



# The Imperial Hawaii Vacation Club 2025 Budget Presentation

## Club Budget

<u>Revenue</u>	<u>IHVC</u>
Assessment Income - Operations	8,347,611
Hotel (FIT) Income	8,405,106
Front Office Income	868,997
Interest/Fees Income	1,021,677
Administration Income	737,579
Other Income	425,956
Tax Collected	1,886,557
<b>Total Revenue</b>	<b>21,693,483</b>

<u>Expenses</u>	
Reservations & Marketing Expenses	1,675,216
Administration Expenses	628,863
Front Office Expenses	1,895,226
Housekeeping Expenses	3,847,027
Repairs & Maintenance Expenses	1,043,444
Accounting Department Expenses	341,435
Employer's Taxes & Burdens	818,951
Office Expenses	238,708
In-Suite Expenses	537,488
Other Project Expenses	252,741
Utility Expenses	284,309
Bank and Credit Card Fees	120,558
Insurance Expenses	353,213
Professional Expenses	159,577
Taxes/Pass Through Expenses	3,455,863
Waiver/Write Off Expenses	332,422
Depreciation Expense	192,000
Allowance & Extraordinary	184,210
Master Association Assessments	6,033,699
<b>Sub-Total Expenses</b>	<b>22,394,950</b>

<b>Total Net Revenue From Above</b>	<b>21,693,483</b>
Earnings (Loss) before Income Tax Expense	(701,467)
Income Tax Expenses	(100,000)
<b>Income (Loss) From Operations</b>	<b>(801,467)</b>

<u>2025 Reserve Funding</u>	
Reserve Interest Income	84,000
Reserve Income	250,000
Reserve Expense	0
<b>Total Net Reserve Change</b>	<b>334,000</b>

## Master Association Budget

<u>Revenue</u>	<u>AOAO</u>
Assessment Income - Operations	6,832,110
Interest/Fees Income	15,000
Other Income	101,967
Tax Collected	1,620
<b>Total Revenue</b>	<b>6,950,697</b>

<u>Expenses</u>	
Housekeeping Expenses	198,254
Repairs & Maintenance Expenses	268,140
Other Project Expenses	78,928
Utility Expenses	1,837,598
Bank Fees & Expenses	10,396
Insurance Expenses	452,243
Administration Expenses	772,334
Professional Expenses	69,700
Taxes/Pass Through Expenses	3,030,079
Waiver/Write Off Expenses	211,560
Depreciation Expense	10,440
Allowance and Extraordinary Exp	-
<b>Sub-Total Expenses</b>	<b>6,939,672</b>

<b>Total Net Revenue From Above</b>	<b>6,950,697</b>
Earnings (Loss) before Income Tax Expense	11,025
Income Tax Expenses	45,000
<b>Income (Loss) From Operations</b>	<b>(33,975)</b>

<u>2025 Reserve Funding</u>	
Reserve Interest Income	64,800
Reserve Income	500,000
Reserve Expense	(420,000)
<b>Total Net Reserve Change</b>	<b>144,800</b>

**Assessment is Due January 1, 2025**

**The 2025 Assessment is a 2.5% increase over the 2024 Assessment**

**THE IMPERIAL HAWAII VACATION CLUB - 2025 ASSESSMENT**

Annual Assessments are Due and Payable by January 1, 2025. A 5% Cash Discount is only available for payments made by check, cash or money order and must be received in our office no later than November 30, 2024. Thereafter, only a 3% Cash Discount is available for payments made by check, cash or money order and must be received in our office no later than January 1, 2025.

Unit Type	Total Assessment	
Ohia =	\$ 981.40	
Banyan =	\$ 1,473.25	<b>Without the 5% Cash Discount</b>
Palm =	\$ 1,561.42	
Koa =	\$ 1,605.50	
Hala =	\$ 1,828.23	

Unit Type	Total Assessment	
Ohia =	\$ 932.33	
Banyan =	\$ 1,399.59	<b>With the 5% Cash Discount</b>
Palm =	\$ 1,483.35	
Koa =	\$ 1,525.22	
Hala =	\$ 1,736.82	

Unit Type	Total Assessment	
Ohia =	\$ 981.40	
Banyan =	\$ 1,473.25	<b>Without the 3% Cash Discount</b>
Palm =	\$ 1,561.42	
Koa =	\$ 1,605.50	
Hala =	\$ 1,828.23	

Unit Type	Total Assessment	
Ohia =	\$ 951.96	
Banyan =	\$ 1,429.05	<b>With the 3% Cash Discount</b>
Palm =	\$ 1,514.58	
Koa =	\$ 1,557.33	
Hala =	\$ 1,773.38	

# A MESSAGE TO OUR OWNERS

## IHVC PRESIDENT'S ANNUAL MESSAGE

Dear Owners,

We hope this message finds you well. As we prepare for the upcoming year, we want to inform you about the annual budget and the associated assessment increase for our timeshare community.

Overall, 2024 has been an excellent tourist year. The Imperial 2024 occupancy levels have remained high, and our hotel operations free independent traveler (FIT) revenue continues to be a vital part in funding resort operations. We anticipate this trend to continue in 2025, provided there are no unforeseen events like a global crisis or major economic downturn, both of which appear unlikely at this time. There remains a much pent-up demand for the "travel experience" utilizing discretionary personal income.

