

## **COMMENTS ON FINANCIAL RESULTS AS OF THE END OF AUGUST 2010 (10 MONTHS)**

Please find attached the financial results as of August 31, 2010. You will also find below a summary of the revised expense items forecasted for the year. We have revised these items with current trends with known commitment and we should meet our projection for the year as per the budget approved at the end of October 2009.

We have slightly decreased our forecast for the following income items: Late fee income, estoppels fee, transfer and screening fees.

We have decreased the following expense items: Electricity, water & sewage, employee benefits, income tax, insurances, website and the contingency account as we are close to year-end.

We have increased our forecast for the following expense items: Bank fees, sprinklers, and awning repairs.

### **1. WE HAVE DECREASED THE FOLLOWING INCOME ACCOUNTS:**

#### **1.1 TRANSFER AND SCREENING FEE:**

Even with the summer months' high level of visitors coming in for short stays, we did experience an increase in long term rentals. If this trend continues, it will have a negative impact on our transfer and screening fee. We have decreased our forecast by \$500 (from \$32,000 to \$31,500)

#### **1.2 ESTOPPEL FEE:**

We have decreased our forecast by only \$150 (from \$4,050 to \$3,900) as we reduced by one unit the number of units that will have changed ownership this year. We do forecast 26 transactions this year. It does take way too much time to either complete a short sale or a foreclosure and potential buyers simply abandon the whole bidding process. If you are interested or know someone interested in those units, please contact our manager Daniel Harvey at Waterside and he will provide the existing situation of upcoming foreclosure court hearings and auction schedule dates on some units. By the way, with current ongoing action with one of the major mortgage carriers (GMAC) we may experience more delays.

#### **1.3 LATE FEE:**

We have decreased this income item by \$400 (from \$7,000 to \$6,600). We are coming to year end and the position of our number of units for which we have a receivable is improving -- not the dollar value, but the number of cases.

## **2. WE HAVE INCREASED THE FOLLOWING EXPENSE ACCOUNTS:**

### **2.1 AWNING REPAIRS:**

This is a new cost center that we have just created in order to reverse from the awning reserve account everything that was charged to it during the current year and charge this to an expense account for an amount of \$28,500. This leaves more in the reserve account and if we are faced with a special situation then we will have a real reserve. You will remember that the objective of the Board, when it became apparent that the cost of water and sewage would be below the budget, was to have this money transferred to the reserve accounts. By doing this transfer from the awning account being paid out of the reserve to an expense account, your Board achieves this objective.

### **2.2 SPRINKLERS:**

We have increased this cost by \$500 (from \$7,500 to \$8,000) to cover ongoing improvement as mentioned in the summer project report.

### **2.3 BANK FEES:**

We have slightly increased this cost by \$50 (from \$700 to \$750). This cost is down from the previous year and should be done next year.

## **3. WE HAVE DECREASED THE FOLLOWING ADMINISTRATIVE EXPENSES:**

### **3.1 EMPLOYEE BENEFITS:**

We have decreased the forecast by \$500 (from \$12,500 to \$12,000) for this item.

### **3.2 INCOME TAX:**

This cost item was reduced by \$300 (from \$500 to \$200) and it could be reduced to nil by year end, depending on the interest revenue.

### **3.3 INSURANCE:**

We have reduced this item by \$500 (from \$180,500 to \$180,000) and we are still subject to minor reductions under this item as we are currently in discussion with our broker. By the way, this means that in total our insurance cost is lower than the previous year, so this is contrary to the news that we read about every day.

### **3.4 WEBSITE:**

We have also lowered our forecast for the website improvement by \$1,000 (from \$2,500 to \$1,500). Scott Perron and a group of owners are working on the site improvement, for which we want to thank them for their effort.

#### **4.0 WE HAVE REDUCED THE FOLLOWING UTILITY EXPENSES:**

##### **4.1 ELECTRICITY:**

We have again reduced our forecast for this cost by \$3,000 (from \$46,000 to \$43,000). The budgeted amount for this item for 2009/2010 was \$52,000. Electricity does cost less not only because FPL (Florida Power & Light) was not granted the rate increase they were looking for but the savings is also the result of the investment we made in replacing all of our control panels, the installation of photocells to control the lighting time. Also, the installed heat pump consumes a lot fewer kilowatts than budgeted. Compared to our propane gas cost of two years ago, we are saving \$30,000.00 a year.

