

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF MARCH 2009 (5 MONTHS)

Owners, please find attached the financial results as of March 31, 2009. We are 5 months into our budgetary year 2008/2009. This statement indicates significant changes in our forecast as we have improved our situation and numerous decisions were made at the Board meeting that took place on April 11, 2009. Please review the draft of the minutes on our web site. The forecast for the total year does compensate for monthly fluctuation 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. From an estimated surplus of revenue over expense of \$ 27,518 as of the end of February forecast, we now indicate a surplus of revenue over expenses of \$77,342 before the impact of new expense authorization that were approved by your Board at the April 11, 2009 meeting. This report provides an explanation on the entire special situations that have taken place since the last report.

On the revenue side we have reduced our revenue expectation on "estoppels" as we estimate that 10 units will be sold this year. So far we have 4 recorded sales and 3 more are currently being finalized. Other revenue items compensate for the shortfall in the estoppels revenue; we expect our revenue to be favorable to budget by \$2,995.00. Even if we have increased our revenue from screenings, we do remain conservative on our revenue which tends to fluctuate on a seasonal basis.

In regard to the expenses, most of the variance comes from one-time transactions. This month we recorded two major impacts. The first one being a reduction in our insurance cost that should produce a positive impact of about \$35,000 this year and the same amount for next year. (See separate comments on this subject.) We have also decided to postpone the installation of the new camera till we complete the land acquisition, as it will be easier to install a new camera when we will be the owner of the land on Miner Road.

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.
- Propane gas: will be below budget as we managed to install the new heat pump in a more expeditious way than originally planned. As mentioned at the Board meeting the return on this substantial investment will be in less than one year.
- 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. Only the Club House current service cost is charged to this account. These funds, after approval, will be used to pay for the purchase of the land.

- **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.
- **Insurance:** We are still in negotiation on this major component of our budget. We are still awaiting confirmation on our general liability policy which will go up due a re-rating of the policy. We did have to complete a questionnaire to determine the number of permanent, seasonal and other type of occupants. Currently we forecast a reduction of \$70,000 for the twelve-month period; half of that amount will benefit the current budget exercise. Our wind insurance is the policy that creates that reduction in our cost. Please see the “conclusion” to see how your Board intends to use this positive impact to improve our site.
- **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.
- **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. The reduction in insurance cost contributes to the reduction in interest cost. We are trying to eliminate the need to borrow to pay for the insurance premium and probably this year will be the first year for our association where very limited borrowing will be required.

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

- **Legal:** we have increased our legal expenses as we will require expertise with the contract negotiation of the land purchase and with the modification of our Association documents.
- **Screening:** this increase in cost is related to the number of requests to Resident Data. When our revenue goes up, our screening expenses follow the trend.
- **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:** we did conduct a major overhaul of our system and also bought a new tool (\$4,000.00) that is greatly helping our maintenance staff to locate and fix a given problem.
- **Tree trimmings:** we do estimate that we will exceed our trimming budget. The second stage needs to be conducted before the hurricane season.

- **Buildings maintenance:** we will exceed the budget for the current year; these are major expenses that cannot be postponed. We did have to repair a lot of damage created by water infiltration. Your Board has also approved at the April Board meeting an expense of \$3,800.00 for the repair of the arches (16 out of 23) that connect C and D types of units.
- **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 reduced the interest cost.

RECEIVABLE

January saw a deterioration of our receivables due by our owners as far as the total value is concerned. We went from a balance of \$ 62,910.00 at the end of November to \$64,860.00 at the end of December, to \$ 66,675.00 at the end of January. We were finally in better shape by the end of February as we went down to \$63,365.00 and we ended up at \$66,610.00 at the end of March. The "hard cases" -- the seven owners who are delinquent and do not make any payments toward their dues, and are under foreclosure -- 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 five months into our fiscal year (which does not make the full fiscal year, the hurricane season only starts in June) the current projections are encouraging, and as usual, your Board will continue to closely monitor the evolution of expenses. At the last Board meeting, out of the current projected surplus of revenue over expenses, it was voted to commit \$20,000.00 for street repairs and \$4,000.00 to install new flag poles at the entrance. The projected seal-coating of our streets was also approved, but no formal commitment will be made before we have clear indication of the hurricane season's trend and risk. These two committed non-budgeted expenses will reduce the projected surplus to about \$53,000.00.

