



The Imperial Hawaii Vacation Club 2023 Budget Presentation

Club Budget	
Revenue	IHVC
Assessment Income - Operations	8,521,554
Hotel (FIT) Income	5,927,293
Front Office Income	898,463
Interest/Fees Income	618,989
Administration Income	695,633
Other Income	409,755
Tax Collected	1,427,713
Total Revenue	18,499,400
Expenses	
Reservations & Marketing Expenses	1,408,108
Administration Expenses	542,540
Front Office Expenses	1,532,723
Housekeeping Expenses	3,159,461
Repairs & Maintenance Expenses	946,726
Accounting Department Expenses	388,854
Employer's Taxes & Burdens	714,256
Office Expenses	253,953
In-Suite Expenses	366,569
Other Project Expenses	236,210
Utility Expenses	379,358
Bank and Credit Card Fees	115,970
Insurance Expenses	299,898
Professional Expenses	176,811
Taxes/Pass Through Expenses	2,930,158
Waiver/Write Off Expenses	336,093
Depreciation Expense	233,068
Allowance & Extraordinary	124,000
Master Association Assessments	4,872,825
Sub-Total Expenses	19,017,581
Total Net Revenue From Above	18,499,400
Earnings (Loss) before Income Tax	
Expense	(518,181)
Income Tax Expenses	(100,000)
Income (Loss) From Operations	(618,181)
2023 Reserve Funding	
Reserve Interest Income	840
Reserve Income	0
Reserve Expense	0
Total Net Reserve Change	840

Master Association Budget	
Revenue	AOAO
Assessment Income - Operations	6,011,771
Interest/Fees Income	240
Other Income	65,004
Tax Collected	1,080
Total Revenue	6,078,095
Expenses	
Housekeeping Expenses	178,888
Repairs & Maintenance Expenses	254,025
Other Project Expenses	80,298
Utility Expenses	2,187,871
Bank Fees & Expenses	4,599
Insurance Expenses	301,869
Administration Expenses	728,411
Professional Expenses	111,233
Taxes/Pass Through Expenses	2,327,985
Waiver/Write Off Expenses	162,000
Depreciation Expense	12,024
Allowance and Extraordinary Exp	-
Sub-Total Expenses	6,349,203
Total Net Revenue From Above	6,078,095
Earnings (Loss) before Income Tax	
Expense	(271,108)
Income Tax Expenses	(20,000)
Income (Loss) From Operations	(291,108)
2023 Reserve Funding	
Reserve Interest Income	780
Reserve Income	-
Reserve Expense	(20)
Total Net Reserve Change	760

Assessment is Due January 1, 2023

The 2023 Assessment is a 8.5% increase over the 2022 Assessment

THE IMPERIAL HAWAII VACATION CLUB - 2023 ASSESSMENT

Annual Assessments are Due and Payable by January 1, 2023. 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, 2022. 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 December 31, 2022.

Unit Type	Total Assessment	Unit Type	Total Assessment
Ohia =	\$ 911.87	Ohia =	\$ 866.28
Banyan =	\$ 1,368.88	Banyan =	\$ 1,300.44
Palm =	\$ 1,450.79	Palm =	\$ 1,378.25
Koa =	\$ 1,491.75	Koa =	\$ 1,417.16
Hala =	\$ 1,698.70	Hala =	\$ 1,613.76

Unit Type	Total Assessment	Unit Type	Total Assessment
Ohia =	\$ 911.87	Ohia =	\$ 884.51
Banyan =	\$ 1,368.88	Banyan =	\$ 1,327.81
Palm =	\$ 1,450.79	Palm =	\$ 1,407.27
Koa =	\$ 1,491.75	Koa =	\$ 1,447.00
Hala =	\$ 1,698.70	Hala =	\$ 1,647.74

A Message to our Owners

PRESIDENT'S ANNUAL MESSAGE

Current inflation continues to run above 8% annually (see also last year's 2022 Assessment Letter comments) and expectations are the Federal Reserve will persistently raise interest rates attempting to halt 2023 increases in inflation. The Imperial Board of Directors expects on island costs will continue to escalate significantly and above the current 8+% as the Federal Reserve's action may have a tepid effect on the current high inflation rates even into the end of 2023. To control costs, our Imperial Staff maintains discipline in materials purchasing using competitive bids and obtaining purchase discounts whenever possible. In addition to accelerating inflation, the 10-year renegotiation cycle of the land lease is in process. We have engaged land appraisers to assist in the valuation of the land lease and have planned for a substantial increase in lease payments starting in 2023. The attached assessment increase of 8.5% is necessary to meet the increased lease rent payments and the increased operations costs beyond the immediate control of the Board of Directors or the Imperial Staff. The prior lease negotiation in 2012 benefited from a low point in the real estate market just prior to the lease rent determination. However, the recent high real estate valuations and transactions have had the opposite effect in the current cycle of the lease negotiation, and we therefore expect a higher negotiated lease rent increase than the last cycle as the real estate market has recovered resulting in higher valuations.

