

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF JANUARY 2009

Owners, please find attached the financial results as of January 31, 2009. We are already 3 months into our budgetary year 2008/2009. This statement is the second one of the new fiscal year, and shows a lot of variance of results due to a heavy concentration of budgeted work that took place during that period. To compensate for such perception we have also included a forecast for the full year compared to the full year's budget, which is more meaningful and is a better management tool to ensure that total budgetary objectives will be achieved.

On the revenue side we have reduced our revenue expectation on "estoppels" as we estimate that only 10 units will now be sold this year due to the economic situation and the banking industry turmoil. Other revenue items compensate for the shortfall in the estoppels revenue; we expect our revenue to be favorable to budget by \$1,200.00. We do remain conservative on our revenue from screenings, as these tend to fluctuate on a seasonal basis.

In regard to the expenses, most of the variance comes from one-time transactions like the painting program that was performed in November, the tennis payment that came in December, the shuffle board canopy that was paid in January and new trees and bushes all exceeded the budget, but owners can appreciate what has been done so far. It is a question of timing versus the budget figure that is spread out over a twelve-month period. The same is true for the property tax, licenses, and a portion of the Cable TV cost, as the payment for the French channels is due in November but covers services for the full year.

We do forecast to be below budget in the following area:

- **Electric:** the price of oil is down substantially and FPL will not be authorized to increase its cost as planned back in September.
- **Water and sewage:** same explanation -- the City of Boynton will not be in a position to increase its rate as planned, and we may also benefit from a change in the billing rate structure, with more to the fixed monthly charge and less on the consumption variable component.
- **Propane gas:** will be below budget as we managed to install the new heat pump in a more expeditious way than originally planned
- **Wi-Fi:** will be below budget as mentioned at various Board meetings, as we have decided not to go ahead with the project for the current year, or at least until we find a solution to the cost of the project. The only expense that will be charged to that cost center will be the current cost for the WIFI at the Club House. We also have to remember that at the budget meeting this savings from the Wi-Fi budget estimate can only be used for TV system improvement or for bad debt.
- **Landscaping:** we have separated the landscaping contract from the fertilization contract. In order to compare to the budget we need to add the two. Savings resulted from a contract re-negotiation for the fertilization and weed control. We will review again the situation in March.

- Security guard; with less break-down of the gate system, this also reduced our guardian cost, as we do not need the extra guard time.
- New trees & Bushes: will end up below budget due to bidding formality and the great help and contribution received from our volunteers. We managed to do more than the original plan at a lesser cost, and from comments received it does appear to be appreciated by the vast majority of our owners.
- The current trend in interest rate reduction is also producing a positive impact.

We currently estimate that we will be over budget in the following cost center:

- Building maintenance: This is an area of concern. We do expect to end up over budget due to major repairs that needed to be addressed due to our aging buildings.
- Miscellaneous administrative expense: Your Board is contributing to some activities of its owners. It did cost \$500.00 for the reception of our owners at the annual meeting and a further \$1,000.00 will be spent on the “thank you day” to our volunteers.
- Pest control will also end up over budget.
- Sprinklers: will also exceed budget expectation. A complete and formal “wet check” is currently being conducted, and the project will hopefully be completed by mid-March.
- Tree trimming will exceed budget. The current proposal we received to maintain a tree maintenance program indicates that we will be over budget and that we will not be in a position to do everything that is recommended by the expert. We will follow this file closely, as any postponement of tree maintenance may end up more costly in the long run.
- Electrical expenses: due to the economic situation, it appears that Town Inspectors need more time to check on possible deficiencies. We do need to correct those situations.
- Shuffle Board Canopy: this improvement was planned over a 2-year period, and your Board decided to do it all during the current fiscal exercise.
- Entrance sign and fountain: will exceed budget, mainly due to engineering certificates required to obtain a permit and the fact that both signs were installed this year, which will produce a savings from next year’s expected expenses.

We have maintained the budget figure for the contingency and for the insurance cost. We should be in a better position to predict the trend under those two items during the month of March.

In total we now show that we will be better than budget by \$27,600.00. We have to remember that due to the WIFI we should achieve, at a minimum, a \$23,000.00 surplus.

