$2.06 a Day to Help Keep Diamondhead Special

Hello everyone! I would like to follow up on several items I addressed in last month's edition. As you see posted in the paper are the July, August and September Financial Summaries for your review. We will likely refine this some more and make sure we have exactly what we need for oversight and reporting throughout next year. With that said, these give us a good snapshot of our monthly numbers and our year to date performance. If you refer to the YTD as of September chart, you can see that we have a Positive Net Income for the year of $173,605.24. We also as of October 1st have a bank balance of $333,907.56 as well as the untouched amenity sale money in investment accounts. Unfortunately, the financial summary also shows us we have a big negative Variance versus budget. While this jumps out at us, please remember, it has been a year that saw a lot of changes concerning amenity restructuring and sales that were not fully accounted for in the 2026 budget. These plans were still unfolding and being discussed last year at budget time. We currently have a much clearer path in 2027 so we will be measuring performance monthly and Year to Date versus budget with a strong focus on accountability and meeting or exceeding the budget for next year.

With all that said, the Board was presented with and approved the budget for 2027. We will share that in more detail, but I wanted to provide some bullet points framing next year's numbers.

- Modest Revenue growth in 2027. We will be working hard to improve revenues across the remaining amenities. This will require maintaining and improving amenities, quality of service, quality of offerings and driving more revenue across the Club and Golf Courses. The entire staff is working with that charge and the new Marketing and Membership committee is

assisting with ideas and plans to drive more “traffic” while at the same time rewarding POA membership.

- As I said in last month’s paper, “It goes without saying, the number of residents who pay their annual POA fees will directly influence the resources available to maintain our golf courses, pools, recreational facilities, events and our activities at the Club”. In an effort to retain existing members, reattract some that did not support the POA in 2026 and gain some new residents, Our annual POA fees will be **REDUCED to $750** if paid in lump sum. The same percentage drop will also apply to those paying monthly throughout next year.
- In order to overcome this revenue drop in POA fees, Our General Manager and team have been aggressive in expense reduction and have us on a very good trend. As an example, we averaged $720,916 per month is expenses in 2025. The attached financial summaries show we averaged $628,278 in July, August and September. September finished at $610,683.22 so we are moving in the right direction. We still had some one-off expenses from the amenity sales that hit us in September that are now mostly complete. Yes, some of this is due to amenity sales, but it is also showing strong efforts to improve operations and cost controls as well. Why am I saying all of this, we are budgeting an average of $592,165.21 in 2027.
- Our approved budget shows a positive Income of $141,410 for 2027. We’ve overcome a lot of challenges and have work to do but this is a good start.

There are many more levels of detail that will be shared but I wanted to get these overview numbers out to you as quickly as I could. Overall, I believe we have a budget that is achievable for 2027 with more upside potential than downside risks. We are in a much better cash flow position allowing us to maintain and improve

our amenities and continue to search for ways to continue moving Diamondhead forward into the future.

One last note, there is a rumor out there floating around that we are actively seeking to sell one of the golf courses for development – **Not True**. Our goal is to maintain, improve and potentially add amenities as we become more financially stable.

For approximately $2.06 a day, we can help keep Diamondhead special. Thank you for your support, your participation, your consideration and your commitment to our shared future.
As always, give me a call or email me with any of your questions, comments or concerns.

Thank You!