

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION INC.

BOARD OF DIRECTORS MEETING JANUARY 28, 2012

The meeting was held on January 28, 2012, at 1:30 p.m. at the Clubhouse.

Present: André Mongrain, President
 Claude Comtois, Vice President
 Stéphane Lamarche, Secretary
 Gaétan Cardinal, Treasurer
 André Pellerin, Director
 Marian Petrescu, Director
 Michael Shane, Director

And Daniel Harvey, Property Manager

1.- Quorum

The roll call confirmed that each Director was present and quorum was achieved.

2.- Approval of the Agenda

Approval of the agenda was moved by Claude Comtois, seconded by Gaétan Cardinal and unanimously approved.

3.- Approval of the minutes of the last meeting

Approval of the minutes of the meeting held on December 7, 2011 was moved by Claude Comtois, seconded by André Pellerin and unanimously approved.

4.- Approval of a contract for the entrance fountain

President Mongrain explained that work on the design of a new “cascade fountain” had begun three years ago with the designs prepared by Gaby Bélanger. Since then the Town of Hypoluxo always found reasons not to issue the permit.

Now the plans have been approved and the work began yesterday.

Ratification of a \$ 13,355 contract with Superior Concrete Inc. was moved by Gaétan Cardinal, Seconded by Michael Shane and unanimously approved.

5.- Submission of the report of the discussion group on the future use of the land on Miner road south

Yves Laplante is the spokesman for the discussion group; he presented the written report and its conclusion both for the short and long term. (cf. the report as Appendix I)

6.- Review of the audited financial report for the year 2010/2011

Treasurer Gaétan Cardinal stated that the financial statement was audited by Mr. Marc Labossière. Also in the report, he pointed out the effects of the purchase of the land on Miner Road, i.e. on the reserves, the assets etc.

President Mongrain also explained the situation of the reserve fund and the Cash Deposits in different banks. (Audited financial report :Appendix II)

7-Appointment of the auditor for financial year 2011/2012

Gaétan Cardinal moved that Mr. Marc Labossière PA be appointed auditor for the financial year 2011/2012, seconded by Claude Comtois; appointment was unanimously approved.

8-Owners question period

As the annual meeting is to be held immediately after the Board Meeting it is moved by Stéphane Lamarche that the question period be held during the annual meeting, the proposal was seconded by President Mongrain and unanimously approved.

9-Adjournment

Moved by André Pellerin, seconded by Gaétan Cardinal, and unanimously approved, the meeting was adjourned at 2:25 pm.

Stéphane Lamarche
Secretary
1-31-12

Appendix I: Report of discussion group on the land on Miner Road south
Appendix II: Audited Financial Report

RAPPORT DE RÉUNION – MEETING REPORT

DATE – WHEN : 13/12/2011 – December 13, 2011

LIEU - WHERE : Bureau - Office

COMITÉ - COMMITTEE : Terrain Miner sud – south Miner Road land

OBJET - OBJECT : Aménagement du terrain – Land planning

PRÉSENTS - ATTENDEES : Bruno Alary, Claude Comtois, Yves Laplante, Rolland Larue, Roch Massicotte

ABSENTS - APOLOGIES : Michael Shane, Normand Pomerleau

NOTES

1. **Mr. Comtois welcomes the attendees and informs them that Mr. Pomerleau and Mr. Shane won't be attending the meeting. However, they have transmitted in written form their ideas and comments about the future uses and types of amenities for the south Miner Road land.**
2. **Mr. Comtois recalls the attendees that the major orientation of the Board at the time of the consultation on the land acquisition was that it would be for common uses. This orientation didn't change and, furthermore, it had been confirmed with the municipal authorities in the acquisition process.**
3. **Both attendees and apologies members (based on their written comments) share this major orientation. In this way, members agree that any form of « privatizing » this land is excluded, like for instance the building of new residential condos.**
4. **The attendees members also expressed a major concern about the planning for this piece of land; it has to be flexible and adaptable to evolving community needs in the short term as well as in the long term.**
5. **With all of this in mind, the suggestions concerning the future uses of this land formulated by the members, both attendees and apologies, can be categorized in the following 4 main themes :**
 - **extensive uses like amenities such as landscaped areas (diverse local ornamental plantations beds), green spaces (lawn), pedestrians walkways and gardens with light equipment like benches, gazebos, informative panels, etc;**
 - **more intense recreational uses such as children's playground (with equipment), sport facilities for non-existing activities in the community (like volleyball – beach or regular) or for existing activities that lack facilities to satisfy the demand;**

