

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF NOVEMBER 2008

Owners, please find attached the financial results as of November 30, 2008 the first month of our new budgetary year 2008/2009. This statement being the first one of the new fiscal year shows a lot of variance of results for the month of November; to compensate for such perception we have also included a forecast for the full year compared to the full year budget, which is more meaningful and is a better management tool to ensure that total budgetary objectives will be achieved.

With the New Year we will publish those statements every two (2) months, as it does require a lot of work and analysis from the one that prepares the forecast. We do recognize that owners have appreciated what has been published in the past, and your Board appreciates the positive comments received from a large group of owners, to whom we say thanks. If you have any questions on the statements, your Board will always be pleased to answer.

On the revenue side we have reduced our revenue expectation on "estoppels" as we estimate that only 10 units will now be sold this year due to the economic situation and the banking industry turmoil. Other revenue items compensate for the shortfall in the estoppels revenue.

In regard to expenses, most of the variance comes from one-time transactions like the painting program that was performed in November, where the budget figure is spread out over a twelve-month period. The same is true for the property tax, licenses, and a portion of the Cable TV cost, as the payment for the French channel is due in November but covers services for the full year.

We forecast to be below budget in the following area:

- **Electric:** due to the fact that the price of oil is down substantially and FPL will not be authorized to increase its cost as planned back in September.
- **Propane gas:** will be below budget as we managed to install the new heat pump in a more expeditious way than originally planned
- **Wifi:** will be below budget as mentioned at the last two Board meetings, as we have decided not to go ahead with the project for the current year, or at least until we find a solution to the cost of the project. The only expense that will be charged to that cost center is the current cost for the WIFI at the Club House. We also have to remember that at the budget meeting this savings from the budget estimate can only be used for TV system improvement or for bad debt.
- **Landscaping:** A saving resulted from a contract renegotiation for the fertilization and weed control.
- The current trend in interest rate reduction is also producing a positive impact.

We currently estimate that we will be over budget in the following cost center:

- **Building maintenance:** An area of concern, we expect to end up over budget due to major repairs that needed to be addressed due to our aging buildings.
- **Pest control** will also end up over budget; also the **shuffleboard canopy**.

- Tree trimming will exceed budget. The current proposal received to maintain a tree maintenance project indicates that we will be over budget and that we will not be in a position to do everything that is recommended by the expert. We will follow this file closely, as any postponement of tree maintenance may end up more costly in the long run.
- The entrance sign and fountain budget will exceed budget, mainly due to an engineering certificate required to obtain a permit. Both signs will be installed this year which will produce a savings from next year's expected expenses.

We have maintained the budget figure for the contingency and for the insurance cost, but we do expect savings to materialize over the next quarter.

In total we now show that we will be better than budget by \$31,300. We have to remember that due to the WIFI we should, at a minimum, achieve a \$23,000.00 surplus.

For the first time at Waterside we did come up with cash flow projection on a per-month basis. Projects were then prioritized in accordance with funds available, and as you can appreciate, they are being executed. Most of the projects should be completed over the next three months. The objective of the Board when approving an expense is the creation of value for Waterside and for your own unit.

RECEIVABLE : November is not a good month to report on the results, as it is the month where the monthly maintenance fee is changed, and there are always situations to address due to this fact. This year receivable comments will be integrated with the financial statement comments.

A total of 44 owners are late in their payments for a total of \$62,910. Out of those 44 owners, 2 owners are under legal action for a total amount of \$10,340.00. We should resolve one of those legal cases before the end of December. We have 9 owners under a foreclosure process, for a total of \$42,140.00. Of those 9 owners, 4 of them are making partial payments to the Association and we thank them.

CONCLUSION

November being the first month of our new fiscal year does not make the full year, but the original forecast is encouraging, and as usual, your Board will continue to closely monitor the evolution of expenses.

To all, best wishes for the season and the New Year!

For the Board, André Mongrain, President, December 24, 2008

WATERSIDE NOVEMBER 2008 RESULT AND FORECAST

<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>08/09 FINAL BUDGET</u>	<u>VARIANCE</u>	<u>MONTHLY COST</u>
<u>REVENUE</u>						290
NSF FEE					0	
100 ASSESSMENTS **	108,773	108,773	1,305,280	1,305,280	0	290.00
102 LATE FEE INCOME	1,175	83	2,000	1,000	1,000	
103 INTEREST INCOME	83	583	7,000	7,000	0	
104 ESTOPPEL FEE	0	225	1,500	2,700	-1,200	
106 ACCESS/GATE CARDS	0	42	300	500	-200	
107 TRANSFER/SCREENING FEE	3,025	1,834	22,000	22,000	0	
108 MISCELLANEOUS INCOME	1,970	108	3,000	1,300	1,700	
TOTAL REVENUE	115,026	111,648	1,341,080	1,339,780	1,300	
<u>EXPENSES</u>						
<u>UTILITIES</u>						
200 ELECTRIC	2,305	4,417	50,000	53,000	-3,000	10.75
201 WATER & SEWER	10,950	13,583	163,000	163,000	0	33.05
202 GARBAGE & RECYCLING	1,725	2,583	31,000	31,000	0	6.29
203 PROPANE GAS	296	583	3,500	7,000	-3,500	1.42
204 CABLE T.V.	11,845	5,167	62,000	62,000	0	12.57
205 TELEPHONE	94	600	7,200	7,200	0	1.46
205.1 WIFI	0	2,084	2,000	25,000	-23,000	5.06
	27,215	29,017	318,700	348,200	-29,500	70.60

