

COMMENTS ON THE JANUARY 2012 FINANCIAL RESULT

A quarter of the 2011/2012 of your Association's financial year is completed. We have numerous modifications to the expected results for the full year when compared to the budget, and also a series of decisions that will impact the full year program.

A lot was completed in terms of work last month regarding grounds maintenance, except we are faced with a couple of situations that force your Board to delay some projects. Some is due to potentially increased costs under the insurance, but also due to the fact that some of us need to take a break, and this includes the undersigned.

On the insurance front we had a meeting with our insurance broker and at a minimum we will overrun budget by \$14,000.00 in accordance with the current re-insurance market condition. Events like the numerous tornados in the US last spring, the impact of the tsunami in Japan, and the latest boat sinking in Italy, are all events that impact the re-insurance market. A very limited group of companies are the ones that really insure Waterside. Front page news articles may say Citizens, but Citizens turns around and sub-contracts the policy to re-insurers, so we become part of a worldwide market place. This is also true for each personal insurance policy.

So we did a lot of adjustments to our budget for the year to cover this risk, and it will also have an impact on future year's budgets and monthly assessments.

On the revenue side we did make very limited modifications to our last month's forecast. We will be short of our expected budget for the full year by \$2,445.00, mainly due to fewer screening fees and lower estoppel revenue. On this last point we have seen some sales activity in January, but we remain cautious about the full year total; 12 units may change hands.

On the administrative expenses side, we reduced our administrative payroll by \$3,000.00, payroll taxes by \$1,500.00 and employee benefits by \$1,000.00 compared to last month's forecast and budget. We have lowered our forecast for bad debt by \$2,500.00 following our monthly review of the receivable. We have lowered our legal costs by \$1,000.00 and increased our forecast by \$2,000.00 for the social facilities.

On the maintenance group of expenses, we had to increase pest control by \$2,000.00 due to the current whitefly prevention treatment. We lowered our tree trimming by \$5,000.00 when compared to budget and this will be used mainly for the reduction and removal of some of the larger- sized trees.

We have to reduce our program for new trees and bushes by \$8,000.00 as mentioned, not only for budget consideration, but due to lack of physical resources, we cannot ask more from Michel Dyotte, Daniel Chalut, Claude Foisy (a short- term resident) and the undersigned. ***We will concentrate our efforts on the front of the office, the front of the library, the surrounding areas of the two new gazebos, the new entrance fountain area and finally some larger trees alongside Miner Road and in some designated areas on the site.*** We have reduced the awning repair budget by \$4,000.00. Following an evaluation of the current year painting program, we should have our two new gazebos installed and the entrance fountain completed by mid-March.

Your Board remains committed to the improvement of our community and achieving budget objectives. To all of our volunteers, we thank you for your commitment and involvement. Waterside will continue to move ahead.

Andre Mongrain, President/ Treasurer

WATERSIDE FINANCIAL RESULT
AS OF JANUARY 31, 2012

| <u>REVENUE</u> | <u>DESCRIPTION</u> | <u>YTD</u> | <u>YTD</u> | <u>TOTAL YEAR</u> | <u>2011/2012</u> | <u>VARIANCE</u> |
|----------------|----------------------------|----------------|----------------|-------------------|------------------|-----------------|
| | | <u>ACTUAL</u> | <u>BUDGET</u> | <u>FORECAST</u> | <u>BUDGET</u> | |
| | | | | | 290 | |
| | NSF FEE | 160 | 0 | 55 | 0 | 55 |
| | 100 ASSESSMENTS ** | 334,470 | 334,470 | 1,337,880 | 1,337,880 | 0 |
| | 102 LATE FEE INCOME | 1,500 | 1,000 | 4,000 | 4,000 | 0 |
| | 103 INTEREST INCOME | 26 | 125 | 300 | 500 | -200 |
| | 104 ESTOPPEL FEE | 300 | 750 | 1,800 | 3,000 | -1200 |
| | 106 ACCESS/GATE CARDS | 15 | 50 | 100 | 200 | -100 |
| | 107 TRANSFER/SCREENING FEE | 14,220 | 8,000 | 31,000 | 32,000 | -1000 |
| | 108 MISCELLANEOUS INCOME | 707 | 500 | 2,000 | 2,000 | 0 |
| | TOTAL REVENUE | 351,398 | 344,895 | 1,377,135 | 1,379,580 | -2445 |