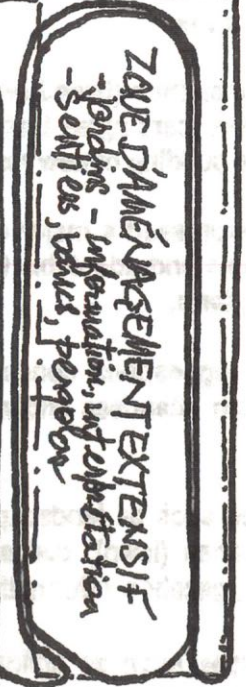
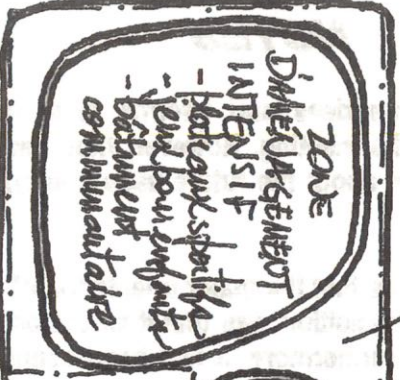
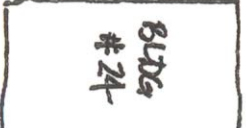
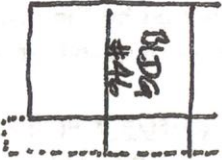
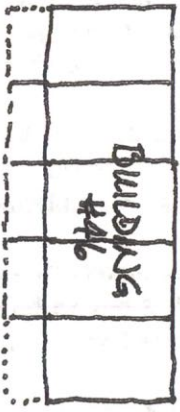
- motor vehicle oriented amenities such as car washing area, parking area for RV and other unauthorized vehicles in the community and parking spaces for automobiles (related to the new uses on this piece of land);
 - structuring equipments more specifically the construction of a new building (club house) that would complement the actual offer of interior spaces for different sporting, cultural and social leisure activities.
6. The attendee members consider that the proposed planning for this piece has to take into consideration the following elements:
- current nearby residents particularly those with living areas (e.g. Florida rooms, exterior balconies and terraces) adjacent to this piece of land; it will be important to maintain some privacy in line with the community's standards as well as maintaining a certain distance with the most disturbing activities going on the site;
 - the L-shape configuration of the land with a width of 100 feet in the most northern section (in the first 100 feet south of Miner Road) and a very shallow width (50 feet) in the longest section (185 feet) situated in the southern part of the land. This configuration favors the location of the extensive uses and light equipments in the southern section while the more intensive uses and heavy equipment should be located in the northern section (wider area);
 - Miner Road proximity and the visual and sound constraints related to this proximity. Such a location tends to suggest that a buffer zone, either a natural one (for example, bushes and trees) or an artificial one like a permanent building (club house), will be needed in the northernmost section of the in order to minimize the impacts of this proximity; this section of the land is also appropriate for the most intense sport activities which could possibly generate the highest sound level from this piece of land;
 - land opportunities to value particularly the mature trees present on the site like the 4 mango trees which could support information and interpretative material on the history of Waterside Village development (former mango farm), a underground water well and a sandy area in the northern section of the land (suitable for sport areas like volleyball or for a permanent building).

7. Considering those factors, the Committee members propose the general planning concept shown in the joint sketch (see next page) which main components are the following :

- an extensive use area in the southern section of the land where gardens and landscaped areas should prevail with activities, information and interpretative panels would contribute to improve knowledge about local tropical (and sub-tropical) vegetation as well as existing mango trees in relation with the village's history. To enhance people's experience and to facilitate the access, those amenities should be completed with green areas, pedestrian walkways, benches, gazebos, swings and other similar light equipments that would favor relaxation;
- an intense use area in the northern section of the land where sport facilities like volleyball courts (regular or beach) and other recreational activities for which needs and requests would emerge in the future should be located. For those recreational and sports activities, the ones that could be performed on permeable surfaces (like sand, lawn and small gravel) should be favoured instead of those requiring impermeable surfaces (like concrete and asphalt) in order to maintain the maximum flexibility for future projects such as the construction of a new club house;
- transition areas between the two previous ones, alongside the adjacent streets and near the adjacent living spaces of the close by residential units. The main objective with these transition areas is to favour cohabitation between the new amenities themselves and with the lot's immediate surroundings. For example, between the two main areas, important landscaping interventions, like dense shrub plantation, should contribute to their integration either in reducing possible drawbacks between different uses or in creating focal points, like a fountain or a children's playground, that could turn into a meeting place for the different users of the site. Alongside the adjacent street in the community, parking spaces could be provided (if needed) as long as they would be well integrated with the landscape and with the residential surroundings. Near the adjacent living spaces of nearby residential units, the existing edges (lowered in accordance with the community regulations) should be complemented with shrub plantations in order to minimize possible problems with new users of the land however without hampering the land's potential.

MINER RD

ZONE DE TRANSITION



RUE (WATERSIDE DR.)



