

## **COMMENTS ON FINANCIAL RESULTS AS OF END OF OCTOBER 2011 (YEAR END)**

First, we offer our explanation as to why we haven't published a report for the month of September. The owners that were at Waterside during September and October can appreciate the fact that we were busy on a series of either Association or personal activities. The attached financial is for the full year, and our accounting year goes from November 1 to October 30. The results are still subject to our Auditor's verification process. This will be done over the next couple of weeks. A full audited statement will be available in January.

For the year we show a surplus of revenue over expenses of \$25,580.00 for the operating portion of our results and on the reserve we also show a surplus due to interest revenue of \$4,119.00. On a cash basis out of the \$25,580.00 we have used \$18,534.00 for the land on the south side of Miner Road. Costs were for the house demolition, the building of the fence, and the planting of the new bushes and the sod. The beautification of that area adds value for the owners. On a cash basis the surplus for the year is \$7,046.00. We have to remember that the objective is always to be close to a break-even point.

The financial position of your Association is in great shape as we are resolving some specific situations on the receivable side. All reserve account balances have their equivalent in cash. The objective of using all savings from the utilities cost center and the administrative cost center is to invest those in the various maintenance programs and site improvements.

Twenty-one units have been sold. There is one in progress. We are left with a very limited number of foreclosures. Three are bank-related foreclosures and there are two more where your Association has initiated the foreclosing process. Unless those two owners pay their substantial dues to the Association, the procedure will be fully enforced.

Many owners are also investing in renovation projects, which is helping all of us; let's hope we have more that will replace their Florida rooms with the current standard.

### **1) BALANCE SHEET COMMENTS**

As mentioned previously, the various reserve accounts are fully funded.

We are also on the safe side for bad debt. The monthly evaluation of bad debt reserve requirements was again performed and will be submitted to our auditor. We are fully funded with no risk of a special assessment to cover those potential losses.

### **2) REVENUE**

In total we are below budget by \$4,569.00 mainly due to miscellaneous income, screening and transfer fees and late fee income. The miscellaneous income and late fee income are in reality related. As we have improved our receivable position and resolved more bad debt issues than projected, then those accounts are down.

The screening fee revenue shortfall compared to budget is equivalent to 13 less rentals during the year. We are seeing a change in our population demography where new buyers tend to keep their unit for personal use.

### **3) EXPENSES SUMMARY**

We ended the year below budget under the utilities expenses by \$17,072.00; we are also below budget in the administrative section by \$38,359.00, below budget in the contingency account by \$23,537.00, and over budget by \$48,819.00 in our maintenance. As mentioned we have used \$18,534.00 for the land capitalization.

### **4) UTILITIES EXPENSES**

We ended the year below budget and below the latest forecast on electricity. The investments we made over the years are starting to pay off. We have to remember that 3 years ago we replaced all of our pools' propane gas heaters with heat exchangers that prove to be very effective. We have also installed photo cells and replaced all bulbs by more efficient ones. The pool repair that was made last year also contributed to the saving as we were losing a lot of water through leaks, so less water losses mean less need for the heat exchanger and electricity.

## **5) ADMINISTRATIVE COST**

We are below budget by \$38,359.00 due to lower than budget insurance cost (\$18,973.00), payroll and payroll taxes are below budget by \$10,448.00 and finally what was gained under bad debt was lost in legal costs to collect those accounts. Other legal costs related to the Association affairs are below budget by \$5,712.00. In total these are minor changes when compared to our previous forecast. The bad debt and related collection costs now represent \$7.97 out of the monthly fee of \$290.00; if this can be eliminated, all of us can imagine what can be accomplished.

## **6) MAINTENANCE COST**

We did overrun the last forecast by \$5.942.00 and are over budget by \$48,819.00. Your Board has always mentioned that any saving in the administrative, utility cost and contingency would be invested in maintenance and site improvement and we do plan to continue with the same approach. In the long run this does pay off for the owners.

The main increase comes from the awning cost center where we decided to replace more than 90% of the awnings on the newly painted buildings in an effort to try to match the awning replacement schedule with the painting schedule.

We are spending a lot on buildings maintenance, but with the aging of our buildings this is a must. Some of those expenses are also for a longer term vision, like repairing storage areas, replacing rusted door frames, installing aluminum bases on patio door shutters, installing shutters on the back portion of the club house, and fixing water infiltration problems.