This Association is on solid financial ground and will continue to do so. It will also continue to create value for the owners.

Andre C. Mongrain, President

April 13, 2009

FOUR MONTHS FINANCIAL RESULTS AS OF MARCH 2009

<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>
REVENUE				290		
NSF FEE	75	0	75	0	75	
100 ASSESSMENTS **	541,547	543,867	1,302,000	1,305,280	-3,280	290.00
102 LATE FEE INCOME	3,510	417	4,000	1,000	3,000	
103 INTEREST INCOME	237	2,916	6,500	7,000	-500	
104 ESTOPPEL FEE	600	1,125	1,500	2,700	-1,200	
106 ACCESS/GATE CARDS	0	208	200	500	-300	
107 TRANSFER/SCREENING FEE	19,300	9,167	25,000	22,000	3,000	
108 MISCELLANEOUS INCOME	3,287	542	3,500	1,300	2,200	
TOTAL REVENUE	568,556	558,242	1,342,775	1,339,780	2,995	
EXPENSES						
UTILITIES						
200 ELECTRIC	21,154	22,083	49,500	53,000	-3,500	10.75
201 WATER & SEWER	67,242	67,917	159,000	163,000	-4,000	33.05
202 GARBAGE & RECYCLING	12,339	12,917	31,000	31,000	0	6.29
203 PROPANE GAS	335	2,917	1,000	7,000	-6,000	1.42
204 CABLE T.V.	32,454	25,833	62,000	62,000	0	12.57
205 TELEPHONE	3,454	3,000	7,500	7,200	300	1.46
205.1 WIFI	718	10,416	2,000	25,000	-23,000	5.06
	137,696	145,083	312,000	348,200	-36,200	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	44,444	45,417	109,000	109,000	0	22.10
301 PAYROLL-MAINTENANCE	24,042	24,708	59,300	59,300	0	12.02
302 PAYROLL TAXES	6,435	5,542	14,000	13,300	700	2.70
302.1 EMPLOYEE BENEFITS	3,961	4,667	10,700	11,200	-500	2.27
303 PAYROLL SERVICE FEES	1,541	1,500	3,600	3,600	0	0.73
304 SECURITY GUARDS	19,365	21,875	49,500	52,500	-3,000	10.64
305 ACCOUNTING	10,533	10,625	25,500	25,500	0	5.17
305.1 BANK FEES	498	250	800	600	200	0.12
305.2 BAD DEBT	-761	11,458	27,500	27,500	0	5.58
306 AUDITING	4,200	1,875	4,500	4,500	0	0.91
307 LEGAL	4,261	3,750	10,000	9,000	1,000	1.82
308 PROPERTY TAX	1,941	875	2,100	2,100	0	0.43
309 INCOME TAX	-61	292	700	700	0	0.13
310 INSURANCE	116,321	117,917	247,465	283,000	-35,535	57.38
311 OFFICE SUPPLIES	1,934	2,292	5,500	5,500	0	1.12
312 POSTAGE & SHIPPING	1,039	1,562	3,750	3,750	0	0.76
313 LICENSES	1,709	1,042	2,200	2,500	-300	0.51
314 TRAVEL & MILEAGE	235	146	350	350	0	0.07
315 MEETINGS & EDUCATION	0	208	500	500	0	0.10
316 SCREENING	4,816	2,292	6,500	5,500	1,000	1.12
317 ALARM SYSTEM	159	208	500	500	0	0.10
318 COMPUTER REPAIR/SERVICE	0	833	1,000	2,000	-1,000	0.42
319 COPIER	1,283	1,583	3,800	3,800	0	0.76
320 MISCELLANEOUS ADMIN.EXP.	5,195	1,041	6,000	2,500	3,500	0.51
320.1 WEBSITE IMPROVEMENT	0	3,125	6,500	7,500	-1,000	1.52
	253,090	265,083	601,265	636,200	-34,935	128.99

