

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF FEBRUARY 2009

Owners, please find attached the financial results as of February 28, 2009. We are 4 months into our budgetary year 2008/2009. This statement is the third one being published of the current fiscal year, and still shows a lot of variance of results due to a heavy concentration of budgeted work that took place during that period. The forecast for the total year does compensate when compared to the full year's budget, which is more meaningful and is a better management tool to ensure that total budgetary objectives will be achieved.

On the revenue side we have reduced our revenue expectation on "estoppels" as we estimate that 10 units will 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; we expect our revenue to be favorable to budget by \$1,995.00. We do remain conservative on our revenue from screenings, as these tend to fluctuate on a seasonal basis.

In regard to the expenses, most of the variance comes from one-time transactions like the painting program that was performed in November, the tennis payment that came in December, the shuffle board canopy that was paid in January, the front sign that was completed in February, and new trees and bushes all exceeded the budget. But owners can appreciate what has been done so far. It is a question of timing versus the budget figure that is spread out over a twelve-month period. The same is true for the property tax, licenses, and a portion of the satellite TV cost, as the payment for the French channels is due in November, but covers services for the full year.

We do forecast to be below budget in the following areas:

- **Electric:** the price of oil is down substantially and FPL will not be authorized to increase its cost as planned back in September.
- **Water and sewage:** same explanation -- the City of Boynton will not be in a position to increase its rate as planned, and we may also benefit from a change in the billing rate structure, with more to the fixed monthly charge and less on the consumption variable component. Year-to-date actual is short by one month of billing from the City of Boynton.
- **Propane gas:** will be below budget as we managed to install the new heat pump in a more expeditious way than originally planned.
- **Wi-Fi:** will be below budget as mentioned at various 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 will be the current cost for the WIFI at the Club House. We also have to remember that at the budget meeting this savings from the Wi-Fi budget estimate can only be used for TV system improvement or for bad debt.
- **Security guards:** we now forecast to be below budget for the total year. It does appear that we are benefitting from lesser costs of repairs to our gate or a more expeditious way to get them fixed when needs do occur. This then results in a lesser need for extra guard time.

- **Landscaping:** we have separated the landscaping contract from the fertilization contract. In order to compare to the budget we need to add the two. Savings resulted from a contract re-negotiation for the fertilization and weed control. We will review again the situation in March.
- **New trees & Bushes:** will end up below budget due to bidding formality and the great help and contribution received from our volunteers. We managed to do more than the original plan at a lesser cost, and from comments received, it does appear to be appreciated by the vast majority of our owners. We will have planted close to 600 new trees and bushes during the current fiscal year; it is for sure a record year. Many owners have also invested a substantial amount of money to improve their surroundings, and many more are planning to do so.
- **Interest cost:** the current trend in interest rate reduction is also producing a positive impact and our need to borrow is also lower.

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

- **Building maintenance:** This is an area of concern. We do expect to end up over budget due to major repairs that needed to be addressed due to our aging buildings.
- **Miscellaneous administrative expense:** Your Board is contributing to some activities of its owners. It did cost \$500.00 for the reception of our owners at the annual meeting and a further \$1,000.00 was for the “thank you day” to our volunteers.
- **Sprinklers:** will also exceed budget expectation. A complete and formal “wet check” is currently being conducted, and the project will hopefully be completed by the end of March.
- **Tree trimming:** will exceed budget. The current proposal we received to maintain a tree maintenance program indicates that we will be over budget and that we will not be in a position to do everything that is recommended by the experts. We will follow this file closely, as any postponement of tree maintenance may end up more costly in the long run.
- **Shuffle Board Canopy:** this improvement was planned over a 2-year period, and your Board decided to do it all during the current fiscal exercise.
- **Entrance sign and fountain:** will exceed budget, mainly due to engineering certificates required to obtain a permit and the fact that both signs were 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. We should be in a better position to predict the trend under those two items during the month of March.

In total we now show that we will be better than budget by \$27,518.00. We have to remember that due to the WIFI we should achieve, at a minimum, a \$23,000.00 surplus. A major investment may have an impact on the result for the year.

