

COMMENTS ON THE APRIL 2012 FINANCIAL RESULT

GENERAL COMMENTS

Half of your Association's financial year 2011/2012 is completed, and we have to report two very serious situations. Please read this report, as it does contain more than financial information for our owners. Please consider that the forecast is subject to substantial changes over the coming months if we cannot delay the negative impact of the insurance policies; if not this year, it will be part of next year's budget.

It hasn't been such a good year for your Board, especially for your Board President. First we had to address the white fly situation and spend a lot of money to repair the damage to the hedges, and also to control it. We have succeeded 98% and by fall we should reach a 100% recovery. They currently look fine on the south side and on the west side of Miner Road. There is some work to be done on the east side of the entrance. Elsewhere on the site most of the ones that were trimmed down early are in excellent condition. The ones that were not cut back initially are now cut back, but they will take time to regain their normal shape. The whole recuperation effort did cost a lot of money for contractors' time and for chemical treatments. Also, some volunteers expended noteworthy physical effort.

Next we have to deal with the results of a preliminary mitigation report that is not favorable to Waterside. Without even counting the impact of the preliminary mitigation, our premium is now over budget by \$27,000, and **there is possibly more to come.** This represents more than \$4,000 a month in increase for the next 6 months, equivalent to \$10.00 a month for each owner. As mentioned at the last Board meeting held on March 28 and in the last monthly financial review, the current preliminary mitigation report is a lot more exhaustive than the last two that were produced since 2004. There is a time limit for publication of a mitigation report and we are very close to it, as we are still in discussion with our insurance broker.

There are two situations that create a problem and it will be costly to fix those two situations: first the round windows with a plastic glass- cover (on units C, D and DD types). There are 156 of those and it is the responsibility of the Association to fix them. We are currently working on a possible solution, which will mean the replacement of those protective covers with a different material and a different attachment to the building. The current estimate on hand amounts to \$30,810.00. Proper insurance coverage is one of the responsibilities the board cannot neglect.

The second issue is the garden windows, and it is a shared responsibility between the Association and the 19 owners who still have that type of window. **Those need to be replaced by a regular window and an accordion shutter, following the issuance of the appropriate Town permit.** A supplier has provided the Association a pricing reference for the 3 components --- the window, the shutter and the permit. We will present this information to the owners concerned. The estimated cost for the Association's portion is \$ 7,450.00.

We have to take into consideration that if one of the owners who has a garden window decides not to replace it, each owner in the entire building will see their premium go up. Coverage may even be denied, which will mean a substantial increase in the premium for Waterside, along with some other possible restrictions.

We did pay cash for our insurance premium. But if the premium continues to go up it will be more difficult and the working capital reserve will need to be used and increased over the year in order to face payment obligations.

Now you can appreciate the original comments made that it is not a good year, and how next year will see the monthly assessment move up as already mentioned in previous communications. We will keep you posted on

these insurance matters and what cut-backs may be needed to pay for these non-forecasted costs ***if they cannot be postponed by one year; we are still in discussion with our broker.***

ON A MORE POSITIVE NOTE

The architect/planner report for the acquired property on Miner Road was submitted to the Town and should be on the agenda for the Town meeting June 20. By the way, 8 to 9 new trees will be planted in that area with the current 5 that will be retained. We began removing the hedge and fence, and from responses by owners, it already creates an improved look to the area. Nine trees on the south of the property were cut down and they will be replaced by mid-June; the same will happen with the hedge that needs to be replaced with about 90 plants. We are still waiting for the permits for the last two gazebos, but we are slowly progressing.

Please refer to the summer projects report that will be published by mid- June.

CONCLUSION

Due to the content of this report it will be sent by email and mailed to owners who have not provided an email address so far. *Please*, if you have an email address, provide it to the Association. The appropriate form for this is located on our website.

Andre Mongrain President/Treasurer

WATERSIDE FINANCIAL RESULT
AS OF APRIL 30, 2012

<u>REVENUE</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>
					290	
	NSF FEE	220	0	245	0	245
	100 ASSESSMENTS **	668,650	668,940	1,337,880	1,337,880	0
	102 LATE FEE INCOME	2,475	2,000	4,700	4,000	700
	103 INTEREST INCOME	26	250	200	500	-300
	104 ESTOPPEL FEE	1,500	1,500	3,000	3,000	0
	106 ACCESS/GATE CARDS	15	100	100	200	-100
	107 TRANSFER/SCREENING FEE	20,545	16,000	32,000	32,000	0
	108 MISCELLANEOUS INCOME	757	1,000	1,500	2,000	-500
	TOTAL REVENUE	694,188	689,790	1,379,625	1,379,580	45

EXPENSES
UTILITIES

	200 ELECTRIC	20,566	23,500	44,000	47,000	-3,000
	201 WATER & SEWER	116,978	112,500	225,000	225,000	0
	202 GARBAGE & RECYCLING	21,936	18,500	39,500	37,000	2,500
	203 PROPANE GAS	48	250	500	500	0
	204 CABLE T.V.	31,348	35,000	66,500	70,000	-3,500
	205 TELEPHONE	3,563	3,600	7,200	7,200	0
	205.1 WIFI	678	1,000	1,750	2,000	-250
		195,117	194,350	384,450	388,700	-4,250

