

## WATERSIDE FINANCIAL RESULTS FOR THE YEAR 2009/2010 ( BEFORE AUDIT)

One more year has completed and all within the total budget that was approved back in October 2009. These results are still subject to an external audit that will be conducted during December and the final audited result will be presented at the annual Board and Owners meeting on January 29, 2011.

The format has been changed from the September presentation: the variance column is the result of comparing the ytd actual column to the 2009/2010 budget. We have left the September forecast in order to facilitate your understanding of what did happen in October.

In total we will end the year with a small surplus of revenue over expenses of \$1,635.00 before depreciation charges that are non-cash transactions.

### REVENUE

In September we were forecasting to come up with \$1,324,316 in total revenue and did end the year at \$1,326,010 compared to a budget of \$1,321,780. All of the favorable revenue results come from transfer/screening fees. We did exceed the budget for the year by \$5,000.00 and exceeded the latest forecast by \$2,000.00. This is due to a change in our demography. We have a more owners who are younger and they rent their units probably till their full retirement. Also we now have more multi unit owners than we have experienced in the past, and those owners definitely rent their units. One more phenomena we are experiencing is due to the current general foreclosure situation where people that lost their houses are now looking at rentals.

On the estoppels, revenue of \$4,050 is equivalent to 27 transactions during the financial year, which is more than the budget that indicated a target of 20 units. If only we could simply and quickly resolve the foreclosure units; the process is so long that we are losing potential buyers.

### UTILITIES EXPENSES

This is where we are substantially below budget and in line with previous forecast. In general we did, at the time of the budget preparation, expect an increase in electricity, water and sewage and garbage/recycling, due to previous year's experience and also with the various press releases that were published back in October 2009. For the total year there was no change in fuel cost, so these utilities were not in a position to increase their rate. A substantial component of their cost base is related to fuel cost. Every year it is always a risk, and water and sewage since a couple of years has been our largest budget component.

The savings on these items were used to increase the awning reserve and also for the building maintenance and ground maintenance. See explanation under those headings later on.

### ADMINISTRATIVE EXPENSES

We ended up over budget by \$8,248 and over our last forecast by close to \$14,000.00, all of this due to the bad debt situation. The current situation of the foreclosure process does create delays and penalizes your Association. (I am sure you are reading newspapers.) We did conduct a review of each unit in foreclosure (10 of them) and recalculated the required reserve. Your Board will ask Owners to vote on a modification to our Bylaws in the near future in order to update them with current Florida Statute law. Total cost for the year is \$65,874, and the related legal fees to handle those situations

amount to \$6,307, this meaning that the sum of the two is equivalent to a monthly cost of \$14.64 per unit. The total reserve on the balance sheet for that purpose is now \$119,500, on a total accounts receivable of \$131,609. We do not have to worry about a special assessment for this purpose; the reserves are set up each month. This situation remains a concern for your Board as we are at the mercy of not only long but delayed legal proceedings.

Everything that was related to our payroll cost came in below budget and forecast. We can see the benefit of our last modification to our Bylaws: we are below budget on office supplies and postage and shipping. We still ask our owners that still receive our various communications by mail, to provide their email address, so we can continue to lower our operating cost.

Insurance costs are below budget and in line with our forecast. Screening costs are higher than were budgeted, but our revenue is higher than budgeted for this item.

### MAINTENANCE EXPENSES

A lot of activities took place during the year under this group of expenses. In total we are over budget by \$48,624., being the result of charging the awning repairs (\$28,660.) as an expense instead of against the reserve. By doing this we will have a more substantial reserve for awning in case of major damage and it reflect the intention of the Board to use the surplus due to lower water and sewer to create additional contribution to the reserve. The other component of the overrun come the building repairs for \$17,137., and grounds maintenance for \$7,090.00. From the reactions of owners these investment are appreciated.

On building maintenance we did a lot during the year, from the repairs to type A unit storage rooms, to the repair of the type C, D and DD recessed areas, to the fixing of water infiltration damage and other water damage situations.

On ground maintenance, the look of our site speaks for itself, from grass repair, to mulch, to removal of dead bushes and other activities that took place during the summer and early fall. This will need to be maintained on the same scale for the future.

We did invest substantially in our sprinkler maintenance last year and we can see the payback this year; preventive maintenance does reduce costs in the long run. Pool supplies and maintenance is also below budget and we hope that the major investment we made this year will contribute to a fairly stable cost over the next couple of years. Less water loss means less chemical usage.