RECEIVABLE

January saw a deterioration of our receivables due to owners as far as the total value is concerned. We went from a balance of \$ 62,910.00 at of the end of November to \$64,860.00 at the end of

December, to \$ 66,675.00 at the end of January and we were finally in better shape by the end of February as we went down to \$63,365.00. This improvement comes from the fact that two of our owners' units under foreclosure have paid completely their dues, and three more have made payment toward their dues. One of the owners under legal process has also made a substantial payment on his dues. The "hard cases" -- the seven owners who are delinquent and under foreclosure that do not make any payments toward their dues -- will continue to negatively impact our performance in the receivable area. The foreclosure process is a cumbersome process and does take a lot of time. Let's hope we do see some court action soon. This is penalizing Waterside and its owners.

The total number of delinquent owners that were 44 at the end of November is now down to its normal level of 21. We have 12 units under foreclosure; five of them are making payments toward their dues.

CONCLUSION

After four months into our fiscal year (which does not make the full fiscal year) the current projections are encouraging, and as usual, your Board will continue to closely monitor the evolution of expenses.

Andre C. Mongrain, President

March 13, 2009

FEBRUARY 2009 YEAR TO DATE FINANCIAL RESULT

<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	75	0	75	0	75	
100 ASSESSMENTS **	433,063	435,093	1,303,000	1,305,280	-2,280	290.00
102 LATE FEE INCOME	2,785	333	3,500	1,000	2,500	
103 INTEREST INCOME	218	2,333	6,500	7,000	-500	
104 ESTOPPEL FEE	300	900	1,500	2,700	-1,200	
106 ACCESS/GATE CARDS	0	167	200	500	-300	
107 TRANSFER/SCREENING FEE	16,600	7,334	24,000	22,000	2,000	
108 MISCELLANEOUS INCOME	2,389	433	3,000	1,300	1,700	
TOTAL REVENUE	455,430	446,593	1,341,775	1,339,780	1,995	
<u>EXPENSES</u>						
<u>UTILITIES</u>						
200 ELECTRIC	16,869	17,666	49,500	53,000	-3,500	10.75
201 WATER & SEWER	38,517	54,333	159,000	163,000	-4,000	33.05
202 GARBAGE & RECYCLING	9,893	10,333	31,000	31,000	0	6.29
203 PROPANE GAS	326	2,333	2,000	7,000	-5,000	1.42
204 CABLE T.V.	27,756	20,667	62,000	62,000	0	12.57
205 TELEPHONE	2,787	2,400	7,500	7,200	300	1.46
205.1 WIFI	537	8,334	2,000	25,000	-23,000	5.06
	96,685	116,066	313,000	348,200	-35,200	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	36,228	36,333	109,000	109,000	0	22.10
301 PAYROLL-MAINTENANCE	19,324	19,767	59,300	59,300	0	12.02
302 PAYROLL TAXES	5,131	4,433	14,000	13,300	700	2.70
302.1 EMPLOYEE BENEFITS	3,272	3,733	11,200	11,200	0	2.27
303 PAYROLL SERVICE FEES	1,286	1,200	3,600	3,600	0	0.73
304 SECURITY GUARDS	15,442	17,500	50,500	52,500	-2,000	10.64
305 ACCOUNTING	8,512	8,500	25,500	25,500	0	5.17
305.1 BANK FEES	471	200	800	600	200	0.12
305.2 BAD DEBT	-761	9,167	27,500	27,500	0	5.58
306 AUDITING	4,200	1,500	4,500	4,500	0	0.91
307 LEGAL	3,608	3,000	9,000	9,000	0	1.82
308 PROPERTY TAX	1,941	700	2,100	2,100	0	0.43
309 INCOME TAX	-61	233	700	700	0	0.13
310 INSURANCE	93,057	94,333	283,000	283,000	0	57.38
311 OFFICE SUPPLIES	1,576	1,833	5,500	5,500	0	1.12
312 POSTAGE & SHIPPING	882	1,250	3,750	3,750	0	0.76
313 LICENSES	1,709	833	2,200	2,500	-300	0.51
314 TRAVEL & MILEAGE	181	117	350	350	0	0.07
315 MEETINGS & EDUCATION	0	167	500	500	0	0.10
316 SCREENING	4,359	1,833	6,000	5,500	500	1.12
317 ALARM SYSTEM	159	167	500	500	0	0.10
318 COMPUTER REPAIR/SERVICE	0	667	2,000	2,000	0	0.42
319 COPIER	875	1,267	3,800	3,800	0	0.76
320 MISCELLANEOUS ADMIN.EXP.	4,244	834	5,000	2,500	2,500	0.51
320.1 WEBSITE IMPROVEMENT	0	2,500	6,500	7,500	-1,000	1.52
	205,635	212,067	636,800	636,200	600	128.99

