

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF DECEMBER 2010 (2nd month)

Owners, please find attached the financial results for the period ending December 31, 2010. As this is the 2nd month of the 2010-2011 fiscal year, your Board revised all of the expense items and made a few adjustments to our forecast for the 2010-2011 fiscal year in order to meet our budget for the year approved at the end of October 2010. It should be noted that the grand total amount forecasted did not change with these adjustments. Below are the expense items that we were adjusted.

We have increased our forecast for the following expense items; Payroll-Maintenance, Ground Maintenance, Library, and Security Gate.

We have decreased the following expense items; Payroll Administration, Payroll Taxes, New Trees and Bushes, and Awning Repairs.

1. WE HAVE INCREASED THE FOLLOWING EXPENSE ITEMS ACCOUNTS:

1.1 Payroll- Maintenance:

We have increased this cost by \$1,000 (from \$69,000 to \$70,000)

1.2 Ground Maintenance:

We have increased this cost by \$3,000 (from \$18,000 to \$21,000) due to various repairs that we have completed and current projects being considered.

1.3 Security Gate:

This cost expense item has been slightly increased by \$500 (from \$6,000 to \$6,500) as we were hit by a major repair to the control panel early in the year and we are also considering some improvement in order to eliminate the confusion between the visitor and resident side at the entrance gate.

1.4 Library:

This cost centre has seen his forecast moved up by \$3,000 (from \$5,000 to \$8,000) as we will have to consider some additional investment to complete the improvement started on November 2010 and decided to accelerate the improvement project, that should be completed during the next fiscal year.

2. WE HAVE DECREASED THE FOLLOWING EXPENSES:

2.1 Payroll Administrative:

We have decreased this expense item by \$1,000 (from \$116,550 to \$115,550)

2.2 Payroll Taxes:

This cost item which is related to Payroll Administration has been slightly decreased by \$500 (from \$19,000 to \$18500)

2.3 Awning Repairs:

We have revised our forecast for this cost item and have reduced it by \$3,000 (from \$25,000 to \$22,000) as we feel that less repairs are needed and that contract are under negotiation.

2.4 New trees and bushes

We have reduced our projected expense by \$3,000.00 and we will still do what was planned for the current fiscal and even more, thanks to Michel Dyotte for his work in this area and its ability to negotiate very favorable pricing for Waterside.

Board of Director's concerns:

Foreclosure

As you now know, the whole foreclosure process does take a lot of time and the banks have not paid their dues. We had to do something to amend our by-laws in order to make the First Mortgagee liable for the payment of some or all of the common expenses prior to the acquisition and/or during the period of its ownership. This is why you have been solicited to sign and return your proxy in order to pass this amendment and get the money from the banks.

The Board members have been working pretty hard over the last month in order to get the required number of signed proxies by the owners and have the by-laws amended at the next special meeting scheduled on January 29, 2011.

Currently we are left with 7 units under foreclosure process, those seven remaining will be a very long process when we do analyze each one of them. We have also a couple of owners who were place on legal action by the Association and we will pursue all legal option to make sure those owners pay their due.

Water and sewage

This is an area that need to be followed closely and that all residents need to be aware that water is not free, and we pay by the gallon on what's we consume and what's go out, in addition to a very substantial fixed monthly fee, please conserve water.

Gaetan Cardinal, Treasurer

January 4, 2011

WATERSIDE FINANCIAL RESULT
AS OF DECEMBER 31, 2010

	<u>YTD</u>	<u>YTD</u>	<u>TOTAL YEAR</u>	<u>2010/2011</u>	
<u>DESCRIPTION</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FORECAST</u>	<u>BUDGET</u>	<u>VARIANCE</u>
<u>REVENUE</u>				290	
NSF FEE	50	0	0	0	0
100 ASSESSMENTS **	222,980	222,980	1,337,880	1,337,880	0
102 LATE FEE INCOME	1,250	834	5,500	5,000	500
103 INTEREST INCOME	0	83	500	500	0
104 ESTOPPEL FEE	150	500	2,700	3,000	-300
106 ACCESS/GATE CARDS	0	83	200	500	-300
107 TRANSFER/SCREENING FEE	8,250	5,333	32,000	32,000	0
108 MISCELLANEOUS INCOME	0	583	3,000	3,500	-500
TOTAL REVENUE	232,680	230,396	1,381,780	1,382,380	-600
<u>EXPENSES</u>					
<u>UTILITIES</u>					
200 ELECTRIC	7,112	7,833	47,000	47,000	0
201 WATER & SEWER	35,084	37,500	225,000	225,000	0
202 GARBAGE & RECYCLING	5,916	6,000	36,000	36,000	0
203 PROPANE GAS	17	83	500	500	0
204 CABLE T.V.	17,852	11,667	70,000	70,000	0
205 TELEPHONE	1,784	1,283	8,000	7,700	300
205.1 WIFI	268	334	2,000	2,000	0
	68,033	64,700	388,500	388,200	300