RECEIVABLE

January saw a deterioration of our receivables due from owners as far as the total value is concerned. We went from a balance of \$ 62,910.00 as of the end of November to \$64,860.00 as of the end of December and to \$ 66,675.00 at the end of January. This situation is created by what your Board calls the “hard cases” -- the seven owners who are delinquent and under foreclosure that do not make any

payments toward their dues. The foreclosure process is a cumbersome process and does take a lot of time. Let's hope we do see some court action soon. This is penalizing Waterside and its owners.

The total number of delinquent owners that were 44 at the end of November is now down to its normal level of 21. We have 12 units under foreclosure; five of them are making payments toward their dues.

CONCLUSION

After three months into our fiscal year (which does not make the full fiscal year) the current projections are encouraging, and as usual, your Board will continue to closely monitor the evolution of expenses.

JANUARY 2009 YEAR TO DATE FINANCIAL RESULT

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>08/09 FINAL</u> <u>BUDGET</u>	<u>VARIANCE</u>	<u>MONTHLY</u> <u>COST</u>
<u>REVENUE</u>				290		
NSF FEE				0		
100 ASSESSMENTS **	325,450	326,320	1,304,280	1,305,280	-1,000	290.00
102 LATE FEE INCOME	2,875	250	3,500	1,000	2,500	
103 INTEREST INCOME	201	1,750	6,500	7,000	-500	
104 ESTOPPEL FEE	150	675	1,500	2,700	-1,200	
106 ACCESS/GATE CARDS	0	125	200	500	-300	
107 TRANSFER/SCREENING FEE	14,300	5,500	22,000	22,000	0	
108 MISCELLANEOUS INCOME	2,389	325	3,000	1,300	1,700	
TOTAL REVENUE	345,365	334,945	1,340,980	1,339,780	1,200	
<u>EXPENSES</u>						
<u>UTILITIES</u>						
200 ELECTRIC	11,158	13,250	49,000	53,000	-4,000	10.75
201 WATER & SEWER	38,517	40,750	159,000	163,000	-4,000	33.05
202 GARBAGE & RECYCLING	8,214	7,750	31,500	31,000	500	6.29
203 PROPANE GAS	314	1,750	2,000	7,000	-5,000	1.42
204 CABLE T.V.	22,586	15,500	62,000	62,000	0	12.57
205 TELEPHONE	2,116	1,800	7,500	7,200	300	1.46
205.1 WIFI	358	6,250	2,000	25,000	-23,000	5.06
	83,263	87,050	313,000	348,200	-35,200	70.60

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ADMINISTRATIVE						
300 PAYROLL-ADMINISTRATIVE	27,796	27,250	109,000	109,000	0	22.10
301 PAYROLL-MAINTENANCE	14,641	14,825	59,300	59,300	0	12.02
302 PAYROLL TAXES	3,648	3,325	14,000	13,300	700	2.70
302.1 EMPLOYEE BENEFITS	2,508	2,800	11,200	11,200	0	2.27
303 PAYROLL SERVICE FEES	832	900	3,600	3,600	0	0.73
304 SECURITY GUARDS	11,545	13,125	51,000	52,500	-1,500	10.64
305 ACCOUNTING	6,481	6,375	25,500	25,500	0	5.17
305.1 BANK FEES	289	150	600	600	0	0.12
305.2 BAD DEBT	219	6,875	27,500	27,500	0	5.58
306 AUDITING	0	1,125	4,500	4,500	0	0.91
307 LEGAL	3,272	2,250	9,000	9,000	0	1.82
308 PROPERTY TAX	1,941	525	2,100	2,100	0	0.43
309 INCOME TAX	-61	175	700	700	0	0.13
310 INSURANCE	69,793	70,750	283,000	283,000	0	57.38
311 OFFICE SUPPLIES	1,447	1,375	5,500	5,500	0	1.12
312 POSTAGE & SHIPPING	882	937	3,750	3,750	0	0.76
313 LICENSES	1,648	625	2,200	2,500	-300	0.51
314 TRAVEL & MILEAGE	181	88	350	350	0	0.07
315 MEETINGS & EDUCATION	0	125	500	500	0	0.10
316 SCREENING	3,365	1,375	5,500	5,500	0	1.12
317 ALARM SYSTEM	159	125	500	500	0	0.10
318 COMPUTER REPAIR/SERVICE	0	500	2,000	2,000	0	0.42
319 COPIER	875	950	3,800	3,800	0	0.76
320 MISCELLANEOUS ADMIN.EXP.	3,165	625	4,000	2,500	1,500	0.51
320.1 WEBSITE IMPROVEMENT	0	1,875	7,500	7,500	0	1.52
	154,626	159,050	636,600	636,200	400	128.99