CONCEPT GÉNÉRAL D'AMÉNAGEMENT

DÉCEMBRE 2011

RAPPORT DE RÉUNION – MEETING REPORT

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OBJET - OBJECT : Aménagement du terrain – Land planning

PRÉSENTS - ATTENDEES : Bruno Alary, Claude Comtois, Yves Laplante, Rolland Larue, Roch Massicotte

ABSENTS - APOLOGIES : Michael Shane, Normand Pomerleau

NOTES

1. M. Comtois souhaite la bienvenue aux membres présents et les informe que MM. Pomerleau et Shane n'assisteront pas à la réunion mais qu'ils ont transmis par écrit leurs commentaires et opinions sur l'aménagement futur du terrain.
2. M. Comtois rappelle aux personnes présentes que la grande orientation retenue par le Conseil lors de la consultation sur l'acquisition du terrain a été de lui donner une vocation communautaire, que cette vision n'a pas changée et qu'elle a même été confirmée dans les discussions avec la Ville.
3. Les membres présents et absents (en fonction de la nature des commentaires transmis) partagent cette grande orientation. Ainsi, pour les membres, il n'est pas question par exemple de retenir la construction de nouvelles unités d'habitation sur ce terrain ce qui aurait pour effet de « privatiser » ce terrain.
4. Les membres expriment également une préoccupation très importante, soit celle de se doter d'une planification qui permet une grande souplesse afin de s'ajuster à l'évolution des besoins de la communauté à court et à plus long terme.
5. Dans cette perspective, les suggestions formulées pour l'aménagement du terrain par les membres (présents et absents) peuvent être regroupées sous les 4 grands thèmes suivants :
 - les aménagements extensifs comme des aménagements paysagers (plantation de diverses espèces végétales ornementales locales), des espaces verts (gazonnés), des sentiers pédestres et des jardins intégrant des équipements légers tels bancs, pergolas, panneaux informatifs, etc.;
 - les aménagements récréatifs plus intensifs tels aire de jeux pour enfants, plateau(x) de jeux sportifs pour des activités inexistantes dans la communauté (ex. volleyball – régulier ou de plage), ou pour des activités déjà offertes mais connaissant des

lacunes en matière d'offre d'équipement ayant pour conséquence de limiter la participation;

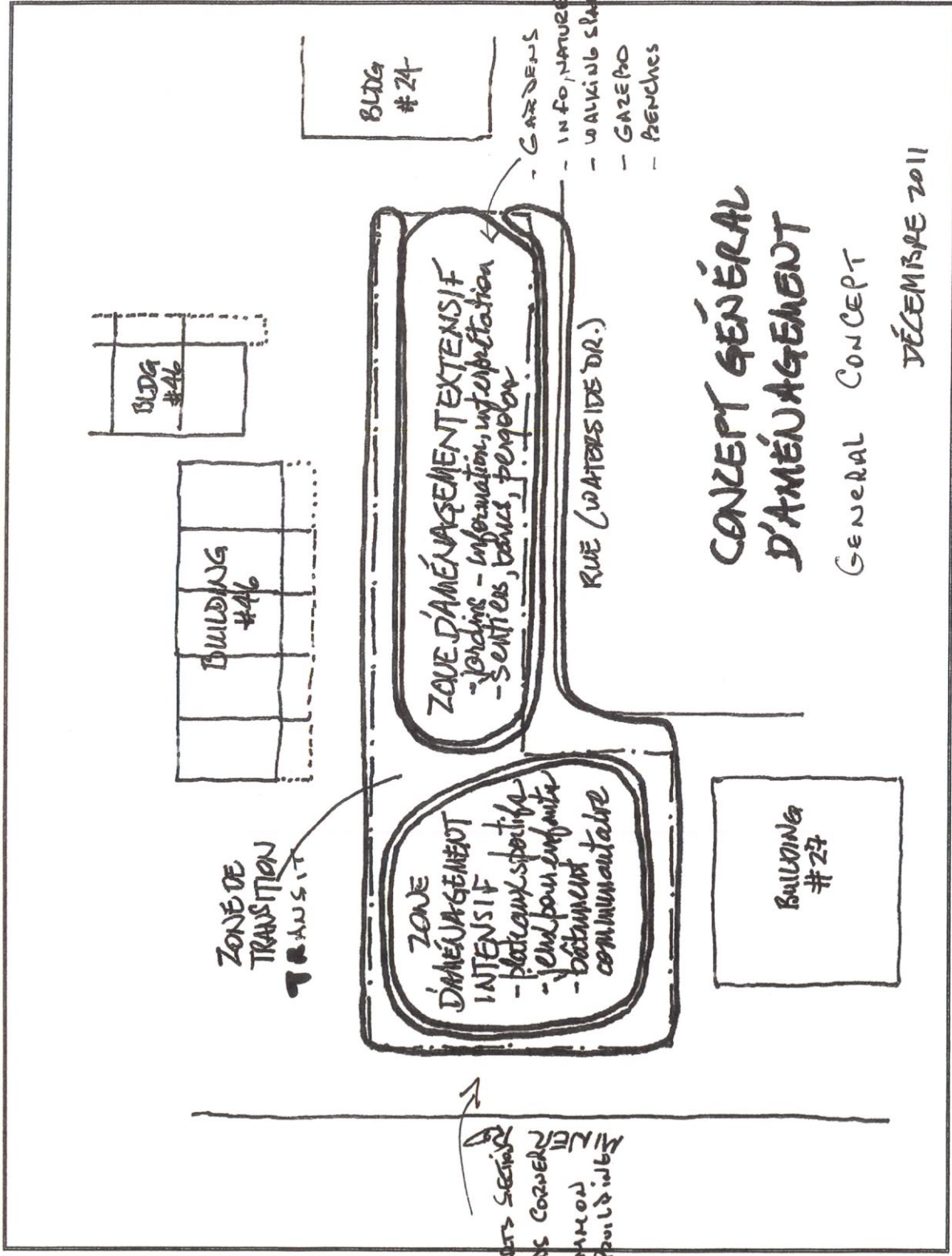
- les aménagements destinés aux véhicules moteurs tels aire de lavage pour automobiles, aire de stationnement pour véhicules récréatifs et cases de stationnement pour automobiles (en fonction des activités offertes sur ce terrain);
- les équipements structurants plus spécifiquement la construction d'un nouveau bâtiment communautaire (« club house ») venant compléter l'offre actuelle en locaux intérieurs pour des activités diverses dans les domaines du loisir sportif, de la culture et du divertissement social.