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MAINTENANCE						
400 GASOLINE	167	313	750	750	0	0.15
401 SPRINKLERS	11,727	3,750	14,000	9,000	5,000	1.82
402 PEST CONTROL	9,151	10,000	24,000	24,000	0	4.87
402.6 MISC. MAINT.EXP.	350	208	500	500	0	0.10
403 LANDSCAPING	47,041	55,000	110,000	132,000	-22,000	26.76
FERTILIZATION & WEED CON.	5,415	0	16,000	0	16,000	
404 TREE TRIMMING	3,150	2,917	11,000	7,000	4,000	1.42
404.1 NEW TREES & BUSHES	12,991	10,417	17,000	25,000	-8,000	5.07
405 BUILDING MAINTENANCE	17,895	8,333	23,000	20,000	3,000	4.05
406 GROUNDS MAINTENANCE	7,403	2,917	8,000	7,000	1,000	1.42
407 SECURITY GATE EXPENSE	1,958	2,500	6,000	6,000	0	1.22
408 CAMERA & VIDEO EXP.	0	5,000	2,000	12,000	-10,000	2.43
409 PLUMBING EXP.	718	417	1,000	1,000	0	0.20
410 ELECTRICAL EXP.	4,501	2,500	6,000	6,000	0	1.22
411 POOL SUPPLIES & REPAIR	7,513	4,167	10,000	10,000	0	2.03
412 STREET MAINTENANCE	5,344	4,167	10,000	10,000	0	2.03
413 UNIFORMS	0	108	260	260	0	0.05
414 GOLF CARTS	0	833	2,000	2,000	0	0.41
415 LOCKSMITH	442	167	500	400	100	0.08
416 FIRE SAFETY	0	2,292	5,500	5,500	0	1.12
417 JANITORIAL SUPPLIES	1,760	1,000	3,000	2,400	600	0.49
419 POSTAL STATION	523	1,250	2,000	3,000	-1,000	0.61
420 PAINTING PROGRAM	15,000	5,416	15,000	13,000	2,000	2.63
421 STREET LIGHT	0	2,083	4,000	5,000	-1,000	1.01
422 SHUFFLE BOARD CANOPY	10,130	2,083	10,130	5,000	5,130	1.01
423 TENNIS COURT	16,056	6,250	16,056	15,000	1,056	3.06
425 POOL CHAIRS/TABLES	5,787	2,708	6,000	6,500	-500	1.31
426 ENTRANCE SIGNS/FOUNTAIN	11,902	2,083	11,902	5,000	6,902	1.01
	196,924	138,879	335,598	333,310	2,288	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	5,027	12,070	12,070	0	2.45
476 INTEREST EXPENSE	2,509	4,168	4,500	10,000	-5,500	2.03
	2,509	9,195	16,570	22,070	-5,500	4.48
GRAND TOTAL EXPENSES	590,219	558,241	1,265,433	1,339,780	-25,523	271.65
REVENUE OVER EXPENSES	-21,663	0	77,342	0	-77,342	0

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RESERVES						
ROOFS	10,417	10,417	25,000	25,000	0	5.07
PAINTING	1,000	1,000	2,400	2,400	0	0.49
ASPHALT	10,417	10,417	25,000	25,000	0	5.07
POOLS	5,250	5,250	12,600	12,600	0	2.55
AWNINGS	8,333	8,333	20,000	20,000	0	4.06
SPRINKLERS	4,167	4,167	10,000	10,000	0	2.02
WORKING CAPITAL	12,500	12,500	30,000	30,000	0	6.08
	52,084	52,084	125,000	125,000	0	25.34

** Excluding contribution to the reserve account.