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MAINTENANCE						
400 GASOLINE	23	188	750	750	0	0.15
401 SPRINKLERS	5,580	2,250	10,000	9,000	1,000	1.82
402 PEST CONTROL	7,181	6,000	25,000	24,000	1,000	4.87
402.6 MISC. MAINT.EXP.	75	125	500	500	0	0.10
403 LANDSCAPING	28,624	33,000	110,000	132,000	-22,000	26.76
FERTILIZATION & WEED CON.	5,415	0	16,000	0	16,000	
404 TREE TRIMMING	3,150	1,750	10,000	7,000	3,000	1.42
404.1 NEW TREES & BUSHES	10,230	6,250	22,000	25,000	-3,000	5.07
405 BUILDING MAINTENANCE	14,959	5,000	22,000	20,000	2,000	4.05
406 GROUNDS MAINTENANCE	3,946	1,750	7,000	7,000	0	1.42
407 SECURITY GATE EXPENSE	1,958	1,500	6,000	6,000	0	1.22
408 CAMERA & VIDEO EXP.	0	3,000	12,000	12,000	0	2.43
409 PLUMBING EXP.	718	250	1,000	1,000	0	0.20
410 ELECTRICAL EXP.	4,090	1,500	7,000	6,000	1,000	1.22
411 POOL SUPPLIES & REPAIR	4,053	2,500	10,000	10,000	0	2.03
412 STREET MAINTENANCE	5,125	2,500	10,000	10,000	0	2.03
413 UNIFORMS	0	65	260	260	0	0.05
414 GOLF CARTS	0	500	2,000	2,000	0	0.41
415 LOCKSMITH	331	100	400	400	0	0.08
416 FIRE SAFETY	0	1,375	5,500	5,500	0	1.12
417 JANITORIAL SUPPLIES	1,508	600	3,000	2,400	600	0.49
419 POSTAL STATION	523	750	3,000	3,000	0	0.61
420 PAINTING PROGRAM	13,000	3,250	13,000	13,000	0	2.63
421 STREET LIGHT	0	1,250	5,000	5,000	0	1.01
422 SHUFFLE BOARD CANOPY	5,000	1,250	10,300	5,000	5,300	1.01
423 TENNIS COURT	15,945	3,750	16,000	15,000	1,000	3.06
425 POOL CHAIRS/TABLES	5,267	1,625	5,500	6,500	-1,000	1.31
426 ENTRANCE SIGNS/FOUNTAIN	4,720	1,250	10,500	5,000	5,500	1.01
	141,421	83,328	343,710	333,310	10,400	67.58

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450 CONTINGENCY	0	2,500	12,070	12,070	0	2.45
476 INTEREST EXPENSE	1,935	3,018	8,000	10,000	-2,000	2.03
	1,935	5,518	20,070	22,070	-2,000	4.48
<u>GRAND TOTAL EXPENSES</u>			1,313,380	1,339,780	-26,400	271.65
<u>NET INCOME (LOSS)</u>			27,600	0	-27,600	0

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<u>RESERVES</u>						
ROOFS	6,250	6,250	25,000	25,000	0	5.07
PAINTING	600	600	2,400	2,400	0	0.49
ASPHALT	6,250	6,250	25,000	25,000	0	5.07
POOLS	3,150	3,150	12,600	12,600	0	2.55
AWNINGS	5,000	5,000	20,000	20,000	0	4.06
SPRINKLERS	2,500	2,500	10,000	10,000	0	2.02
WORKING CAPITAL	7,500	7,500	30,000	30,000	0	6.08
	31,250	31,250	125,000	125,000	0	25.34