6. Les membres du comité sont d'avis que la planification du terrain doit être faite en prenant en considération les éléments suivants :

- les résidents actuels situés à proximité du terrain en particulier ceux dont les aires de séjour (ex. patios extérieurs, balcons) sont attenantes au terrain; il sera important de leur assurer une intimité conforme aux règles déjà établies dans l'ensemble de la communauté et en éloignant les activités les plus susceptibles de leur générer des inconvénients;
- la configuration du terrain en forme de L avec une plus grande largeur (environ 100') dans la portion nord (dans le premier 100' au sud de la rue Miner) et une faible largeur (environ 50') dans la portion la plus longue (environ 185') située au sud. Cette configuration tend à favoriser la localisation des activités et des équipements les plus extensifs dans la portion sud du terrain et les activités et équipements les plus intensifs dans la portion nord du terrain;
- la proximité de la rue Miner et les contraintes que cette situation engendre sur les plans visuel et sonore. Une telle localisation peut inciter à la constitution d'un tampon soit sous la forme d'une zone tampon végétale ou encore sous la forme d'une construction permanente (ex. bâtiment communautaire) servant à minimiser les impacts de la présence de la rue et des activités qu'on y retrouve sur le terrain de la communauté; c'est également un environnement propice à la mise en place d'activités plus intensives comme les plateaux sportifs;
- les potentiels du terrain à mettre en valeur en particulier les quelques arbres matures dont 4 manguiers (pouvant susciter des éléments d'interprétation sur l'histoire du village), un puits d'alimentation en eau et une zone sablonneuse dégagée dans la portion nord du terrain (pouvant bien se prêter à l'aménagement de plateaux sportifs – ex. volleyball – ou encore d'un bâtiment).

7. En tenant compte de ces considérations, les membres du Comité proposent le concept général d'aménagement illustré sur le croquis joint au présent document et dont les principales composantes sont :

- une zone d'aménagement extensif dans la portion sud du terrain où devraient dominer les aménagements paysagers et les jardins supportant des activités et des éléments d'interprétation visant à améliorer les connaissances sur la végétation tropicale locale, à mettre en valeur les manguiers existants en rapport avec l'histoire du village. Pour donner accès et améliorer l'expérience des usagers, ces aménagements devraient être agrémentés d'espaces gazonnés, de sentiers piétonniers et d'équipements légers tels bancs, pergolas, balançoires et autres équipements légers favorisant la détente;
- une zone d'aménagement plus intensif dans la portion nord du terrain où devraient se concentrer les plateaux de jeux comme le volleyball (régulier et/ou de plage) ou d'autres jeux dont les besoins auront été exprimés au fil des ans. Pour ces plateaux sportifs ou aires de jeux, on devrait privilégier ceux et celles qui requièrent des surfaces perméables (sable, poussière de pierre, gazon) et éviter ceux et celles qui utilisent des surfaces imperméables (ex. asphalte, béton) notamment dans le but de conserver toute la souplesse voulue pour la réalisation de futurs projets dont la construction d'un nouveau bâtiment communautaire;
- des zones transitoires entre les deux zones d'aménagement, en bordure des voies de circulation automobile et à proximité des aires de séjour des résidences attenantes. Ces zones transitoires ont pour objet principal de favoriser la cohabitation entre les nouveaux aménagements ainsi qu'avec l'environnement immédiat du terrain. Ainsi, entre les deux zones d'aménagement, des interventions de nature paysagère devraient contribuer à leur intégration soit pour réduire les inconvénients possibles entre les différents usages (ex. constitution de massifs arbustifs) soit pour constituer des éléments d'attraction (ex. une fontaine) servant de points de rassemblement des différents usagers. En bordure des voies de circulation automobile à l'intérieur de la communauté, des espaces de stationnement pourraient, au besoin, être aménagés à condition de bien s'intégrer dans le paysage environnant. À proximité des aires de séjour des résidences attenantes, les haies en place (d'une hauteur ramenée aux standards en vigueur) devraient être agrémentées de massifs arbustifs afin de minimiser les inconvénients aux résidents sans nuire à la mise en valeur du terrain.