The IHVC Board of Directors has once again approved the 5% discount for payments paid by CASH, CHECK or MONEY ORDERS **received prior to November 30, 2022**, and a 3% discount for payments received after November 30 and before January 1, 2023. The 5% cash discount if received by November 30, 2022, can reduce your 2023 assessment by \$45.00 -\$85.00 depending on the type of unit you own. Please see the payment discount schedule on the reverse side for the unit(s) you own. It is important that IHVC members do not delay remitting their 2023 assessments to take advantage of the special 5% discount being offered for CASH, CHECK or MONEY ORDERS in the month of November 2022. We recognize there are circumstances that may not allow all owners to take advantage of these options and encourage owners to discuss payment options with our accounting staff. Please note that some payment options may affect an owner's immediate use of their interval until the 2023 assessment is paid in full.

Overall, 2022 has been an excellent tourist year as most all 2020-2021 US mainland & Hawai'i Covid Pandemic travel restrictions were removed. The Imperial 2022 occupancy level has remained high, and our hotel operations free independent traveler (FIT) generated incomes have been a vital part in funding operations. Our forecast is for this trend to continue in 2023 barring some existential upset or a severe recession since there is still much pent-up demand for the "travel experience".

2023 will be a year of different challenges but the Staff and I are totally dedicated to successfully managing the Imperial Hawaii Resort within the approved budget for 2023 and providing you with the best vacation experience the Islands of Hawai'i can offer. I hope to see you soon and wish everyone safe travels.

Aloha to all,
J. Preston James, IHVC President

FROM THE TREASURER

Working with Management, reviewing the monthly profit and expense summaries, together with the balance sheet, our current 2022 analysis on income and expenses shows a manageable profit for the December 31, 2022, year end.

Management continues to closely monitor expenses using cash flow analysis, both actual and forecasted. Due to the high inflationary CPI (Consumer Price Index) numbers, the Federal Reserve continues to increase interest rates to cool the high inflation. In response, we've met with our financial institution representatives to provide us with strategies on our current bank accounts, including our sweep accounts and reserve investments to maximize income and manage cash sustainability.

For the 2023 budget, the Board of Directors along with Management, approved an assessment increase of 8.5%. Many factors contribute to this assessment. For the mainland, the current inflation is running at 8.5%, here in Hawaii its closer to 10%. In addition to inflation, our biggest cost increase is due to the AOO rent negotiations. Every ten years our lease rent with the landlord must be negotiated as the last negotiation took place in 2012. Effective January 1, 2023, we are anticipating that our lease rent will double as indicated in Hawaii's current local real estate market. In addition, as the World Crude prices continue to increase, coupled with the ongoing war in Ukraine, we see a significant increase in the AOO's utility costs which will also impact the budget. We have also cut our reserve expenditures for the past three years as a result we did not levy a reserve fund contribution for 2021 to 2023.

To encourage owners to prepay their current maintenance assessment due, the Board approved a 5% discount on cash prepayments made before November 30, 2022, and 3% on cash funds paid before December 31, 2022. The hope is this offer will again have positive effect on our assessment receipts.

John A. Tokarczik, IHVC Treasurer

2023 BOARD CANDIDACY STATEMENTS

The 2023 Annual General Meeting will be held on Tuesday, March 14, 2023. There are two (2) AOO and three (3) IHVC Board positions to be filled. Please let us know if you are interested in running for either the IHVC and/or the AOO Board by submitting a candidate statement of 100 words or less stating your qualifications. We are seeking applicants, who, first and foremost are regular vacationers at The Imperial Hawaii Vacation Club. Whether your background is in accounting, business management, engineering or marketing, you must work well in a team environment and be prepared to represent the best interest of all owners. This requires a significant time commitment in attending board and committee teleconference meetings. Your candidate statement must be received at The Imperial by Monday, January 2, 2023 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 Executive Assistant at msales@imperialofwaikiki.com.