

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION INC.
BOARD OF DIRECTORS MEETING MAY 26, 2007

Board of Directors Meeting at 11:00 a.m. at the Clubhouse.

Present via teleconference: Claude Poirier-Defoy, President
Gaby Bélanger, Vice President
Claude Comtois, Secretary
André Mongrain, Treasurer
Marc Rochon, Director

Present at meeting: Scott Perron, Director
Bob Van, Director

Also present: Pamela B. Bampton, Property Manager

- I. Quorum achieved.
- II. Approval of Agenda: Marc Rochon moved to approve; seconded by Scott Perron; motion carried.
- III. Approval of the minutes of the meeting held on March 31, 2007. Moved by André Mongrain, seconded by Gaby Bélanger. Motion carried.
- IV. President's Report
President Poirer-Defoy was pleased to inform the Board that the initial cost of the insurance was first reduced to \$290,000 and a second reduction of \$14,000 was also obtained; then, after the mitigation report is approved by the insurer in July, we should receive another reduction of \$30,000 to \$40,000. If that happens, the final cost will be around \$250,000 and will meet the budget.

President Poirer-Defoy then addressed the situation the Association has with the contractor who installed the shutters (ShutterMasters). All the shutters are installed but nine Lucite boxes to be installed on garden windows that have been replaced by new regular windows.

The problem is that the Association does not agree with the billing for the work done so far by the Contractor, and the latter has chosen not to finish the contract. The case was transmitted to our attorney for advice and actions.

President Poirier-Defoy also declared that the postal station project is delayed because of lack of sufficient funds.

In conclusion, President Poirier-Defoy congratulated Scott Perron and Pamela Bampton for the third edition of the Village News and added a special thanks to André Mongrain for work done since the last board meeting in fixing the financial reporting.

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- V. Treasurer's Report
See Appendix A for the written report prepared by Treasurer André Mongrain.
- VI. Manager's Report
See Appendix B for the written report prepared by the Manager Pamela B. Bampton.
- VII. Miscellaneous

After the question period the meeting adjourned at 11:45 a.m.

Appendices A & B attached.

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TREASURER REPORT MAY-24, 2007

1) ACCOUNTS RECEIVABLE

1.1 PAST DUE RECEIVABLE

We are please to report the following improvement since our last report to owner on March 31, 2007. At that Board meeting we did report the following statistics:

	<u>MARCH -2007</u>		
	<u>LEGAL</u>	<u>OTHER</u>	<u>TOTAL</u>
Prior to January 1 st 2007 balance	14,065	14,827	28,892
Hurricane Assessment due	8,979	5,534	14,513
Shutter Assessment due	1,890	2,215	4,105
Special \$600 assessment	5,400	7,800	13,200
Regular Maintenance Assessment (Barry & Co)	6,065	4,950	11,015
<u>TOTAL</u>	<u>\$ 36,399</u>	<u>\$ 35,236</u>	<u>\$ 71,725</u>

During the month of April 2007 the situation did improve by close to \$10,000, as demonstrated in the next table.

	<u>APRIL -2007</u>		
	<u>LEGAL</u>	<u>OTHER</u>	<u>TOTAL</u>
Prior to January 1 st 2007 balance	13,870	8,721	22,591
Hurricane Assessment due	8,700	3,359	12,059
Shutter Assessment due	1,890	2,160	4,050
Special \$600 assessment	6,600	1,350	7,950
Regular Maintenance Assessment (Barry & Co)	7,640	7,560	15,200
<u>TOTAL</u>	<u>\$ 38,700</u>	<u>\$ 23,150</u>	<u>\$ 61,850</u>

The objective for the month of May is to get that down by a further \$10,000.

We were late to send an owner statement of either due or prepaid balance. Accounting information Prevented us to achieve that goal . One statement was finally send to 105 owners during the last weel of May. It is the objective to send statement to owner twice a year as a minimum and on a monthly basis to the owner with special situation.

The number of unit owner that need attention or at least correction to their account balance at end of March was 346, this is now down to 103 and should get down to about 80 by the end of May. The long term goal is to get that number below 40, inclusive of legal case.

1.2 FINANCIAL STATEMENT FOR THE YEAR ENDING OCTOBER 31, 2006

- 1.2.1 Substantial progress achieve, difficulties to get information or information missing on bank statement and also opening balance as of the end of October 2005. We now have all of the bank statements, the loan statements, the prepaid insurance, we have a firm idea of the profit and loss for the year 2006, and what's need to be funded out of the special assessment of \$600.00
- 1.2.2 The following is required as of Thursday May 24, from the external Auditor, we require a reconciliation of the deferred assessment, the calculation of the depreciation charge for the year 2005 and 2006, the interest recognition on the Certificate of Deposit and other miscellaneous requests.
- 1.2.3 We do need to establish the deferred assessment amount that should remain in the book for the year 2006, which we do estimate at \$ 40,601.00 , this can not be recorded till we fully reconcile the balance as of the end of October 2005. we also need to determine what we will do with a debit balance of close to \$290,000 that is a debit under a "loan repayment" account, this is a left over because all of the loan accounts have been reconcile.
- 1.2.4 The audit documentation support file is completed and is ready to be sent to the external Auditor as soon as the above mentioned information is received. Same will be send to Barry & Co. who will use the data as his opening balance.

1.3 FINANCIAL STATEMENT FOR THE CURRENT YEAR WITH BARRY & CO.

We were hopping to produce statement as of the end of April 2007, in time for the current Board meeting, but in agrcement with Barry & Co. we have postponed such for a couple of reasons:

- 1.3.1 The opening balance are not yet completed as mentioned under 1.2 and considering the magnitude of the potential correction it was judge prudent to wait till this is completed.
- 1.3.2 We have some difficulties with the paper flow process and some office procedure need to be implemented, in the payable area, in the revenue recording, in the money being deposited and also of a more streamline line process for the bank transfer or use of the different bank account. We have to make sure that Barry & Co get the information on a timely basis and also well documented and that he is the only one to issue check and deposit funds, to ensure proper recording.