### RESERVE ACCOUNTS

All reserve accounts are fully funded since November 9, 2010. We did have to wait for the first run of the financial statement to make the final contribution. We will be investing a further \$100,000.00 in a term deposits before the end of November. In total our reserves now stand at \$411,000.00 which includes \$50,000.00 for the Miner Road land purchase. Please attend the next Board meeting on December 9, 2010 to hear more about the latest development on this subject.

Please note under the reserve heading that we did generate \$7,165.00 in interest revenue. This is quite a change from the previous year's situation and those interests remain under the reserve account.

## **CONCLUSION**

**With the exception of the foreclosure units, Waterside is in good financial position which should be a strong selling point for any new potential buyers of a unit. Our value did remain stable when others went down, and we did improve our maintenance when other Associations had to cut back, like shutting down pools because they could not afford the chemicals, or reducing building and ground maintenance. All of this will mean future difficulties for those Associations.**

**We have performed cash flow calculation and will again when April 2011 arrives, which is the month we have to pay for our insurance. It will be one more time on a cash basis with no need to borrow.**

**Thanks for reading**

**Gaetan Cardinal, Treasurer**

**Andre Mongrain, President**

**November 29, 2010**

**WATERSIDE FINANCIAL RESULT**  
**AS OF OCTOBER 31, 2010 (1ST DRAFT BEFORE AUDIT)**

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>SEPT. 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	150	0	125	0	150
100 ASSESSMENTS **	1,279,975	1,280,280	1,280,280	1,280,280	-305
102 LATE FEE INCOME	7,305	6,000	7,300	6,000	1,305
103 INTEREST INCOME	111	500	111	500	-389
104 ESTOPPEL FEE	4,050	3,000	3,900	3,000	1,050
106 ACCESS/GATE CARDS	90	500	100	500	-410
107 TRANSFER/SCREENING FEE	33,000	28,000	31,000	28,000	5,000
108 MISCELLANEOUS INCOME	1,329	3,500	1,500	3,500	-2,171
<b>TOTAL REVENUE</b>	<b>1,326,010</b>	<b>1,321,780</b>	<b>1,324,316</b>	<b>1,321,780</b>	<b>4,230</b>

