

DECEMBER 2022 MONTHLY REPORT AND ACTION PLAN

We produced in September and in November the financial data and one monthly report. The current report will be the last one before the release of the audited financial statement and the materials for the Annual meeting that will be held on January 28, 2023, notice of such meeting has been released.

1. SHORT- AND MEDIUM-TERM ACTION PLANNING

This first point is a list of items that will require planning and action from your Board.

- 1.1. Year-end financial planning and audit. As required by the Florida Statutes, your Board needs to complete all the journal entries to record accruals and prepaid items, evaluation of the bad debts reserve and a series of journal entries may be required. All this data will be forwarded to our accounting processing firms Barry and Co. to run the final pre-audited financial statements. These will be reviewed and sent to the auditor alongside other information required by the auditor not later than December 15, 2022.**
- 1.2. After a review by the Board of the audited statement for the Association fiscal year 2021-2022, it will be released on our website and at the annual meeting. Printed copies will be available for the Owners requesting it.**
- 1.3. Board members will need to prepare their presentations for the Annual Meeting.**
- 1.4. We need to complete the review of our term deposits and annuities to make sure we have the proper signatory on each document and claim interest revenue due to the Association.**
- 1.5. The most important task that needs full time attention from the Board is the main insurance policy on the buildings. We need to complete the review of the valuation report, set-up a meeting with the valuation firm to finalize the 163-page report. Following such, we will discuss the alternatives with our insurance broker and schedule a meeting with our insurance company.**

We have stated on many occasions that Waterside is currently at risk as far as the level of coverage is concerned. Please refer mainly to the memo dated May 13, 2022 for more details. Inflation on construction labor and materials were up by 16% in just last 12 months, so policy coverage needs to go up by at least 16%. This is in addition to the insurance policy market. You can imagine the impact this will continue to have on our insurance premium and Hurricanes Ian and Nicole will not reduce the pressure on premiums.

Our owner's own policy coverage value needs to be addressed, this is the responsibility of each individual owners, did you review in an upward fashion your own declared insurable value?

- 1.6. Depending on item 1.4 results, we will need to build up estimated cost for the upcoming renewal at the end of April 2023, for the insurance base premium impact and the acceptable short fall of the valuation. We budgeted an amount of \$603,000.00 for the upcoming renewal, this was estimated before the impact of Hurricanes Ian and Nicole.

The State of Florida announced that they will review the applicable laws after the November election, this is now past due and Citizens insurance, which is an office of the state government is currently in a very close to a no cash/no accumulated surplus situation. We can expect they will move their limit on premium increase, which currently by law stands at 11 to 12% to over 25% and they will not address the abuse by law firm and roofer companies. Remember 7% of the total United States' insurance claims are from the State of Florida, but 77% of the litigations are performed in Florida, something is very wrong.

Cash flow projections will be developed and communicated to the owners in early May 2023. Current reserve levels for "Working Capital" even if the premium is equivalent to our budget, we will need to borrow money to pay the premium. If we are faced with a significant insurance premium increase, meaning over the \$603,000 budgeted, Association Owners will

be faced with a “SPECIAL ASSESMENT”, an Association cannot have a debt balance, it does need to be funded.

- 1.7. A survey of buildings 1 to 9 will be conducted by Stacey, Daniel Laviolette and new Board member, Stephane Paquin to determine, for those buildings, the required repair for cracks, caulking and landscape trimming. Request for a bid will be prepared for the painting program planned in the current year’s budget.
- 1.8. Stacey, Daniel and Stephane will prepare the 2023 summer projects list, taking into consideration not only the budget, also the cash flow projection.
- 1.9. The Association is currently faced with costly situations, the first one is water infiltration. We recommend that owners in mainly model A and B upstairs units, that still have the original windows, to change them; this can be considered a “negligence” if not done. The second cost issue is the number of “termite” cases. In the last 2 months we have experienced 5 situations, carrying a cost \$1,400.00 per event. Is this the result of the very hot and humid past summer, no one can say.

This is a partial description, we need to address the usual situation like grass repairs, replacement of bushes, sidewalk repairs and complete owners’ requests.

2. HURRICANE SEASON AND WATER USE

A lucky one for most of the Atlantic side of Florida, we cannot say the same for the west side. We wish to thank our owners that abided the release of instructions. Additionally, thanks to the owners that helped with the preparation for Hurricane Nicole. Please never use fresh domestic water outlets or our well water outlet for lawn watering. For our snowbirds, water consumption is very costly in Florida, everything is metered and when a single water outlet is used, a 10 horsepower pump goes on.

3. SUMMER PROJECTS

We released the fifth edition of the summer projects list. It is a limited one in terms of the number of projects completed. This is due to budget restrictions

created by substantial cost increases in many areas. We invite you to have a look at our website as we update this report frequently.

4. SECURITY

Nothing to report since the September report, except substantial damage to the entrance gate due to a vehicle accident.

5. UNITS SOLD

We completed the year 2021/2022 with 37 units sold or transferred within the family and for the new fiscal year so far, we have completed 4 transactions and the demand is there. There is a limited number of units up for sale, Waterside Village is a development that potential buyers are looking at, mainly due to the quality of its communication, its financial management and administration, its maintenance program, and its owners who are our best real estate agents.

Thanks for reading

Andre Mongrain, President

Stacey Casey, Manager

December 2, 2022