<u>ADMINISTRATIVE</u>	<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2010/2011</u> <u>BUDGET</u>	<u>VARIANCE</u>
	300 PAYROLL-ADMINISTRATIVE	18,092	19,425	115,550	116,550	-1,000
	301 PAYROLL-MAINTENANCE	11,766	11,500	70,000	69,000	1,000
	302 PAYROLL TAXES	2,340	3,167	18,500	19,000	-500
	302.1 EMPLOYEE BENEFITS	2,288	2,500	15,000	15,000	0
	304 SECURITY GUARDS	8,090	8,917	53,500	53,500	0
	305 ACCOUNTING	4,287	4,167	25,000	25,000	0
	305.1 BANK FEES	446	100	500	600	-100
	305.2 BAD DEBT	0	5,333	32,000	32,000	0
	305.3 COLLECTION COST	2,243	1,167	7,000	7,000	0
	306 AUDITING	0	750	4,500	4,500	0
	307 LEGAL	500	1,333	8,000	8,000	0
	308 PROPERTY TAX	2,274	383	2,274	2,300	-26
	309 INCOME TAX	0	83	500	500	0
	310 INSURANCE	28,425	33,000	198,000	198,000	0
	311 OFFICE SUPPLIES	247	583	3,250	3,500	-250
	312 POSTAGE & SHIPPING	429	333	2,000	2,000	0
	313 LICENSES	1,628	417	2,500	2,500	0
	314 TRAVEL & MILEAGE	143	133	800	800	0
	315 MEETINGS & EDUCATION	0	42	250	250	0
	316 SCREENING	2,474	1,583	9,500	9,500	0
	317 ALARM SYSTEM	0	117	700	700	0
	318 COMPUTER REPAIR/SERVICE	0	333	2,000	2,000	0
	319 COPIER	321	667	4,000	4,000	0
	320 MISCELLANEOUS ADMIN.EXP.	1,309	833	5,000	5,000	0
	320.1 WEBSITE IMPROVEMENT	0	334	2,000	2,000	0
		87,302	97,200	582,324	583,200	-876

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2010/2011</u> <u>BUDGET</u>	<u>VARIANCE</u>
MAINTENANCE					
400 GASOLINE	0	125	750	750	0
401 SPRINKLERS	388	1,250	7,500	7,500	0
402 PEST CONTROL	3,204	3,500	21,000	21,000	0
402.6 MISC. MAINT.EXP.	0	333	2,000	2,000	0
403 LANDSCAPING	18,969	19,333	116,000	116,000	0
403.1 FERTILIZATION-WEED CONT.	0	1,333	8,000	8,000	0
404 TREE TRIMING	14,180	2,833	17,000	17,000	0
404.1 NEW TREES & BUSHES	4,821	3,667	19,000	22,000	-3,000
405 BUILDING MAINTENANCE	2,359	4,000	24,000	24,000	0
406 GROUNDS MAINTENANCE	12,821	3,000	21,000	18,000	3,000
407 SECURITY GATE EXPENSE	4,042	833	6,500	5,000	1,500
408 CAMERA & VIDEO EXP.	0	1,667	12,000	10,000	2,000
409 PLUMBING EXP.	0	250	1,500	1,500	0
410 ELECTRICAL EXP.	485	667	4,000	4,000	0
411 POOL SUPPLIES & REPAIR	1,213	1,667	10,000	10,000	0
412 STREET MAINTENANCE	0	500	3,000	3,000	0
413 UNIFORMS	0	42	250	250	0
414 GOLF CARTS	0	1,333	8,000	8,000	0
415 LOCKSMITH	0	83	500	500	0
416 FIRE SAFETY	2,609	833	6,000	5,000	1,000
417 JANITORIAL SUPPLIES	0	333	2,000	2,000	0
418 AWNINGS REPAIRS	3,800	4,167	22,000	25,000	-3,000
420 PAINTING PROGRAM	818	8,833	53,000	53,000	0
421 STREET LIGHT	0	167	1,000	1,000	0
425 POOL CHAIRS/TABLES	0	250	1,500	1,500	0
426 ENTRANCE SIGNS/FOUNTAIN	0	333	2,000	2,000	0
429 BENCHES REPLACEMENT	0	583	7,500	7,500	0
432 MAIN OFFICE/GUARD HOUSE	2,537	1,250	7,000	7,000	0
433 LIBRARY	5,294	1,168	8,000	3,500	4,500
	77,540	64,333	392,000	386,000	6,000

<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>2010/2011 BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	1,946	4,163	18,956	24,980	-6,024
476 INTEREST EXPENSE	0	0	0	0	0
	1,946	4,163	18,956	24,980	-6,024
GRAND TOTAL EXPENSES	234,821	230,396	1,381,780	1,382,380	-600
REVENU OVER EXPENSES	-2,141	0	0	0	0

<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>2010/2011 BUDGET</u>	<u>VARIANCE</u>
RESERVES					
2510 ROOFS	4,167	4,167	25,000	25,000	0
2515 PAINTING	400	400	2,400	2,400	0
2530 ASPHALT	2,500	2,500	15,000	15,000	0
2542 POOLS	1,667	1,667	10,000	10,000	0
2543 AWNINGS	1,667	1,667	10,000	10,000	0
2546 SPRINKLERS	833	833	5,000	5,000	0
2545 WORKING CAPITAL	4,167	4,167	25,000	25,000	0
2544 INTEREST REV. RESERVE	1,000	1,000	6,000	5,000	1,000
	16,400	16,400	98,400	97,400	1,000

Gaetan Cardinal, Treasurer