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>08/09 FINAL</u> <u>BUDGET</u>	<u>VARIANCE</u>	<u>MONTHLY</u> <u>COST</u>
ADMINISTRATIVE						
300 PAYROLL-ADMINISTRATIVE	8,398	9,084	109,000	109,000	0	22.10
301 PAYROLL-MAINTENANCE	4,416	4,942	59,300	59,300	0	12.02
302 PAYROLL TAXES	1,012	1,109	13,300	13,300	0	2.70
302.1 EMPLOYEE BENEFITS	745	933	11,200	11,200	0	2.27
303 PAYROLL SERVICE FEES	331	300	3,600	3,600	0	0.73
304 SECURITY GUARDS	1,881	4,375	52,500	52,500	0	10.64
305 ACCOUNTING	2,489	2,125	25,500	25,500	0	5.17
305.1 BANK FEES	99	50	600	600	0	0.12
305.2 BAD DEBT	0	2,292	27,500	27,500	0	5.58
306 AUDITING	0	375	4,500	4,500	0	0.91
307 LEGAL	1,859	750	9,000	9,000	0	1.82
308 PROPERTY TAX	1,941	175	2,100	2,100	0	0.43
309 INCOME TAX	-61	58	700	700	0	0.13
310 INSURANCE	23,264	23,583	283,000	283,000	0	57.38
311 OFFICE SUPPLIES	405	458	5,500	5,500	0	1.12
312 POSTAGE & SHIPPING	183	312	3,750	3,750	0	0.76
313 LICENSES	1,648	208	2,500	2,500	0	0.51
314 TRAVEL & MILEAGE	0	29	350	350	0	0.07
315 MEETINGS & EDUCATION	0	42	500	500	0	0.10
316 SCREENING	1,028	458	5,500	5,500	0	1.12
317 ALARM SYSTEM	80	42	500	500	0	0.10
318 COMPUTER REPAIR/SERVICE	0	167	2,000	2,000	0	0.42
319 COPIER	0	317	3,800	3,800	0	0.76
320 MISCELLANEOUS ADMIN.EXP.	856	208	2,500	2,500	0	0.51
320.1 WEBSITE IMPROVEMENT	0	625	7,500	7,500	0	1.52
	50,574	53,017	636,200	636,200	0	128.99

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>08/09 FINAL</u> <u>BUDGET</u>	<u>VARIANCE</u>	<u>MONTHLY</u> <u>COST</u>
MAINTENANCE						
400 GASOLINE	0	63	750	750	0	0.15
401 SPRINKLERS	873	750	9,000	9,000	0	1.82
402 PEST CONTROL	1,500	2,000	25,000	24,000	1,000	4.87
402.6 MISC. MAINT.EXP.	50	42	500	500	0	0.10
403 LANDSCAPING	10,888	11,000	126,000	132,000	-6,000	26.76
404 TREE TRIMMING	0	583	9,000	7,000	2,000	1.42
404.1 NEW TREES & BUSHES	0	2,085	25,000	25,000	0	5.07
405 BUILDING MAINTENANCE	1,133	1,667	22,000	20,000	2,000	4.05
406 GROUNDS MAINTENANCE	308	583	7,000	7,000	0	1.42
407 SECURITY GATE EXPENSE	1,091	500	6,000	6,000	0	1.22
408 CAMERA & VIDEO EXP.	0	1,000	12,000	12,000	0	2.43
409 PLUMBING EXP.	0	83	1,000	1,000	0	0.20
410 ELECTRICAL EXP.	0	500	6,000	6,000	0	1.22
411 POOL SUPPLIES & REPAIR	1,035	833	10,000	10,000	0	2.03
412 STREET MAINTENANCE	4,077	833	10,000	10,000	0	2.03
413 UNIFORMS	0	22	260	260	0	0.05
414 GOLF CARTS	0	167	2,000	2,000	0	0.41
415 LOCKSMITH	0	33	400	400	0	0.08
416 FIRE SAFETY	0	458	5,500	5,500	0	1.12
417 JANITORIAL SUPPLIES	0	200	2,400	2,400	0	0.49
419 POSTAL STATION	8,515	250	3,000	3,000	0	0.61
420 PAINTING PROGRAM	20,000	1,083	13,000	13,000	0	2.63
421 STREET LIGHT	0	417	5,000	5,000	0	1.01
422 SHUFFLE BOARD CANOPY	0	417	6,000	5,000	1,000	1.01
423 TENNIS COURT	0	1,250	15,000	15,000	0	3.06
425 POOL CHAIRS/TABLES	2,415	541	6,500	6,500	0	1.31
426 ENTRANCE SIGNS/FOUNTAIN	2,500	416	6,500	5,000	1,500	1.01
	54,385	27,776	334,810	333,310	1,500	67.58

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>08/09 FINAL</u> <u>BUDGET</u>	<u>VARIANCE</u>	<u>MONTHLY</u> <u>COST</u>
450 CONTINGENCY	0	1,006	12,070	12,070	0	2.45
476 INTEREST EXPENSE	352	833	8,000	10,000	-2,000	2.03
	352	1,839	20,070	22,070	-2,000	4.48
GRAND TOTAL EXPENSES	132,526	111,648	1,309,780	1,339,780	-30,000	271.65
NET INCOME (LOSS)	-17,500	0	31,300	0	-31,300	0

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RESERVES						
ROOFS	2,083	2,083	25,000	25,000	0	5.07
PAINTING	200	200	2,400	2,400	0	0.49
ASPHALT	2,084	2,084	25,000	25,000	0	5.07
POOLS	1,050	1,050	12,600	12,600	0	2.55
AWNINGS	1,667	1,667	20,000	20,000	0	4.06
SPRINKLERS	833	833	10,000	10,000	0	2.02
WORKING CAPITAL	2,500	2,500	30,000	30,000	0	6.08
	10,417	10,417	125,000	125,000	0	25.34

** Excluding contribution to the reserve account.

Prepared by Andre Mongrain and Daniel Harvey
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