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MAINTENANCE						
400 GASOLINE	167	250	750	750	0	0.15
401 SPRINKLERS	8,110	3,000	12,000	9,000	3,000	1.82
402 PEST CONTROL	7,181	8,000	24,000	24,000	0	4.87
402.6 MISC. MAINT.EXP.	75	167	500	500	0	0.10
403 LANDSCAPING	37,833	44,000	110,000	132,000	-22,000	26.76
FERTILIZATION & WEED CON.	5,415	0	16,000	0	16,000	
404 TREE TRIMMING	3,150	2,333	10,000	7,000	3,000	1.42
404.1 NEW TREES & BUSHES	11,518	8,333	19,000	25,000	-6,000	5.07
405 BUILDING MAINTENANCE	16,718	6,667	23,000	20,000	3,000	4.05
406 GROUNDS MAINTENANCE	7,687	2,333	7,000	7,000	0	1.42
407 SECURITY GATE EXPENSE	1,958	2,000	6,000	6,000	0	1.22
408 CAMERA & VIDEO EXP.	0	4,000	12,000	12,000	0	2.43
409 PLUMBING EXP.	718	333	1,000	1,000	0	0.20
410 ELECTRICAL EXP.	4,183	2,000	6,000	6,000	0	1.22
411 POOL SUPPLIES & REPAIR	5,740	3,333	10,000	10,000	0	2.03
412 STREET MAINTENANCE	5,344	3,333	10,000	10,000	0	2.03
413 UNIFORMS	0	87	260	260	0	0.05
414 GOLF CARTS	0	667	2,000	2,000	0	0.41
415 LOCKSMITH	331	133	400	400	0	0.08
416 FIRE SAFETY	0	1,833	5,500	5,500	0	1.12
417 JANITORIAL SUPPLIES	1,507	800	3,000	2,400	600	0.49
419 POSTAL STATION	523	1,000	2,000	3,000	-1,000	0.61
420 PAINTING PROGRAM	13,000	4,333	15,000	13,000	2,000	2.63
421 STREET LIGHT	0	1,667	5,000	5,000	0	1.01
422 SHUFFLE BOARD CANOPY	10,130	1,667	10,130	5,000	5,130	1.01
423 TENNIS COURT	15,945	5,000	15,945	15,000	945	3.06
425 POOL CHAIRS/TABLES	5,267	2,167	6,000	6,500	-500	1.31
426 ENTRANCE SIGNS/FOUNTAIN	11,902	1,667	11,902	5,000	6,902	1.01
	174,402	111,103	344,387	333,310	11,077	67.58

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450 CONTINGENCY	0	4,024	12,070	12,070	0	2.45
476 INTEREST EXPENSE	2,287	3,333	7,000	10,000	-3,000	2.03
	2,287	7,357	20,070	22,070	-3,000	4.48
GRAND TOTAL EXPENSES	479,009	446,593	1,314,257	1,339,780	-25,523	271.65
NET INCOME (LOSS)	-23,579	0	27,518	0	-27,518	0

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RESERVES						
ROOFS	8,333	8,333	25,000	25,000	0	5.07
PAINTING	800	800	2,400	2,400	0	0.49
ASPHALT	8,333	8,333	25,000	25,000	0	5.07
POOLS	4,200	4,200	12,600	12,600	0	2.55
AWNINGS	6,667	6,667	20,000	20,000	0	4.06
SPRINKLERS	3,333	3,333	10,000	10,000	0	2.02
WORKING CAPITAL	10,000	10,000	30,000	30,000	0	6.08
	41,666	41,666	125,000	125,000	0	25.34