**EXPENSES**

**UTILITIES**

200 ELECTRIC	40,173	52,000	40,000	52,000	-11,827
201 WATER & SEWER	207,583	240,000	207,500	240,000	-33,968
202 GARBAGE & RECYCLING	35,311	34,600	34,800	34,600	711
203 PROPANE GAS	113	1,000	110	1,000	-887
204 CABLE T.V.	67,712	66,000	68,500	66,000	1,712
205 TELEPHONE	8,211	7,500	8,650	7,500	711
205.1 WIFI	1,412	2,000	1,700	2,000	-588
	<b>360,515</b>	<b>403,100</b>	<b>361,260</b>	<b>403,100</b>	<b>-44,136</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>SEPT. YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<b>ADMINISTRATIVE</b>					
300 PAYROLL-ADMINISTRATIVE	109,921	112,860	112,860	112,860	-2,939
301 PAYROLL-MAINTENANCE	66,517	66,000	67,000	66,000	517
302 PAYROLL TAXES	15,816	15,000	17,000	15,000	816
302.1 EMPLOYEE BENEFITS	10,043	12,500	12,000	12,500	-2,457
303 PAYROLL SERVICE FEES	1,081	3,700	1,081	3,700	-2,619
304 SECURITY GUARDS	52,602	52,500	52,000	52,500	102
305 ACCOUNTING	24,105	26,000	25,000	26,000	-1,895
305.1 BANK FEES	740	1,000	750	1,000	-260
305.2 BAD DEBT	65,874	35,000	44,000	35,000	30,874
305.3 COLLECTION COST	6,307	0	7,000	0	6,307
306 AUDITING	4,325	4,800	4,325	4,800	-475
307 LEGAL	7,705	14,250	7,250	14,250	-6,545
308 PROPERTY TAX	2,274	2,200	2,157	2,200	74
309 INCOME TAX	0	800	200	800	-800
310 INSURANCE	181,203	191,500	180,000	191,500	-10,297
311 OFFICE SUPPLIES	3,300	4,500	4,500	4,500	-1,200
312 POSTAGE & SHIPPING	1,937	3,500	2,500	3,500	-1,563
313 LICENSES	1,884	2,500	2,334	2,500	-616
314 TRAVEL & MILEAGE	839	400	800	400	439
315 MEETINGS & EDUCATION	269	250	269	250	19
316 SCREENING	10,063	8,000	10,000	8,000	2,063
317 ALARM SYSTEM	425	600	600	600	-175
318 COMPUTER REPAIR/SERVICE	414	2,400	1,000	2,400	-1,986
319 COPIER	3,719	3,600	3,600	3,600	119
320 MISCELLANEOUS ADMIN.EXP.	5,895	5,000	5,500	5,000	895
320.1 WEBSITE IMPROVEMENT	2,350	2,500	1,500	2,500	-150
	<b>579,608</b>	<b>571,360</b>	<b>565,226</b>	<b>571,360</b>	<b>8,248</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>SEPT. YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<b><u>MAINTENANCE</u></b>					
400 GASOLINE	803	750	850	750	53
401 SPRINKLERS	7,893	12,000	8,500	12,000	-4,107
402 PEST CONTROL	23,307	22,000	25,000	22,000	1,307
402.6 MISC. MAINT.EXP.	2,225	500	4,500	500	1,725
403 LANDSCAPING	111,575	112,000	110,500	112,000	-425
403.1 FERTILIZATION-WEED CONT.	9,169	8,000	10,200	8,000	1,169
404 TREE TRIMING	11,083	11,000	11,083	11,000	83
404.1 NEW TREES & BUSHES	19,150	18,000	21,500	18,000	1,150
405 BUILDING MAINTENANCE	38,137	21,000	34,000	21,000	17,137
406 GROUNDS MAINTENANCE	14,090	7,000	14,000	7,000	7,090
407 SECURITY GATE EXPENSE	4,596	4,000	4,700	4,000	596
408 CAMERA & VIDEO EXP.	0	1,000	0	1,000	-1,000
409 PLUMBING EXP.	1,633	1,500	1,800	1,500	133
410 ELECTRICAL EXP.	5,160	5,000	5,500	5,000	160
411 POOL SUPPLIES & REPAIR	8,254	14,000	9,500	14,000	-5,746
412 STREET MAINTENANCE	3,512	4,000	4,000	4,000	-488
413 UNIFORMS	257	250	257	250	7
414 GOLF CARTS	2,689	2,000	3,000	2,000	689
415 LOCKSMITH	85	500	150	500	-415
416 FIRE SAFETY	8,260	5,750	8,260	5,750	2,510
417 JANITORIAL SUPPLIES	1,849	3,300	1,700	3,300	-1,451
420 PAINTING PROGRAM	52,271	50,000	53,000	50,000	2,271
421 STREET LIGHT	1,175	2,000	2,000	2,000	-825
425 POOL CHAIRS/TABLES	1,765	2,000	2,365	2,000	-235
426 ENTRANCE SIGNS/FOUNTAIN	3,000	3,000	3,000	3,000	0
429 BENCHES REPLACEMENT	3,602	6,000	3,602	6,000	-2,398
430 SHUFFLE BOARD SURFACING	2,990	3,000	2,990	3,000	-10
431 CLUB HOUSE IMPROVEMENT	7,984	7,000	7,984	7,000	984
AWNINGS REPAIRS	28,660	0	29,500	0	28,660
	<b>375,174</b>	<b>326,550</b>	<b>383,441</b>	<b>326,550</b>	<b>48,624</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>SEPT. YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	9,065	19,770	10,688	19,770	-10,705
476 INTEREST EXPENSE	13	1,000	13	1,000	-987
	<b>9,078</b>	<b>20,770</b>	<b>10,701</b>	<b>20,770</b>	<b>-11,692</b>
<b>GRAND TOTAL EXPENSES</b>	<b>1,324,375</b>	<b>1,321,780</b>	<b>1,320,628</b>	<b>1,321,780</b>	<b>2,595</b>
<b>SURPLUS REVENU OVER EXPENSES</b>	<b>1,635</b>	<b>0</b>	<b>3,688</b>	<b>0</b>	<b>1,635</b>

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>SEPT. YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<b>RESERVES</b>					
2510 ROOFS	25,000	25,000	25,000	25,000	0
2515 PAINTING	2,400	2,400	2,400	2,400	0
2530 ASPHALT	35,000	35,000	35,000	35,000	0
2542 POOLS	12,600	12,600	12,600	12,600	0
2543 AWNINGS	20,000	20,000	20,000	20,000	0
2546 SPRINKLERS	5,000	5,000	5,000	5,000	0
2545 WORKING CAPITAL	25,000	25,000	25,000	25,000	0
2544 INTEREST REV. RESERVE	7,165	5,000	6,000	5,000	2,165
2548 LAND PURCHASE	25,000	25,000	25,000	25,000	0
	<b>157,165</b>	<b>155,000</b>	<b>156,000</b>	<b>155,000</b>	<b>2,165</b>

**Gaetan Cardinal, Treasurer**