##### **4.2 WATER AND SEWER:**

This cost was reduced by \$1,000 (from \$210,000 to \$209,000) as our consumption is lower than expected.

##### **CONTINGENCY:**

We have reduced this item by \$500 (from \$10,000 to \$9,500).

#### **CONCLUSION:**

The reserve accounts are fully funded as we make transfers on a monthly basis. At month's end, we had over \$92,000 in the operating bank account; of this amount, about \$50,000 will be used to pay for the painting program currently going on. The pool repairs will be paid out of the pool reserve account. In the reserve bank account we have over \$386,000 invested, either in term deposits or in our money market account. We are currently investigating to make a further term deposit of \$100,000 from the money market account. One difficulty is that we need to be within the insurance coverage limit of \$250,000 with any one financial institution.

Gaétan Cardinal, Treasurer

September 21, 2010

**WATERSIDE FINANCIAL RESULT**  
**AS OF AUGUST 31, 2010**

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<b><u>REVENUE</u></b>				<b>290</b>	
NSF FEE	75	0	75	0	75
100 ASSESSMENTS **	1,066,595	1,066,900	1,280,280	1,280,280	0
102 LATE FEE INCOME	6,180	5,000	6,600	6,000	600
103 INTEREST INCOME	111	416	111	500	-389
104 ESTOPPEL FEE	3,600	2,500	3,900	3,000	900
106 ACCESS/GATE CARDS	90	417	100	500	-400
107 TRANSFER/SCREENING FEE	27,800	23,333	31,500	28,000	3,500
108 MISCELLANEOUS INCOME	1,329	2,917	2,000	3,500	-1,500
<b>TOTAL REVENUE</b>	<b>1,105,780</b>	<b>1,101,483</b>	<b>1,324,566</b>	<b>1,321,780</b>	<b>2,786</b>