CONCEPT GÉNÉRAL D'AMÉNAGEMENT

General Concept

DÉCEMBRE 2011

**WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

OCTOBER 31, 2010 & 2011

**MARC LABOSSIERE PA
CERTIFIED PUBLIC ACCOUNTANTS**

WATESIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

INDEX TO FINANCIAL STATEMENTS

OCTOBER 31, 2010 & 2011

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MARC LABOSSIERE, P.A.
1222 NE 4TH AVENUE
FORT LAUDERDALE, FLORIDA 33304
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Unit Owners
Waterside Village of Palm Beach Condominium Association, Inc.

We have audited the accompanying balance sheets of Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2010 & 2011, and the related statements of revenues, expenses, changes in fund balances, and cash flows for the years ending October 31, 2010 & 2011. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2010 & 2011, and the results of its operations and its cash flows for the years ending October 31, 2010 & 2011 in conformity with accounting principles generally accepted in the United States of America.

The supplementary information on future major repairs and replacements as required by the American Institute of Certified Public Accountants are not a required statement of the basic financial statements. We have compiled these schedules without audit or review from information that is the representation of management. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Marc Labossiere PA

Marc Labossiere, P.A.
January 19, 2012

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 BALANCE SHEET
 As of October 31, 2010 & 2011

ASSETS	10/2011			10/2010		
	OPERATING FUND	RESTRICTED FUND	TOTAL	OPERATING FUND	RESTRICTED FUND	TOTAL
Cash in Banks	\$ 101,143	\$ 52,286	\$ 153,429	\$ 89,561	\$ 126,111	\$ 215,672
Certificate of Deposit	-0-	410,980	410,980	-0-	262,483	262,483
Assessments Receivable	102,878		102,878	131,609		131,609
Less: Provision for Bad Debts	(97,733)		(97,733)	(119,400)		(119,400)
Due To/From Fund	-0-	-0-	-0-	(23,086)	23,086	-0-
Prepaid Expenses	92,216		92,216	85,966		85,966
Deposits	2,235		2,235	3,235		3,235
Property and equipment – net of accumulated depreciation of \$ 254,973	<u>96,301</u>	<u>.....</u>	<u>96,301</u>	<u>30,435</u>	<u>.....</u>	<u>30,435</u>
TOTAL ASSETS	<u>\$ 297,040</u>	<u>\$ 463,266</u>	<u>\$ 760,306</u>	<u>\$ 198,320</u>	<u>\$ 411,680</u>	<u>\$ 610,000</u>
LIABILITIES & FUND BALANCES						
Accounts Payable & Accrued Liabilities	79,428		79,428	51,675		51,675
Loans Payable	7,500		7,500	6,993		6,993
Prepaid Maintenance Assessments	<u>36,275</u>		<u>36,275</u>	<u>38,660</u>	<u>.....</u>	<u>38,660</u>
Total Liabilities	123,203	-0-	123,203	97,328	-0-	97,328
FUND BALANCES	<u>173,837</u>	<u>463,266</u>	<u>637,103</u>	<u>100,992</u>	<u>411,680</u>	<u>512,672</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 297,040</u>	<u>\$ 463,266</u>	<u>\$ 760,306</u>	<u>\$ 198,320</u>	<u>\$ 411,680</u>	<u>\$ 610,000</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