<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	52,928	56,775	113,550	113,550	0
	301 PAYROLL-MAINTENANCE	35,159	36,000	72,000	72,000	0
	302 PAYROLL TAXES	8,915	8,750	15,500	17,500	-2,000
	302.1 EMPLOYEE BENEFITS	6,284	8,500	13,000	17,000	-4,000
	304 SECURITY GUARDS	27,223	27,500	55,500	55,000	500
	305 ACCOUNTING	12,323	12,750	25,500	25,500	0
	305.1 BANK FEES	558	300	800	600	200
	305.2 BAD DEBT	13,949	12,000	21,500	24,000	-2,500
	305.3 COLLECTION COST	6,094	4,500	9,000	9,000	0
	306 AUDITING	4,400	2,350	4,400	4,700	-300
	307 LEGAL	-465	2,000	2,000	4,000	-2,000
	308 PROPERTY TAX	2,860	1,350	2,860	2,700	160
	309 INCOME TAX	0	250	500	500	0
	310 INSURANCE	93,753	92,500	212,000	185,000	27,000
	311 OFFICE SUPPLIES	1,407	1,625	2,500	3,250	-750
	312 POSTAGE & SHIPPING	628	900	1,500	1,800	-300
	313 LICENSES	1,709	1,250	2,500	2,500	0
	314 TRAVEL & MILEAGE	742	400	850	800	50
	315 MEETINGS & EDUCATION	0	150	300	300	0
	316 SCREENING	6,279	4,750	9,000	9,500	-500
	317 ALARM SYSTEM	238	350	700	700	0
	318 COMPUTER REPAIR/SERVICE	1,798	1,000	2,500	2,000	500
	319 COPIER	2,206	2,000	4,000	4,000	0
	320 MISCELLANEOUS ADMIN.EXP.	3,003	2,000	4,000	4,000	0
	320.1 WEBSITE IMPROVEMENT	0	1,000	1,500	2,000	-500
	323 SOCIAL FACILITIES	7,240	2,500	7,500	5,000	2,500
		289,231	283,450	584,960	566,900	18,060

<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	409	500	1,000	1,000	0
401 SPRINKLERS	3,771	2,500	6,000	5,000	1,000
402 PEST CONTROL	11,419	6,500	14,000	13,000	1,000
402.6 MISC. MAINT.EXP.	444	1,000	1,000	2,000	-1,000
403 LANDSCAPING	58,139	57,000	114,000	114,000	0
403.1 FERTILIZATION-WEED CONT.	4,629	4,000	8,000	8,000	0
404 TREE TRIMMING	6,438	7,500	8,000	15,000	-7,000
404.1 NEW TREES & BUSHES	11,103	9,000	16,000	18,000	-2,000
405 BUILDING MAINTENANCE	12,388	12,000	24,000	24,000	0
406 GROUNDS MAINTENANCE	25,666	12,000	33,000	24,000	9,000
407 SECURITY GATE EXPENSE	1,422	4,000	6,000	8,000	-2,000
408 CAMERA & VIDEO EXP.	874	2,500	2,000	5,000	-3,000
409 PLUMBING EXP.	962	2,000	3,000	4,000	-1,000
410 ELECTRICAL EXP.	2,934	2,000	4,000	4,000	0
411 POOL SUPPLIES & REPAIR	7,980	4,500	12,000	9,000	3,000
412 STREET MAINTENANCE	527	1,500	3,000	3,000	0
413 UNIFORMS	0	125	250	250	0
414 GOLF CARTS	506	5,500	5,000	11,000	-6,000
415 LOCKSMITH	28	250	300	500	-200
416 FIRE SAFETY	3,068	2,500	6,000	5,000	1,000
417 JANITORIAL SUPPLIES	1,025	1,000	2,250	2,000	250
418 AWNINGS REPAIRS	0	15,000	26,000	30,000	-4,000
420 PAINTING PROGRAM	-360	21,500	43,000	43,000	0
421 STREET LIGHT	0	500	1,000	1,000	0
425 POOL CHAIRS/TABLES	0	1,000	2,000	2,000	0
426 ENTRANCE SIGNS/FOUNTAIN	16,071	2,500	16,071	5,000	11,071
429 BENCHES REPLACEMENT	2,034	1,500	3,000	3,000	0
432 MAIN OFFICE/GUARD HOUSE	0	1,750	0	3,500	-3,500
433 LIBRARY	3,282	2,500	3,282	5,000	-1,718
478 GAZEBO	1,800	9,000	15,000	18,000	-3,000
LIGHT RETENTION POUND	0	5,000	10,000	10,000	0
	176,559	198,125	388,153	396,250	-8,097

<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	6	13,865	22,000	27,730	-5,730
476 INTEREST EXPENSE	0	0	0	0	0
	6	13,865	22,000	27,730	-5,730
GRAND TOTAL EXPENSES	660,913	689,790	1,379,563	1,379,580	-17
REVENU OVER EXPENSES	33,275	0	62	0	62

<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>
RESERVES					
2510 ROOFS	12,500	12,500	25,000	25,000	0
2515 PAINTING	1,200	1,200	2,400	2,400	0
2530 ASPHALT	7,500	7,500	15,000	15,000	0
2542 POOLS	5,000	5,000	10,000	10,000	0
2543 AWNINGS	5,000	5,000	10,000	10,000	0
2546 SPRINKLERS	2,500	2,500	5,000	5,000	0
2547 TV CABLE INFRASTRUCTURE	6,250	6,250	12,500	12,500	0
2545 WORKING CAPITAL	6,250	6,250	12,500	12,500	0
2544 INTEREST REV. RESERVE	4,883	3,000	11,000	6,000	5,000
	51,083	49,200	103,400	98,400	5,000

ANDRE MONGRAIN, President/Treasurer

12-May-12