**EXPENSES**

**UTILITIES**

200 ELECTRIC	33,606	43,333	43,000	52,000	-9,000
201 WATER & SEWER	173,661	200,000	209,000	240,000	-31,000
202 GARBAGE & RECYCLING	28,870	28,833	34,600	34,600	0
203 PROPANE GAS	86	834	500	1,000	-500
204 CABLE T.V.	55,956	55,000	71,000	66,000	5,000
205 TELEPHONE	7,233	6,250	8,200	7,500	700
205.1 WIFI	1,372	1,667	2,000	2,000	0
	<b>300,784</b>	<b>335,917</b>	<b>368,300</b>	<b>403,100</b>	<b>-34,800</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<b>ADMINISTRATIVE</b>					
300 PAYROLL-ADMINISTRATIVE	90,233	94,050	112,860	112,860	0
301 PAYROLL-MAINTENANCE	54,915	55,000	67,000	66,000	1,000
302 PAYROLL TAXES	13,478	12,500	17,000	15,000	2,000
302.1 EMPLOYEE BENEFITS	8,704	10,417	12,000	12,500	-500
303 PAYROLL SERVICE FEES	1,081	3,083	1,081	3,700	-2,619
304 SECURITY GUARDS	42,523	43,750	52,000	52,500	-500
305 ACCOUNTING	20,286	21,667	25,000	26,000	-1,000
305.1 BANK FEES	649	833	750	1,000	-250
305.2 BAD DEBT	4,874	29,167	44,000	35,000	9,000
305.3 COLLECTION COST	4,699	0	7,000	0	7,000
306 AUDITING	4,325	4,000	4,325	4,800	-475
307 LEGAL	8,610	11,875	7,250	14,250	-7,000
308 PROPERTY TAX	2,157	1,833	2,157	2,200	-43
309 INCOME TAX	0	667	200	800	-600
310 INSURANCE	152,779	159,583	180,000	191,500	-11,500
311 OFFICE SUPPLIES	3,474	3,750	4,500	4,500	0
312 POSTAGE & SHIPPING	1,500	2,917	2,500	3,500	-1,000
313 LICENSES	2,334	2,083	2,334	2,500	-166
314 TRAVEL & MILEAGE	671	333	800	400	400
315 MEETINGS & EDUCATION	269	208	269	250	19
316 SCREENING	9,217	6,667	10,000	8,000	2,000
317 ALARM SYSTEM	346	500	600	600	0
318 COMPUTER REPAIR/SERVICE	414	2,000	1,000	2,400	-1,400
319 COPIER	2,817	3,000	3,600	3,600	0
320 MISCELLANEOUS ADMIN.EXP.	5,276	4,167	5,500	5,000	500
320.1 WEBSITE IMPROVEMENT	350	2,083	1,500	2,500	-1,000
	<b>435,981</b>	<b>476,133</b>	<b>565,226</b>	<b>571,360</b>	<b>-6,134</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<b><u>MAINTENANCE</u></b>					
400 GASOLINE	605	625	750	750	0
401 SPRINKLERS	7,099	10,000	8,000	12,000	-4,000
402 PEST CONTROL	19,619	18,333	25,000	22,000	3,000
402.6 MISC. MAINT.EXP.	2,841	417	3,300	500	2,800
403 LANDSCAPING	87,478	93,333	112,000	112,000	0
403.1 FERTILIZATION-WEED CONT.	7,974	6,667	10,000	8,000	2,000
404 TREE TRIMMING	11,083	9,167	11,083	11,000	83
404.1 NEW TREES & BUSHES	19,027	15,000	21,000	18,000	3,000
405 BUILDING MAINTENANCE	30,811	17,500	33,000	21,000	12,000
406 GROUNDS MAINTENANCE	10,388	5,833	15,000	7,000	8,000
407 SECURITY GATE EXPENSE	5,816	3,333	6,000	4,000	2,000
408 CAMERA & VIDEO EXP.	0	833	500	1,000	-500
409 PLUMBING EXP.	1,535	1,250	2,000	1,500	500
410 ELECTRICAL EXP.	4,936	4,166	5,500	5,000	500
411 POOL SUPPLIES & REPAIR	17,669	11,667	9,500	14,000	-4,500
412 STREET MAINTENANCE	3,487	3,333	4,000	4,000	0
413 UNIFORMS	257	208	257	250	7
414 GOLF CARTS	2,689	1,667	3,000	2,000	1,000
415 LOCKSMITH	85	417	300	500	-200
416 FIRE SAFETY	8,260	4,792	8,260	5,750	2,510
417 JANITORIAL SUPPLIES	1,398	2,750	1,700	3,300	-1,600
420 PAINTING PROGRAM	1,675	41,667	52,000	50,000	2,000
421 STREET LIGHT	1,175	1,667	1,175	2,000	-825
425 POOL CHAIRS/TABLES	1,765	1,667	1,765	2,000	-235
426 ENTRANCE SIGNS/FOUNTAIN	0	2,500	3,000	3,000	0
429 BENCHES REPLACEMENT	3,602	5,000	3,602	6,000	-2,398
430 SHUFFLE BOARD SURFACING	2,990	2,500	2,990	3,000	-10
431 CLUB HOUSE IMPROVEMENT	7,984	5,833	7,984	7,000	984
AWNINGS REPAIRS	0	0	28,500	0	28,500
	<b>262,348</b>	<b>272,125</b>	<b>381,166</b>	<b>326,550</b>	<b>54,616</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	7,531	16,475	9,500	19,770	-10,270
476 INTEREST EXPENSE	13	833	50	1,000	-950
	<b>7,544</b>	<b>17,308</b>	<b>9,550</b>	<b>20,770</b>	<b>-11,220</b>
<b>GRAND TOTAL EXPENSES</b>	<b>1,006,657</b>	<b>1,101,483</b>	<b>1,324,242</b>	<b>1,321,780</b>	<b>2,462</b>
<b>SURPLUS REVENU OVER EXPENSES</b>	<b>99,123</b>	<b>0</b>	<b>324</b>	<b>0</b>	<b>-324</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<b>RESERVES</b>					
2510 ROOFS	20,833	20,833	25,000	25,000	0
2515 PAINTING	2,000	2,000	2,400	2,400	0
2530 ASPHALT	30,833	30,833	35,000	35,000	0
2542 POOLS	10,500	10,500	12,600	12,600	0
2543 AWNINGS	16,667	16,667	20,000	20,000	0
2546 SPRINKLERS	4,167	4,167	5,000	5,000	0
2545 WORKING CAPITAL	20,833	20,833	25,000	25,000	0
2544 INTEREST REV. RESERVE	5,014	4,167	6,000	5,000	1,000
2548 LAND PURCHASE	20,833	20,833	25,000	25,000	0
	<b>131,680</b>	<b>130,833</b>	<b>156,000</b>	<b>155,000</b>	<b>1,000</b>

**Gaetan Cardinal, Treasurer**