<u>REVENUE</u>	10/2011			10/2010		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
Maintenance Assessments	\$ 1,337,880	\$ 92,400	\$ 1,430,280	\$ 1,279,975	\$ 150,000	\$ 1,429,975
User Fees	30,699		30,699	33,000		33,000
Interest Income	401	9,186	9,587	111	7,165	7,276
Late Fees	3,800		3,800	7,305		7,305
Current Year Surplus Allocated to Land Purchase	50,000		50,000	-0-		-0-
Other Revenues	<u>5,031</u>	<u>-----</u>	<u>5,031</u>	<u>5,619</u>	<u>-----</u>	<u>5,619</u>
TOTAL REVENUES	<u>1,427,811</u>	<u>101,586</u>	<u>1,529,397</u>	<u>1,326,010</u>	<u>157,165</u>	<u>1,483,175</u>
<u>EXPENSES</u>						
Salaries and Benefits	208,688		208,688	203,378		203,378
Water & Sewer	214,618		214,618	207,583		207,583
Insurance	179,027		179,027	181,203		181,203
Cable Television	72,670		72,670	67,712		67,712
Repairs, Maintenance and Supplies	69,240		69,240	63,924		63,924
Electric and Gas Utilities	38,773		38,773	40,286		40,286
Depreciation Expenses	2,668		2,668	23,797		23,797
Trash Collection	35,453		35,453	35,311		35,311
Grounds Maintenance, Landscaping and Supplies	185,818		185,818	165,068		165,068
Professional Fees	30,990		30,990	36,135		36,135
Pest Control	14,948		14,948	23,307		23,307
Office Expenses and Supplies	18,176		18,176	19,295		19,295
Pool Maintenance and Supplies	13,614		13,614	8,254		8,254
Telephone	7,981		7,981	8,211		8,211
Licenses, Taxes and Fees	5,624		5,624	4,158		4,158
Travel	707		707	839		839
Other	13,635		13,635	11,738		11,738
Interest and Bank Charges	476		476	753		753
Security	54,046		54,046	52,602		52,602
Shuffleboard Improvements	-0-		-0-	2,990		2,990
Screening Fees	9,188		9,188	10,063		10,063
Painting Program	38,331		38,331	52,271		52,271
Bad Debts	21,167		21,167	65,874		65,874
Purchase Miner Road	-0-	50,000	50,000	-0-		-0-
Clubhouse Improvements	-0-		-0-	7,984		7,984
Contingency	1,443		1,443	9,065		9,065
Pergola	7,029		7,029	-0-		-0-
Collection Costs	18,145		18,145	6,308		6,308
Gazebo	21,103		21,103	-0-		-0-
Main Office/Guard House	4,096		4,096	-0-		-0-
Removal of Fixed Assets	-0-		-0-	40,863		40,863
Streets	5,952		5,952	3,512		3,512
Pool & Spa	-0-		-0-	-0-	29,155	29,155
Library	12,861		12,861	-0-		-0-
Awnings	44,755		44,755	28,660		28,660
Sprinklers	<u>3,676</u>		<u>3,676</u>	<u>7,893</u>		<u>7,893</u>
TOTAL EXPENSES	<u>1,354,898</u>	<u>50,000</u>	<u>1,404,898</u>	<u>1,389,037</u>	<u>29,155</u>	<u>1,418,192</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 72,913</u>	<u>\$ 51,586</u>	<u>\$124,499</u>	<u>\$ (63,027)</u>	<u>\$ 128,010</u>	<u>\$ 64,983</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

10/2011				
	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>CONTRIBUTED</u> <u>CAPITAL</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 100,992	\$ 411,680	\$ -0-	\$ 512,672
Prior Period Adjustment	(68)			(68)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>72,913</u>	<u>51,586</u>		<u>124,499</u>
FUND BALANCE ENDING	<u>\$ 173,837</u>	<u>\$ 463,266</u>	<u>\$ -0-</u>	<u>\$ 637,103</u>

10/2010				
	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>CONTRIBUTED</u> <u>CAPITAL</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 164,019	\$ 283,670	\$ -0-	\$ 447,689
ADJUSTMENT				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(63,027)</u>	<u>128,010</u>		<u>64,983</u>
FUND BALANCE ENDING	<u>\$ 100,992</u>	<u>\$ 411,680</u>	<u>\$ -0-</u>	<u>\$ 512,672</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

