and let us know if you have any questions. We also would like to encourage you to attend our regular board meetings for ongoing community awareness (held on the third Tuesday of every other month; the next meeting is on January 15), and because we value your input and participation.

As a final word, please consider using the automatic debit option for payment of your monthly dues. In addition to being a convenient payment option for you, it also helps to reduce our operating costs by eliminating the need to print and mail payment coupon booklets to you each year. A blank automatic debit form is enclosed for your convenience.

With best wishes for 2019,
The Baldwin Grove Board of Directors

**BALDWIN GROVE
2019 Approved Budget**

	2016 Budget	2017 Budget	2018 Budget	5% increase 2019 Budget		
Residential Assessments	498,295	533,176	543,840	571,031	-	
Late Charges	2,000	1,000	1,000	1,000		
Legal Fee Reimbursements	1,000	1,000	1,000	1,000		
Interest Income	1,000	1,000	1,000	1,000		
Misc. Income	-	-	-	-		
TOTAL REVENUE	502,295	536,176	546,840	574,031	279.57/month	416.90/month
					1 Bedroom Owners	2 Bedroom Owners
					Annual Cost (36 Units)	Annual Cost (90)
General Maintenance	41,670	42,000	50,361	50,361	295.87	441.22
Lighting Maintenance	4,000	4,000	3,000	3,000	17.63	26.28
Gutter Cleaning	-	-	-	4,000		
Pest Control	1,600	2,000	2,000	2,000	11.75	17.52
Plumbing Repairs	3,000	3,000	3,000	3,000	17.63	26.28
Sprinkler Pipe Breaks	-	-	-	-	-	-
Sprinkler Maintenance	12,670	12,670	12,000	12,000	70.50	105.13
Miscellaneous Landscaping	15,000	15,000	10,000	10,000	58.75	87.61
Total Maintenance Expenses	77,940	78,670	80,361	84,361		
Management Fees	31,850	33,124	34,449	35,827	210.48	313.88
Security/Telephone	10,000	10,000	12,000	12,000	70.50	105.13
Termite	3,825	3,825	3,825	3,825	22.47	33.51
Trash Removal	33,000	33,000	33,000	33,990	199.69	297.79
Grounds Maint	29,716	30,917	30,917	31,845	187.09	278.99
Tree Maint/Removal	5,000	5,000	5,000	5,000	29.38	43.81
Janitorial	31,200	31,200	31,200	26,520	155.81	232.34
Reserve Study-2020	-	-	-	-	-	-
Snow Removal	25,000	33,830	33,000	33,000	193.88	289.12
Total Contract Expenses	169,591	180,896	183,391	182,007		
Electricity	23,900	23,900	25,000	25,000	146.88	219.03
Water & Sewer	45,000	45,000	47,000	47,000	276.13	411.77
Total Utilities	68,900	68,900	72,000	72,000		
Legal	6,000	6,000	5,000	5,000	29.38	43.81
Audit & Tax Return Prep	3,800	3,900	4,000	4,000	23.50	35.04
Bad Debts	1,000	1,000	1,000	1,000	5.88	8.76
Misc Admin	1,000	1,000	1,000	1,000	5.88	8.76
Total Admin Expenses	11,800	11,900	11,000	11,000		
Taxes & Licenses	1,000	1,000	1,000	1,000	5.88	8.76
Insurance	60,000	65,722	70,000	77,000	452.38	674.61
Total Taxes & Insurance	61,000	66,722	71,000	78,000		
Replacement Reserves	112,064	128,088	128,088	145,664	855.78	1,276.18
Reinvested Interest	1,000	1,000	1,000	1,000	5.88	8.76
Total Replacement Reserves	113,064	129,088	129,088	146,664	861.65	1,284.94
TOTAL EXPENSES	502,295	536,176	546,840	574,032		
SURPLUS/DEFICIT FUNDS	-	(0)	(0)	(0)		