EXPENSES
UTILITIES

| | | | | | | |
|--|-------------------------|---------------|---------------|----------------|----------------|---------------|
| | 200 ELECTRIC | 10,571 | 11,750 | 45,000 | 47,000 | -2,000 |
| | 201 WATER & SEWER | 55,868 | 56,250 | 225,000 | 225,000 | 0 |
| | 202 GARBAGE & RECYCLING | 10,166 | 9,250 | 39,000 | 37,000 | 2,000 |
| | 203 PROPANE GAS | 22 | 125 | 500 | 500 | 0 |
| | 204 CABLE T.V. | 15,747 | 17,500 | 68,000 | 70,000 | -2,000 |
| | 205 TELEPHONE | 1,812 | 1,800 | 7,200 | 7,200 | 0 |
| | 205.1 WIFI | 428 | 500 | 1,750 | 2,000 | -250 |
| | | 94,614 | 97,175 | 386,450 | 388,700 | -2,250 |

| <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>2011/2012</u> <u>BUDGET</u> | <u>VARIANCE</u> |
|-----------------------|------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
| | 300 PAYROLL-ADMINISTRATIVE | 27,111 | 28,387 | 110,550 | 113,550 | -3,000 |
| | 301 PAYROLL-MAINTENANCE | 17,557 | 18,000 | 72,000 | 72,000 | 0 |
| | 302 PAYROLL TAXES | 3,436 | 4,375 | 16,000 | 17,500 | -1,500 |
| | 302.1 EMPLOYEE BENEFITS | 3,107 | 4,250 | 16,000 | 17,000 | -1,000 |
| | 304 SECURITY GUARDS | 13,410 | 13,750 | 55,000 | 55,000 | 0 |
| | 305 ACCOUNTING | 6,323 | 6,375 | 25,500 | 25,500 | 0 |
| | 305.1 BANK FEES | 205 | 150 | 600 | 600 | 0 |
| | 305.2 BAD DEBT | 13,939 | 6,000 | 21,500 | 24,000 | -2,500 |
| | 305.3 COLLECTION COST | 2,407 | 2,250 | 9,000 | 9,000 | 0 |
| | 306 AUDITING | 4,400 | 1,175 | 4,400 | 4,700 | -300 |
| | 307 LEGAL | -720 | 1,000 | 3,000 | 4,000 | -1,000 |
| | 308 PROPERTY TAX | 2,860 | 675 | 2,860 | 2,700 | 160 |
| | 309 INCOME TAX | 0 | 125 | 500 | 500 | 0 |
| | 310 INSURANCE | 46,876 | 46,250 | 199,000 | 185,000 | 14,000 |
| | 311 OFFICE SUPPLIES | 471 | 813 | 2,500 | 3,250 | -750 |
| | 312 POSTAGE & SHIPPING | 360 | 450 | 1,500 | 1,800 | -300 |
| | 313 LICENSES | 1,648 | 625 | 2,500 | 2,500 | 0 |
| | 314 TRAVEL & MILEAGE | 148 | 200 | 800 | 800 | 0 |
| | 315 MEETINGS & EDUCATION | 0 | 75 | 300 | 300 | 0 |
| | 316 SCREENING | 3,925 | 2,375 | 9,000 | 9,500 | -500 |
| | 317 ALARM SYSTEM | 159 | 175 | 700 | 700 | 0 |
| | 318 COMPUTER REPAIR/SERVICE | 609 | 500 | 2,000 | 2,000 | 0 |
| | 319 COPIER | 1,024 | 1,000 | 4,000 | 4,000 | 0 |
| | 320 MISCELLANEOUS ADMIN.EXP. | 2,201 | 1,000 | 4,000 | 4,000 | 0 |
| | 320.1 WEBSITE IMPROVEMENT | 0 | 500 | 2,000 | 2,000 | 0 |
| | 323 SOCIAL FACILITIES | 4,397 | 1,250 | 7,000 | 5,000 | 2,000 |
| | | 155,853 | 141,725 | 572,210 | 566,900 | 5,310 |