	10/2011			10/2010		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
SOURCES OF CASH:						
Maintenance Assessments	\$ 1,364,226	\$ 92,400	\$ 1,456,626	\$ 1,249,679	\$ 150,000	\$ 1,399,679
User Fees	30,699		30,699	33,000		33,000
Interest Income	401	9,186	9,587	111	7,165	7,276
Late Fees	3,800		3,800	7,305		7,305
Current Year Surplus allocated to Land Purchase	50,000		50,000	-0-		-0-
Special Assessment – Shutters	-0-	-0-	-0-	24,130		24,130
Other Income	<u>5,031</u>	<u>.....</u>	<u>5,031</u>	<u>5,619</u>		<u>5,619</u>
TOTAL SOURCES OF CASH	<u>1,454,157</u>	<u>101,586</u>	<u>1,555,743</u>	<u>1,319,844</u>	<u>157,165</u>	<u>1,477,009</u>
USES OF CASH:						
Expenses Paid	<u>1,397,404</u>	<u>-0-</u>	<u>1,397,404</u>	<u>1,300,361</u>	<u>29,155</u>	<u>1,329,516</u>
TOTAL USES OF CASH	<u>1,397,404</u>	<u>-0-</u>	<u>1,397,404</u>	<u>1,300,361</u>	<u>29,155</u>	<u>1,329,516</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>56,753</u>	<u>101,586</u>	<u>158,339</u>	<u>19,483</u>	<u>128,010</u>	<u>147,493</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Increase (Decrease) in loans payable	507		507	6,993	-0-	6,993
Interfund	<u>22,856</u>	<u>(22,856)</u>	<u>-0-</u>	<u>24,270</u>	<u>(24,270)</u>	<u>-0-</u>
NET CASH FROM FINANCING ACTIVITIES	<u>23,463</u>	<u>(22,856)</u>	<u>507</u>	<u>31,263</u>	<u>(24,270)</u>	<u>6,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of Fixed Assets	(68,534)	-0-	(68,534)	-0-	-0-	-0-
Removal of Fixed Assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>40,863</u>	<u>-0-</u>	<u>40,863</u>
	<u>(68,534)</u>		<u>(68,534)</u>			
(Increase) Decrease in certificate of deposit	<u>-0-</u>	<u>(152,555)</u>	<u>(152,555)</u>	<u>-0-</u>	<u>(6,983)</u>	<u>(6,683)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>-0-</u>	<u>(152,555)</u>	<u>(152,555)</u>	<u>-0-</u>	<u>(6,983)</u>	<u>(6,983)</u>
NET INCREASE (DECREASE) IN CASH	11,582	(73,825)	85,607	91,609	96,757	188,366
CASH BEGINNING BALANCE	<u>89,561</u>	<u>126,111</u>	<u>215,672</u>	<u>(2,048)</u>	<u>29,354</u>	<u>27,306</u>
CASH ENDING BALANCE	<u>\$ 101,143</u>	<u>\$ 52,286</u>	<u>\$ 153,429</u>	<u>\$ 89,561</u>	<u>\$ 126,111</u>	<u>\$ 215,672</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

	10/2011			10/2010		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
RECONCILIATION OF EXCESS REVENUE TO CASH FROM OPERATING ACTIVITIES:						
Excess (Deficiency) of Revenues over expenses	\$ 72,913	\$ 51,586	\$ 124,499	\$ (63,027)	\$ 128,010	\$ 64,983
Adjustments to Reconcile Excess of Revenue to Net Cash Provided by Operating Activities:						
Depreciation expenses	2,668		2,668	23,797		23,797
Increase in Maintenance Assessments receivable	28,731		28,731	(33,036)		(33,036)
(Increase) Decrease in shutter assessment receivable	-0-		-0-	24,130		24,130
Transfer Miner Road	(46,010)	50,000	3,990			
Increase In Provision for Bad Debts	(21,667)		(21,667)	52,560		52,560
(Increase) decrease in Deposits	1,000		1,000	-0-		-0-
Decrease (increase) in prepaid expenses	(6,250)		(6,250)	4,274		4,274
Increase (decrease) in accounts payable	27,753		27,753	8,045		8,045
(Decrease) increase in prepaid maintenance assessments	(2,385)	(2,385)	2,740	2,740
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 56,753</u>	<u>\$ 101,586</u>	<u>\$ 158,339</u>	<u>\$ 19,483</u>	<u>\$ 128,010</u>	<u>\$ 147,493</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Income Taxes \$ -0-

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Waterside Village of Palm Beach Condominium Association, Inc. (the Association) was incorporated in the State of Florida as a not-for-profit corporation on September 16, 1988. The Association was formed to maintain and protect the common areas owned by the individual unit owners in common and consists of 412 units. One unit is used as the Association Office.

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are deducted in the period in which they are incurred.

The Association's financial statements use the fund method for presentation purposes. This method separates the assets, liabilities, and revenues and expenses of the operating and restricted funds (reserves). Disbursements from the operating fund are generally at the discretion of the Board of Directors whereas restricted funds may only be used for their designated purpose.

This financial statement is prepared in accordance with Florida Statute Section 718.301 (4) (c).

Cash Equivalents

For purposes of the statement of cash flows, the association considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property to which it has title. Furniture and equipment are recorded at cost. Depreciation is computed principally on the accelerated cost recovery system method over the estimated remaining useful lives of the assets which range from five to thirty one and one-half years.

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

2. MAINTENANCE ASSESSMENTS

The Association's declaration provides that each owner is chargeable for their share of common expenses based upon the budget adopted. The Association has lien rights in the event of delinquent assessments, which can be exercised through foreclosure proceedings. The Association provides an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable.