- 1.3.3 We need also to put in place a month end procedure that will ensure the exactitude of the data we require in order to make decision. We cannot operate on cash basis only.
- 1.3.4 We have set up all of our debt in our book; we cannot have off balance sheet financing like we had in 2006 and we did establish a process to make sure that all borrowing and payable are properly recorded, till i see the first statement I cannot confirm what's remaining to be done in that area.
- 1.3.5 We have set-up the prepaid insurance account and when the last premium Adjustment is received we will adjust the monthly running rate to be posted against the P & I..
- 1.3.6 On the insurance cost we will be within budget for the year, the insurance is more of a cash flow problem than a budget one, due to the timing of the policy not matching our fiscal year calendar. When the monthly statement will be up and running properly I will make a recommendation on this subject.
- 1.3.7 We need to have a better handle on our cash monitoring and the recording of Prepaid assessment, by the way at the end of April we had over \$ 92,000 in prepaid assessment by various owners, this money cannot be use as most of our monthly expenses are fixed by nature and the month that we will not reach same amount we will have serious cash problem.
- 1.3.8 We need to avoid in the future and we did mention that at the March 31 meeting, All financing activities for special project that we then have to borrow and repay Over time, Waterside is not a finance Company and cannot take that risk and this is without counting the burden on the office personnel.
- 1.3.9 I am please with Barry & Co. work performance, they have a very discipline approach on paper flow monitoring and recording, office is very clean and I can say the same of the Auditor set up.

1.4 OTHER FINANCIAL INFORMATIONS

- 1.4.1 We still need to reconcile hurricane cost and the revenue of that assessment in order to determine the current shortfall. We did mention at the March meeting the possibility of a shortfall.
- 1.4.2 We still need to reconcile shutter cost and the revenue of that assessment in order to determine the current and projected shortfall. I am concern that the sum of those 2 items will be SIGNIFICANT.

Thanks Andre Mongrain May 24, 2007

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ADDITIONAL INFORMATION TO THE
TREASURER REPORT FOR MAY 26-2007

RECAPITULATION OF THE YEAR ENDING OCTOBER 31, 2006

From information received as of Friday morning from the audit firm and further reconciliation done over the last two days, the result for the year ending October 31, 2006 will show a loss of \$ 16,553 compare to a budgeted profit of \$ 13,200. This figure does not include the depreciation charge for the year, which will increase the loss with no cash impact.

THIS LOSS DOES NOT CONTAIN THE SHORTFALL FROM THE HURRICANE AND SHUTTER ASSESSMENTS WHEN A COMPARISON TO COST AND REVENUE WILL BE COMPLETED. This cannot be done before the current on going negotiation with Master Shutter is completed and will always be dependant on payment pattern by the owner.

A simple reconciliation of the special assessment of \$ 600.00 which total revenue amount to \$ 246,600 indicate that the fund have been used so far in the following fashion:

CASH REQUIRED TO COVER 2006 LOSS	\$ 16,553
FUNDING OF RESERVE NOT FUNDED IN 2006	
ROOF	\$26,700
PAINTING	\$27,400
STREET	\$ 5,200
POOL	\$ 2,750
AWNING	\$ 5,850
AWNING DEBIT BAL.	\$ 9,672
DESJARDINS TV LOAN ARREAR,	\$10,788
ARREARS IN PAYMENT (from e-mail from the President)	\$ 9,600
<u>TOTAL IN RELATION TO THE YEAR 2006</u>	<u>\$114,513</u>
CASH REQUIRED SO FAR IN 2007:	
AWNING	\$45,000
GUARD	\$15,000
GATE	\$25,000
PEST CONTROL	\$10,000
POOL HEATERS	\$ 9,000
BARRY & CO EXTRA	\$ 8,000
SPRINKLER	\$ 6,000
<u>TOTAL COMMITTED EXPENSES OVER BUDGET FOR 2007</u>	<u>\$118,000</u>
<u>GRAND TOTAL FUNDS REQUIRED FROM SPECIAL ASS.</u>	<u>\$232,513</u>

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So the left over from the \$ 246,600 is \$ 14,087 and of that amount close to \$ 8,000 is still to be collected.

The GUARD extra cost does account for the current trend of payment to the guard company, compare to the budgeted amount, we will overrun this budget item.

A review of the check register since January 2007, does indicate that all of the different reserve accounts are not fully funded. As soon as we have the profit and loss statement and the balance sheet from Barry & Co. we will be in a position to determine exactly the actual expense level and also a trend for the full year. The balance sheet will provide us with an exact amount of what need to be transfer to the various reserve accounts.

On the insurance we should be within budget for the current year if we do receive an additional discount of about \$ 30,000. So far we have received a discount of \$ 14,000.

There is for sure situations that are going on daily that will impact either positively or negatively these expectations.

Thanks
Andre Mongrain May 25, 2007

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Appendix B: Manager's Report

MANAGER'S REPORT
MAY 26, 2007

- ❖ LANDSCAPERS: NEW CONTRACTS AND PHOTOS
- ❖ IRRIGATION: VARIENCES, DEPARTMENT OF AGRICULTURE,
UPGRADE OF SPRINKLER SYSTEM, MORATORIUM ON WELLS,
- ❖ RATS
- ❖ SHUTTERS
- ❖ FENCE AROUND POOL/SPA HEATERS
- ❖ STAIR PAINTING
- ❖ ANSWERING SERVICES
- ❖ FRUIT REMOVAL