After careful consideration, the Board has approved a 2.5% increase in assessments for the coming year. This adjustment is necessary to address several key factors:

- **Inflation:** The rising cost of goods and services, like utilities, maintenance, and housekeeping supplies, has affected our operating costs. Inflation is continuing at around 3% per year.
- **Taxes:** Property taxes, local taxes, and employer taxes are a big part of our yearly expenses, making up about 25% of each owner's fees.
- **Insurance:** All insurances have increased significantly in the last half of 2024 and will increase again midyear 2025. Insurance makes up about 2% of your fees, and we work with brokers to get the best rates from top insurers.
- **Wage Increases:** To ensure we continue to attract and retain skilled staff, we must adhere to the negotiated wage increases for our employees.
- **Capital Reserve:** After not adding to the capital reserve for a few years, we will now contribute \$250,000 to the IHVC reserve and \$500,000 to the AOA capital reserve. This is to ensure we have enough funds for future projects. These contributions make up about 3% of each owner's fees.

For the most part, these expenses are beyond The Imperial's control. However, our staff takes every opportunity to manage the factors that influence these costs, working with vendors, employee representatives, government agencies, and insurers. The Imperial's Board of Directors anticipates that local costs will continue to rise, even if actions by the Federal Reserve help reduce the high inflation rates from 2022-2024. To keep expenses in check, our staff remains disciplined in purchasing materials, using competitive bids and securing discounts whenever possible.

The IHVC Board of Directors has once again approved a 5% discount for payments made by cash, check, or money order received before November 30, 2024, and a 3% discount for payments received between November 30 and January 1, 2025. If you make your payment by November 30, 2024, the 5% discount could lower your 2025 assessment by \$50 to \$90, depending on the type of unit you own. Please refer to the back of your statement for the discount schedule. To receive the discounts, please ensure all payments are made by the specified deadlines. If you have any questions, feel free to

contact our Accounting staff to discuss alternative payment options. Keep in mind that some payment arrangements may impact your ability to use your unit until the 2025 assessment is paid in full.

We understand that any increase can be challenging, and we remain committed to managing our resources efficiently while maintaining the high standards of our community. Thank you for your continued support and understanding, and I look forward to seeing you at the Annual IHVC Owners Meeting on March 11, 2025.

Aloha, Warm Regards and Happy Travels,

J. Preston James, IHVC President

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## IHVC TREASURER'S ANNUAL MESSAGE

The Imperial's exceptional Management team along with our long-term employees, have successfully maintained our operations at 80% occupancy, generating substantial operating income. Our review, of the monthly profit and expense summaries, along with the balance sheet indicates a manageable profit for December 31, 2024, fiscal year-end.

The Imperial's hotel FIT (Free Independent Traveler) operations contributed significantly to the previous year's operational cash surplus, resulting in board approval of \$1.3M for capital projects expenditures. Similarly, for the 2025 annual budget the board has approved the allocation of \$900,000 from net income for capital project expenditures. We also approved a reserve fund contribution of \$250,000 from the 2025 assessments.

Management and the board closely monitor expenses using cash flow analysis, both actual and forecast. We also utilize a monthly variable income and expenses report that compares actual to budget, as well as a comparison to the previous year, highlighting the difference and percentage increases or decreases.

The CPI (Consumer Price Index) has decreased from the previous highs of last year allowing the Board of Directors along with Management to approve lowering the 2025 annual assessment to 2.5%. This adjustment is intended to cover our expected increase in expenses. The Federal Reserve Board has decreased interest rates, and this has reduced our current investment income. Management meets regularly with our bank representative, and with the board twice a year, to discuss opportunities to maximize interest income on our insured bank deposits.

To encourage owners to prepay their current maintenance assessment, the board once again has approved a 5% discount on cash, check, money-order, payments made before November 30, 2024, and a 3% discount on cash, check and money-order payments made before January 1, 2025. This incentive has had a positive impact on our assessment collections.

John A. Tokarcsik, IHVC Treasurer

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## 2025 BOARD CANDIDACY STATEMENTS

The 2025 Annual General Meeting will be held on **Tuesday, March 11, 2025**. There are two (2) AOA and three (3) IHVC Board positions to be filled. Please let us know if you are interested in running for either BOTH the AOA and/or the IHVC Boards by submitting a candidate statement of 100 words or less stating your reasons and qualifications. We are seeking applicants, who, first and foremost, are regular vacationers at The Imperial Hawaii Vacation Club. Whatever your background, a board member must work well in a team environment and be prepared to represent and be accountable in the best interests of all owners. This requires a significant time commitment to attending board and committee teleconference meetings. Your candidate statement must be received at The Imperial by **Friday, January 3, 2025**, on/or before 4:30 PM (HST) in order for your name to be placed on the Proxy and Ballot and for your 100-word statement to be printed in the newsletter. Additionally, to be fair to all candidates, if a statement is longer than 100 words, we will only print the first 100 words. You may also send a more complete resume to be disseminated to owners who request more information regarding your qualifications. You may send your 100-word statement and a more complete resume to The Imperial's mailing address or to the Imperial's Assistant Resort Manager at [msales@imperialofwaikiki.com](mailto:msales@imperialofwaikiki.com).