From comments received and from your Board's observance, we are very pleased with our painting contractor. Painters were a little late on schedule mainly due to the number of rainy days, but they have done a high quality job in the application and trim. We are now left with the installation of sills and other decorative elements which should take place over the next two weeks.

The shelving was also completed in the library, and you are invited to visit. We can be proud of the work done by the owners involved with the library; it is a great asset for Waterside. We are left with a couple of further improvements and they will be done over the next two months.

## **CONCLUSION**

Your Association had a very successful year financially, and with the investment and completion of the land purchase and other projects. Now we have a new year in front of us. First, our main difficulty is the damage our hedges suffered over the summer months from being targeted by white flies which are still on site. Next we will address the winter volunteer program. We have on our list about 35 items that need to be addressed.

We will also initiate the process of the land development on the south side of Miner Road, in accordance with our contract with the Town. We are left with 7 months to submit a plan, which we will do.

Thanks for reading,

André Mongrain, President

Gaétan Cardinal. Treasurer

**WATERSIDE FINANCIAL RESULT**  
**AS OF OCTOBER 31, 2011**

	<u>YTD</u>	<u>YTD</u>	<u>TOTAL YEAR</u>	<u>2010/2011</u>	
<u>REVENUE</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FORECAST</u>	<u>BUDGET</u>	<u>VARIANCE</u>
				<b>290</b>	
NSF FEE	350	0	350	0	350
100 ASSESSMENTS **	1,337,880	1,337,880	1,337,880	1,337,880	0
102 LATE FEE INCOME	3,800	5,000	3,800	5,000	-1200
103 INTEREST INCOME	401	500	401	500	-99
104 ESTOPPEL FEE	3,150	3,000	3,150	3,000	150
106 ACCESS/GATE CARDS	110	500	110	500	-390
107 TRANSFER/SCREENING FEE	30,699	32,000	30,699	32,000	-1301
108 MISCELLANEOUS INCOME	1,421	3,500	1,421	3,500	-2079
<b>TOTAL REVENUE</b>	<b>1,377,811</b>	<b>1,382,380</b>	<b>1,377,811</b>	<b>1,382,380</b>	<b>-4569</b>
<b>EXPENSES</b>					
<b>UTILITIES</b>					
200 ELECTRIC	38,675	47,000	38,675	47,000	-8,325
201 WATER & SEWER	214,618	225,000	214,618	225,000	-10,382
202 GARBAGE & RECYCLING	35,453	36,000	35,453	36,000	-547
203 PROPANE GAS	98	500	98	500	-402
204 CABLE T.V.	72,670	70,000	72,670	70,000	2,670
205 TELEPHONE	7,981	7,700	7,981	7,700	281
205.1 WIFI	1,633	2,000	1,633	2,000	-367
	<b>371,128</b>	<b>388,200</b>	<b>371,128</b>	<b>388,200</b>	<b>-17,072</b>

<u>ADMINISTRATIVE</u>	<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>2010/2011 BUDGET</u>	<u>VARIANCE</u>
	300 PAYROLL-ADMINISTRATIVE	109,195	116,550	109,195	116,550	-7,355
	301 PAYROLL-MAINTENANCE	69,268	69,000	69,268	69,000	268
	302 PAYROLL TAXES	15,907	19,000	15,907	19,000	-3,093
	302.1 EMPLOYEE BENEFITS	14,318	15,000	14,318	15,000	-682
	304 SECURITY GUARDS	54,046	53,500	54,046	53,500	546
	305 ACCOUNTING	24,303	25,000	24,303	25,000	-697
	305.1 BANK FEES	476	600	476	600	-124
	305.2 BAD DEBT	21,167	32,000	21,167	32,000	-10,833
	305.3 COLLECTION COST	18,145	7,000	18,145	7,000	11,145
	306 AUDITING	4,400	4,500	4,400	4,500	-100
	307 LEGAL	2,288	8,000	2,288	8,000	-5,712
	308 PROPERTY TAX	2,860	2,300	2,860	2,300	560
	309 INCOME TAX	0	500	0	500	-500
	310 INSURANCE	179,027	198,000	179,027	198,000	-18,973
	311 OFFICE SUPPLIES	2,776	3,500	2,776	3,500	-724
	312 POSTAGE & SHIPPING	1,651	2,000	1,651	2,000	-349
	313 LICENSES	2,764	2,500	2,764	2,500	264
	314 TRAVEL & MILEAGE	708	800	708	800	-92
	315 MEETINGS & EDUCATION	300	250	300	250	50
	316 SCREENING	9,188	9,500	9,188	9,500	-312
	317 ALARM SYSTEM	238	700	238	700	-462
	318 COMPUTER REPAIR/SERVICE	0	2,000	0	2,000	-2,000
	319 COPIER	3,687	4,000	3,687	4,000	-313
	320 MISCELLANEOUS ADMIN.EXP.	6,909	5,000	6,909	5,000	1,909
	320.1 WEBSITE IMPROVEMENT	1,220	2,000	1,220	2,000	-780
		<b>544,841</b>	<b>583,200</b>	<b>544,841</b>	<b>583,200</b>	<b>-38,359</b>

