

COMMENTS ON THE JUNE 2013 FINANCIAL RESULTS

FINANCIAL SITUATION

First, please accept my apology for a very late publication of the June financial result. We have completed 2/3 of our financial year; the month of June maintains the same trend as for the month of May where we were left with a minimal contingency value of \$4,459.00. June stood at \$ 3,799.00, which is a very low level considering the hurricane season risk. The work on the east pool is mainly completed and the painting contractor has started the execution of the 2012/2013 contract with buildings 25 and 32. Regarding the circular windows on building types C, D and DD, we have submitted requests for permits for 3 buildings and are awaiting confirmation from the Town of Hypoluxo.

In total, we did not make significant modification to our revenue component. We still maintain that we will reach 20 units that will change hands this year. So far we have 16 completed and some are in process. Remember, they are only recorded in our books when everything is completed and the title has changed hands.

We are now over our utilities expense budget by \$4,600.00. It was mandatory that we have new decoders for our Direct TV. The equipment was supplied by Direct TV, but the set-up was our responsibility and we needed to cover our portion of the installation cost.

We have lowered our bad debt forecast by a further \$1,000.00 after a detailed review of our receivable and we now stand at \$7,000.00 below budget for the year. In total for the administrative expenses categories, in May our forecast was over the budget by \$609.00. We are now below budget by \$891.00, so it is all within budget range.

The forecast for the maintenance group of expenses was over budget last month by \$24,722.00 and at the end of June was at \$21,657.00. We adjusted many items under this heading. The main improvement comes from fire safety where we will end up the year at below budget by \$1,665.00. Please remember that all of our existing fire extinguishers need to be inspected by a qualified firm on a yearly basis. Also, the fire marshal does his own inspection to check work done by the previous firm. Canisters need to be replaced on a scheduled basis and the rusted ones need to be replaced. Over the past two years Mr. Hector Coderre installed new protective boxes that reduce rusting. Useful information on each extinguisher is entered in the manager's office computer.

The east pool required repairs due to major leaks. The cost to make all the repairs is \$8,500.00. We could have used the reserve account to do so, but decided to charge it to the operating budget. Your Board may reverse this decision before year end closing.

The negative impact of all these situations ends up in the reduction of the contingency account.

RESERVE ACCOUNTS

The reserve accounts continue to be funded on a monthly basis and we increased our forecast for the interest revenue. We should continue to see improvement in our interest revenue with July's results. We are conservative on our forecast for interest revenue due to the fact that \$250,000.00 for the capital is guaranteed, but the interest revenue does fluctuate depending on some companies' stock market performance. One was due for final calculation on July 25, 2013. Please note that these interest revenues are not part of our operating budget, but are recorded under the reserve accounts.

RECEIVABLE SPECIAL SITUATION

Unit 200 went to court and since July 9, 2013 is owned by a mortgage company. Many of our owners and their relatives have indicated an interest in that specific unit. Your Board has also initiated its own foreclosure process on another unit, but so far there is no development to report. A second one is under consideration and we are awaiting confirmation from our legal firm before proceeding. It appears the mortgage company is finally moving on this one after so much procedural process.

CONCLUSION

We are not yet in a position to publish any updates on changes planned for our local railroad tracks, but we hope to do so with the July results publication. Also by mid-August we should issue an update on the summer list of projects.

SPECIAL NOTE:

Your Board was informed by Waterside's own "Project Sharing" managing members that they have sent \$500.00 to the Canadian Red Cross for the victims of the Lac Megantic railroad tragedy. We have many of our current and past residents that are from that area and some of them were even evacuated from their homes. This is an excellent gesture from the owners that contributed to the funding of the project sharing. Your Board wants to thank them.

Andre C. Mongrain President and Treasurer

August 3, 2013

WATERSIDE FINANCIAL RESULT
AS OF JUNE 30, 2013

<u>REVENUE</u>	<u>DESCRIPTION</u>	<u>YTD</u>	<u>YTD</u>	<u>TOTAL YEAR</u>	<u>2012/2013</u>	<u>VARIANCE</u>
		<u>ACTUAL</u>	<u>BUDGET</u>	<u>FORECAST</u>	<u>BUDGET</u>	
					300	
	NSF FEE	165	0	165	0	165
	100 ASSESSMENTS **	925,313	924,733	1,387,100	1,387,100	0
	102 LATE FEE INCOME	3,700	2,333	5,000	3,500	1500
	103 INTEREST INCOME	0	67	0	100	-100
	104 TRANSFER FEE	2,400	2,000	3,000	3,000	0
	106 ACCESS/GATE CARDS	15	67	100	100	0
	107 SCREENING FEE	19,298	20,667	31,000	31,000	0
	108 MISCELLANEOUS INCOME	1,520	1,000	2,000	1,500	500
	TOTAL REVENUE	952,411	950,867	1,428,365	1,426,300	2065

EXPENSES
UTILITIES

	200 ELECTRIC	31,121	29,467	45,200	44,200	1,000
	201 WATER & SEWER	151,873	153,333	227,000	230,000	-3,000
	202 GARBAGE & RECYCLING	25,189	28,667	41,600	43,000	-1,400
	203 PROPANE GAS	64	333	500	500	0
	204 CABLE T.V.	48,030	40,000	68,000	60,000	8,000
	205 TELEPHONE	4,615	4,800	7,200	7,200	0
	205.1 WIFI	799	1,167	1,750	1,750	0
		261,691	257,767	391,250	386,650	4,600