| <u>DESCRIPTION</u> | <u>YTD</u> <u>ACTUAL</u> | <u>YTD</u> <u>BUDGET</u> | <u>TOTAL YEAR</u> <u>FORECAST</u> | <u>2011/2012</u> <u>BUDGET</u> | <u>VARIANCE</u> |
|--------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
| 400 GASOLINE | 327 | 250 | 1,000 | 1,000 | 0 |
| 401 SPRINKLERS | 1,220 | 1,250 | 5,000 | 5,000 | 0 |
| 402 PEST CONTROL | 7,541 | 3,250 | 15,000 | 13,000 | 2,000 |
| 402.6 MISC. MAINT.EXP. | 31 | 500 | 2,000 | 2,000 | 0 |
| 403 LANDSCAPING | 34,428 | 28,500 | 114,000 | 114,000 | 0 |
| 403.1 FERTILIZATION-WEED CONT. | 1,557 | 2,000 | 8,000 | 8,000 | 0 |
| 404 TREE TRIMMING | 185 | 3,750 | 10,000 | 15,000 | -5,000 |
| 404.1 NEW TREES & BUSHES | 1,848 | 4,500 | 10,000 | 18,000 | -8,000 |
| 405 BUILDING MAINTENANCE | 5,743 | 6,000 | 24,000 | 24,000 | 0 |
| 406 GROUNDS MAINTENANCE | 5,957 | 6,000 | 29,000 | 24,000 | 5,000 |
| 407 SECURITY GATE EXPENSE | 152 | 2,000 | 8,000 | 8,000 | 0 |
| 408 CAMERA & VIDEO EXP. | 0 | 1,250 | 3,000 | 5,000 | -2,000 |
| 409 PLUMBING EXP. | 325 | 1,000 | 4,000 | 4,000 | 0 |
| 410 ELECTRICAL EXP. | 2,653 | 1,000 | 4,000 | 4,000 | 0 |
| 411 POOL SUPPLIES & REPAIR | 6,042 | 2,250 | 12,000 | 9,000 | 3,000 |
| 412 STREET MAINTENANCE | 122 | 750 | 3,000 | 3,000 | 0 |
| 413 UNIFORMS | 0 | 63 | 250 | 250 | 0 |
| 414 GOLF CARTS | 195 | 2,750 | 8,000 | 11,000 | -3,000 |
| 415 LOCKSMITH | 11 | 125 | 500 | 500 | 0 |
| 416 FIRE SAFETY | 0 | 1,250 | 6,000 | 5,000 | 1,000 |
| 417 JANITORIAL SUPPLIES | 402 | 500 | 2,000 | 2,000 | 0 |
| 418 AWNINGS REPAIRS | -4,255 | 7,500 | 26,000 | 30,000 | -4,000 |
| 420 PAINTING PROGRAM | 3,645 | 10,750 | 43,000 | 43,000 | 0 |
| 421 STREET LIGHT | 0 | 250 | 1,000 | 1,000 | 0 |
| 425 POOL CHAIRS/TABLES | 0 | 500 | 2,000 | 2,000 | 0 |
| 426 ENTRANCE SIGNS/FOUNTAIN | 2,670 | 1,250 | 15,000 | 5,000 | 10,000 |
| 429 BENCHES REPLACEMENT | 2,034 | 750 | 2,034 | 3,000 | -966 |
| 432 MAIN OFFICE/GUARD HOUSE | 0 | 875 | 2,500 | 3,500 | -1,000 |
| 433 LIBRARY | 137 | 1,250 | 3,200 | 5,000 | -1,800 |
| 478 GAZEBO | 0 | 4,500 | 18,000 | 18,000 | 0 |
| LIGHT RETENTION POUND | 0 | 2,500 | 10,000 | 10,000 | 0 |
| | 72,970 | 99,063 | 391,484 | 396,250 | -4,766 |

| <u>DESCRIPTION</u> | <u>YTD</u> <u>ACTUAL</u> | <u>YTD</u> <u>BUDGET</u> | <u>TOTAL YEAR</u> <u>FORECAST</u> | <u>2011/2012</u> <u>BUDGET</u> | <u>VARIANCE</u> |
|------------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
| 450 CONTINGENCY | 0 | 6,932 | 26,730 | 27,730 | -1,000 |
| 476 INTEREST EXPENSE | 0 | 0 | 0 | 0 | 0 |
| | 0 | 6,932 | 26,730 | 27,730 | -1,000 |
| <u>GRAND TOTAL EXPENSES</u> | 323,437 | 344,895 | 1,376,874 | 1,379,580 | -2,706 |
| <u>REVENU OVER EXPENSES</u> | 27,961 | 0 | 261 | 0 | 261 |

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|------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
| <u>RESERVES</u> | | | | | |
| 2510 ROOFS | 6,250 | 6,250 | 25,000 | 25,000 | 0 |
| 2515 PAINTING | 600 | 600 | 2,400 | 2,400 | 0 |
| 2530 ASPHALT | 3,750 | 3,750 | 15,000 | 15,000 | 0 |
| 2542 POOLS | 2,500 | 2,500 | 10,000 | 10,000 | 0 |
| 2543 AWNINGS | 2,500 | 2,500 | 10,000 | 10,000 | 0 |
| 2546 SPRINKLERS | 1,250 | 1,250 | 5,000 | 5,000 | 0 |
| 2547 TV CABLE INFRASTRUCTURE | 3,125 | 3,125 | 12,500 | 12,500 | 0 |
| 2545 WORKING CAPITAL | 3,125 | 3,125 | 12,500 | 12,500 | 0 |
| 2544 INTEREST REV. RESERVE | 871 | 1,500 | 6,300 | 6,000 | 300 |
| | 23,971 | 24,600 | 98,700 | 98,400 | 300 |

ANDRE MONGRAIN, President/Treasurer