<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>
<b><u>MAINTENANCE</u></b>					
400 GASOLINE	1,202	750	1,202	750	452
401 SPRINKLERS	3,676	7,500	3,676	7,500	-3,824
402 PEST CONTROL	14,948	21,000	14,948	21,000	-6,052
402.6 MISC. MAINT.EXP.	963	2,000	963	2,000	-1,037
403 LANDSCAPING	113,813	116,000	113,813	116,000	-2,187
403.1 FERTILIZATION-WEED CONT.	6,693	8,000	6,693	8,000	-1,307
404 TREE TRIMING	22,000	17,000	22,000	17,000	5,000
404.1 NEW TREES & BUSHES	12,070	22,000	12,070	22,000	-9,930
405 BUILDING MAINTENANCE	30,017	24,000	30,017	24,000	6,017
406 GROUNDS MAINTENANCE	31,242	18,000	31,242	18,000	13,242
407 SECURITY GATE EXPENSE	6,937	5,000	6,937	5,000	1,937
408 CAMERA & VIDEO EXP.	14,299	10,000	14,299	10,000	4,299
409 PLUMBING EXP.	4,255	1,500	4,255	1,500	2,755
410 ELECTRICAL EXP.	3,324	4,000	3,324	4,000	-676
411 POOL SUPPLIES & REPAIR	13,614	10,000	13,614	10,000	3,614
412 STREET MAINTENANCE	5,952	3,000	5,952	3,000	2,952
413 UNIFORMS	196	250	196	250	-54
414 GOLF CARTS	7,494	8,000	7,494	8,000	-506
415 LOCKSMITH	43	500	43	500	-457
416 FIRE SAFETY	5,545	5,000	5,545	5,000	545
417 JANITORIAL SUPPLIES	2,654	2,000	2,654	2,000	654
418 AWNINGS REPAIRS	44,755	25,000	44,755	25,000	19,755
420 PAINTING PROGRAM	38,331	53,000	38,331	53,000	-14,669
421 STREET LIGHT	0	1,000	0	1,000	-1,000
425 POOL CHAIRS/TABLES	0	1,500	0	1,500	-1,500
426 ENTRANCE SIGNS/FOUNTAIN	95	2,000	95	2,000	-1,905
429 BENCHES REPLACEMENT	5,612	3,500	5,612	7,500	-1,888
432 MAIN OFFICE/GUARD HOUSE	4,096	7,500	4,096	7,000	-2,904
433 LIBRARY	12,861	7,000	12,861	3,500	9,361
477 PERGOLA	7,029	0	7,029	0	7,029
478 GAZEBO	21,103	0	21,103	0	21,103
	<b>434,819</b>	<b>386,000</b>	<b>434,819</b>	<b>386,000</b>	<b>48,819</b>

<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>
450 CONTINGENCY	1,443	24,980	1,443	24,980	-23,537
476 INTEREST EXPENSE	0	0	0	0	0
	<b>1,443</b>	<b>24,980</b>	<b>1,443</b>	<b>24,980</b>	<b>-23,537</b>
<b><u>GRAND TOTAL EXPENSES</u></b>	<b>1,352,231</b>	<b>1,382,380</b>	<b>1,352,231</b>	<b>1,382,380</b>	<b>-30,149</b>
<b><u>REVENU OVER EXPENSES</u></b>	<b>25,580</b>	<b>0</b>	<b>25,580</b>	<b>0</b>	<b>25,580</b>

<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>
<b><u>RESERVES</u></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	15,000	15,000	15,000	15,000	0
2542 POOLS	10,000	10,000	10,000	10,000	0
2543 AWNINGS	10,000	10,000	10,000	10,000	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	9,119	5,000	9,119	5,000	4,119
	<b>101,519</b>	<b>97,400</b>	<b>101,519</b>	<b>97,400</b>	<b>4,119</b>

**Gaetan Cardinal, Treasurer**

**Andre Mongrain, President**