<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>2012/2013</u> <u>BUDGET</u>	<u>VARIANCE</u>
	300 PAYROLL-ADMINISTRATIVE	72,434	74,333	111,000	111,500	-500
	301 PAYROLL-MAINTENANCE	47,530	49,667	74,000	74,500	-500
	302 PAYROLL TAXES	10,105	11,333	15,000	17,000	-2,000
	302.1 EMPLOYEE BENEFITS	6,620	8,000	10,000	12,000	-2,000
	304 SECURITY GUARDS	34,933	37,667	58,500	56,500	2,000
	305 ACCOUNTING	16,355	16,667	24,500	25,000	-500
	305.1 BANK FEES	560	600	900	900	0
	305.2 BAD DEBT	0	12,000	11,000	18,000	-7,000
	305.3 COLLECTION COST	6,897	5,333	9,000	8,000	1,000
	306 AUDITING	4,400	2,933	4,400	4,400	0
	307 LEGAL	1,429	1,333	2,000	2,000	0
	308 PROPERTY TAX	2,659	1,533	2,659	2,300	359
	309 INCOME TAX	0	333	0	500	-500
	310 INSURANCE	161,118	162,000	245,600	243,000	2,600
	311 OFFICE SUPPLIES	2,101	1,500	2,700	2,250	450
	312 POSTAGE & SHIPPING	336	1,000	1,000	1,500	-500
	313 LICENSES	2,334	1,667	2,500	2,500	0
	314 TRAVEL & MILEAGE	481	667	1,000	1,000	0
	315 MEETINGS & EDUCATION	197	200	300	300	0
	316 SCREENING	6,784	6,333	9,500	9,500	0
	317 ALARM SYSTEM	159	333	500	500	0
	318 COMPUTER REPAIR/SERVICE	1,594	2,334	2,000	3,500	-1,500
	319 COPIER	2,524	2,667	3,700	4,000	-300
	320 MISCELLANEOUS ADMIN.EXP.	4,392	2,667	5,000	4,000	1,000
	320.1 WEBSITE IMPROVEMENT	0	1,000	1,500	1,500	0
	323 SOCIAL FACILITIES	13,177	4,667	14,000	7,000	7,000
		399,119	408,767	612,259	613,150	-891

<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>2012/2013 BUDGET</u>	<u>VARIANCE</u>
400 GASOLINE	854	867	1,300	1,300	0
401 SPRINKLERS	4,272	4,000	6,000	6,000	0
402 PEST CONTROL	18,937	14,000	25,000	21,000	4,000
402.6 MISC. MAINT.EXP.	457	667	1,000	1,000	0
403 LANDSCAPING	75,876	78,000	117,000	117,000	0
403.1 FERTILIZATION-WEED CONT.	13,279	16,667	23,000	25,000	-2,000
404 TREE TRIMING	2,884	5,000	6,500	7,500	-1,000
404.2 NEW TREES & BUSHES	8,040	8,333	12,500	12,500	0
405 BUILDING MAINTENANCE	23,684	13,333	29,000	20,000	9,000
406 GROUNDS MAINTENANCE	10,955	13,333	24,000	20,000	4,000
407 SECURITY GATE EXPENSE	3,960	4,000	6,000	6,000	0
408 CAMERA & VIDEO EXP.	213	1,333	1,000	2,000	-1,000
409 PLUMBING EXP.	2,403	2,000	3,000	3,000	0
410 ELECTRICAL EXP.	4,098	2,000	5,000	3,000	2,000
411 POOL SUPPLIES & REPAIR	7,265	9,333	22,000	14,000	8,000
412 STREET MAINTENANCE	1,023	2,667	4,000	4,000	0
413 UNIFORMS	0	200	300	300	0
414 GOLF CARTS	1,570	3,333	4,000	5,000	-1,000
415 LOCKSMITH	143	200	300	300	0
416 FIRE SAFETY	0	3,333	3,335	5,000	-1,665
417 JANITORIAL SUPPLIES	1,140	1,333	2,000	2,000	0
418 AWNINGS REPAIRS	1,700	14,000	20,000	21,000	-1,000
420 PAINTING PROGRAM	4,082	24,000	41,000	36,000	5,000
421 STREET LIGHT	0	2,000	2,000	3,000	-1,000
424 TENNIS COURT RESURFCING	122	4,000	6,510	6,000	510
425 POOL CHAIRS/TABLES	0	1,334	1,000	2,000	-1,000
429 BENCHES REPLACEMENT	3,372	2,000	3,372	3,000	372
477 PERGOLA	6,340	4,667	6,340	7,000	-660
479 LIGHT RETENTION POUND	0	3,667	4,600	5,500	-900
	196,669	239,600	381,057	359,400	21,657

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2012/2013</u> <u>BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	1,830	18,067	3,799	27,100	-23,301
476 SHUTTER GW/CIRCULAR	3,104	26,666	40,000	40,000	0
	4,934	44,733	43,799	67,100	-23,301
GRAND TOTAL EXPENSES	862,413	950,867	1,428,365	1,426,300	2,065
REVENU OVER EXPENSES	89,998	0	0	0	0

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2012/2013</u> <u>BUDGET</u>	<u>VARIANCE</u>
RESERVES					
2510 ROOFS	18,667	18,667	28,000	28,000	0
2515 PAINTING	1,000	1,000	1,500	1,500	0
2530 ASPHALT	13,333	13,333	20,000	20,000	0
2542 POOLS	5,333	5,333	8,000	8,000	0
2543 AWNINGS	3,333	3,333	5,000	5,000	0
2546 SPRINKLERS	3,333	3,333	5,000	5,000	0
2547 TV CABLE INFRASTRUCTURE	8,333	8,333	12,500	12,500	0
2545 WORKING CAPITAL	8,333	8,333	12,500	12,500	0
2544 INTEREST REV. RESERVE	7,608	4,000	10,000	6,000	4,000
	69,273	65,665	102,500	98,500	4,000

ANDRE MONGRAIN, President/Treasurer

19-07-2013