3. CERTIFICATES OF DEPOSITS

At October 31, 2011 the Association's certificates of deposit consist of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
RBC Bank	1.49 %	10/03/12	\$ 54,486
Iberia Bank	Varies	01/29/16	100,000
Iberia Bank	Varies	05/31/16	50,000
Iberia Bank	Varies	09/30/16	100,000
RBC Bank	3.15%	10/27/14	<u>106,494</u>
Total			<u>\$ 410,980</u>

4. DEPOSITS

As of October 31, 2011 the Association's deposits consist of amounts on deposit with utility companies to obtain electric service.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

5. PROPERTY AND EQUIPMENT

As of October 31, 2011 Property and Equipment consists of the following:

Condominium unit	\$ 71,101
Maintenance Building	6,701
Equipment	10,641
Miner Road land	68,534
Satellite TV System	<u>194,297</u>
	351,274
Less: Accumulated Depreciation	<u>254,973</u>
Property and Equipment – Net	<u>\$ 96,301</u>

Included in Equipment above is \$ 18,000 of personal property which was transferred to the Association by the developer on the date of turnover. Such property was recorded based on values provided by the developer.

The Association has decided not to capitalize any purchases of Property & Equipment but rather to expense them in the year they occur, with the exception of Land Purchase.

6. RESTRICTED FUNDS - RESERVES

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purposes unless modified by a qualified unit owner vote.

The approved budget includes provisions for reserves for capital improvements and deferred maintenance. These funds are being accumulated based on the estimates of future needs for repairs and replacements of common property components as disclosed in the supplemental information. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

The balance at October 31, 2011, consists of the following:

	<u>BEGINNING FUND BALANCE 10/31/10</u>	<u>MEMBERS' ADDITIONS</u>	<u>AMOUNTS DISBURSED</u>	<u>ENDING FUND BALANCE 10/31/11</u>
Roofs	\$ 144,866	\$ 25,000	\$ -0-	\$ 169,866
Painting	4,270	2,400	-0-	6,670
Streets	71,005	15,000	-0-	86,005
Pools and Spa	6,540	10,000	-0-	16,540
Awnings	46,074	10,000	-0-	56,074
Sprinklers	18,221	5,000	-0-	23,221
Interest	15,704	9,186	-0-	24,890
Minor Street Purchase	50,000	-0-	50,000	-0-
Working Capital	<u>55,000</u>	<u>25,000</u>	<u>-0-</u>	<u>80,000</u>
	<u>\$ 411,680</u>	<u>\$ 101,586</u>	<u>\$ 50,000</u>	<u>\$ 463,266</u>

7. INCOME TAXES

The Association is treated as a tax-exempt organization under section 528 of the Internal Revenue Code with respect to its operating business income. It is taxed at the usual corporate income tax rates on its non-business income such as interest earned.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

8. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

9. UNINSURED CASH BALANCES

The Association maintains its operating and replacement cash balances at Regions Bank and RBC Bank. Accounts located at commercial banks are secured by the Federal Deposit Insurance Corporation up to \$ 250,000. From time to time, the Association may have cash in financial institutions in excess of federally insured Limits. As of October 31, 2011, the Association had cash in excess of FDIC limits.

10. INSURANCE

The association maintains multiple insurance policies to remain compliant with the requirements set forth in the association's governing documents and chapter 718 F.S. Detailed information on any of these policies is available in the management office.

Item	Provider	Coverage Dates	Coverage Amount	Deductible	Premium
Property	Citizens	05/01/10-05-01-11	\$ 33,021,700	5% Hurricane per building	\$ 126,778
General Liability	Philadelphia	05/01/10-05/01/11	\$1,000,000/2,000,000	\$ 0	\$ 23,067
Umbrella	St.Paul	05/01/10-05/01/11	\$ 5,000,000	\$ 0	\$ 7,219
Crime	CNA	05/01/10-05/01/11	\$100,000	\$ 250	\$ 560
Directors & Officers	CNA	01/01/10-01/01/11	\$ 2,000,000	\$ 2,500	\$ 3,205
Equipment Breakdown	Hartford Steam Boiler	01/01/10-01/01/11	\$ 20,337,000	\$ 1,500	\$ 2,158

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

11. LAND PURCHASE

On October 28, 2009 the Association entered into a Purchase and Sale agreement with The Town of Hypoluxo to purchase real property know as 928 and 936 Miner Road, Hypoluxo, FL. A \$ 1,000 deposit was made on October 21, 2009. The closing took place during the current year.

SUPPLEMENTARY INFORMATION

SUPPLEMENTAL SCHEDULE

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS

OCTOBER 31, 2011

(Compiled)

The Association has not conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates that were provided by the management. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following presents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED REPLACEMENT COSTS</u>	<u>APPROXIMATE ANNUAL FUNDING REQUIREMENT</u>
Roofs	25 Years	\$ 800,000	\$ 25,000
Painting	1-7 Years	15,000	2,400
Streets	14 Years	575,000	35,000
Pools and Spas	3-5 Years	50,000	12,600
Awnings	4 Years	100,000	20,000
Sprinklers	5 Years	<u>50,000</u>	<u>5,000</u>
		<u>\$ 1,590,000</u>	<u>\$ 100,000</u>