

SEPTEMBER 2009 FINANCIAL RESULTS COMMENTS (11 MONTHS)

Owners, please find attached the financial results as of September 30, 2009. We now have completed 11 months out of the 2008/2009 fiscal year. As you will see we are very close to the expected budget, meaning expenses are practically equivalent to the revenue. We do show a forecasted surplus of \$ 4,435.00 for the year. This month we accounted for the interest on the CD's related to the reserve as "interest to reserve" for an amount of \$4,443.00. This reduces our revenue expectation as we have to account for the amount under the reserve account. In the future the budget set up will account for this accounting practice.

We also revised in full detail the reserve for bad debt by increasing the expense by \$2,744.00 which brings the cost this year to \$31,744.00. If we can simply resolve the foreclosures, we are left with 10 of those situations; the banking process is extremely long and will take probably another 12 months to resolve.

We did manage to get the cost of the street seal-coating by charging out of the \$32,000.00 total \$22,000.00 to the operating reserve and \$10,000.00 to the street repairs reserve. This is subject to change this month when we will know the final result. Your Board does not favor the use of the reserve, so if we have a surplus, this \$10,000.00 would be reduced. We also had a correction to the insurance cost following a review of the payable and pre-paid balance.

Our various reserves are fully funded, even for the month of October. On October 16 we transferred over \$30,000.00 to the reserve account, which included the first reserve of \$25,000.00 for the land purchase. Before the end of October we will invest in another CD for \$100,000.00. Bear in mind that the current interest rate is not very advantageous.

HIGHLIGHTS

REVENUE

We now have 18 units sold this year. One more transaction was completed in October and there is one pending bank approval on a foreclosed unit, so we should reach 20 units before the end of the fiscal year. There are a lot of activities on the sale front and we have very interested buyers for the future.

Revenue from screening is way over budget, and we do expect this trend to continue. Interest revenue is short of budget and we all know the reason.

On the revenue section you can see a negative figure under "interest to reserve" for an amount of \$4,443.00. This is the amount that is part of the interest revenue under account 103 that belongs to the CD. It cannot be counted as pure operating revenue, because this interest is earned by the reserve account and needs to remain in the reserve accounts in order to compensate somewhat for the inflation factor applicable to each category of reserve.

EXPENSES

Under the utility section we reduced the expense by \$2,700.00 compared to last month's forecast. This is mainly due to the electric (-\$2,000.00) and the garbage (-\$500.00). We were on the conservative side with our previous forecast. Out of our condo fees of \$290.00 per month, \$ 70.62 is being used for this category where our alternative for saving is limited.

As far as the administrative expenses are concerned we have increased our forecast by \$6,536.00, mainly due to the aforementioned insurance cost correction (+\$6,838.00), an increase under the heading Bad Debt (+\$2,744.00). We have reduced our estimated legal cost (-\$1,500.00). Besides the time spent on the land purchase acquisition, the legal fees main cost component is related to the handling of the receivable from owners.

We do exceed the budget under payroll maintenance, as we granted an earned increase to our latest acquisition Mr. Jeff Phillips. The great stability of our maintenance and office staff does produce positive results.

Under the maintenance group of expenses, we have lowered our estimate by close to \$11,000.00, mainly due to the transfer to the street repair reserve of an amount of \$10,000. This is always subject to change depending on the final result at the end of this month. It is always the intention of your Board not to use the reserve fund, but rather use the operating fund. This work was not planned for this year, but we did have a chance to do it and this way prolongs the life of our asphalt infrastructure.

We still have to install new lights in darker areas. We bought the fixture and we should be installing those before mid-November.

Interest expense at \$4,800.00 is down to the last stretch. We will have paid all of our debt that carries interest costs by the end of October, inclusive of the shutters and the loan for insurance. Under Shutters, we still have to collect dues for the month of November and December and then we will be left with the owners that have long outstanding debt toward the Association.

We have also recorded a new reserve of \$25,000.00 for the land acquisition out of the current year expected surplus. There will be no need for a special assessment for the land purchase when this transaction is completed. On this subject we have now a contract in place, subject to the Town Council approval vote and then our signatures of the document. The contingency forecast is mainly related to unexpected expenses and the legal cost related to the land acquisition. Your Board has decided not to capitalize this as part of the land acquisition but rather charge it to operating expenses.

Over the last month we have done a lot of planning to come up with the new budget for the year 2009/2010. You are all invited to attend the budget Board Meeting on October 29 at 7:30 p.m. at the club house. The agenda is running on channel 70 and you can also have access to it

on our website. We spent considerable time on the finalization of the contract terms for the potential acquisition of the Miner Road property. For the owners that are either permanent residents at Waterside or the snowbirds that are already here, they can all appreciate the way the site is looking. There is more to do, but we are on the right track, and when our volunteers will be here, we will make great progress.

We have now determined the repair or replacement of awnings for the coming months and this will be officially published at the Board meeting. It will incorporate the program for the current year and also the projection for the following year, depending on the hurricane season. For the budget year 2009/2010 we will invest \$20,000.00 toward that program and if we do the same the following year, most of the site will have been done.

ACCOUNTS RECEIVABLE

This is the sour point for Waterside. Our receivable stands at \$95,417.64 and we will keep adding to this figure till there is resolution of the units under foreclosure. We are left with 11 foreclosures; one of them should be resolved shortly and let's hope we can resolve one more before the end of December. We have to remember that we have sufficient reserve to cover this shortfall, and will always prefer to resolve those. We have people interested in buying those units, but bank cooperation is lacking. About half of those units are vacant and we have to make sure that no deterioration takes place inside those units, which is ads more cost to the Association. The necessity to reserve for the bad debt eventuality represents for each owner a cost of \$6.46 per month. It will be great to have this money to speed up some ongoing projects.

For the owners that pay by check, you should receive the new coupons during the week, even if the budget is not formally approved for the coming year. But if these coupons are not sent then we will be late in collecting the due. PLEASE KNOW THAT THERE IS A NEW MAILING ADDRESS FOR THOSE COUPONS, THE P.O.BOX IS NOW 1495 AND THE POSTAL CODE IS 33402. In the U.S. a lot of post offices are being closed due to the economic situation and the reduction in mail volume.

CONCLUSION

We will achieve our total budget objective for the current fiscal year and have done a lot more than projected. I will like to thank our personnel for their dedication and also to Vice-President Gaby Belanger and Director Marian Petruscu for their involvement over the summer months. The success of the process of the seal-coating is the result of an excellent planning and day-to-day attention. Thanks to Scott Perron who did maintain channel 70 and inform our onsite owners about the whole seal-coating procedure.

Andre Mongrain, President

October 18, 2009

ELEVEN MONTHS FINANCIAL RESULTS AS OF SEPTEMBER 30,2009

| <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> |
|----------------------------|-----------------------|-----------------------|--------------------------------|-------------------------------|-----------------|-------------------------|
| <u>REVENUE</u> | | | | | | 290 |
| NSF FEE | 200 | 0 | 200 | 0 | 200 | |
| 100 ASSESSMENTS ** | 1,194,187 | 1,196,507 | 1,302,000 | 1,305,280 | -3,280 | 290.00 |
| 102 LATE FEE INCOME | 9,435 | 917 | 10,200 | 1,000 | 9,200 | |
| 103 INTEREST INCOME | 5,071 | 6,417 | 5,200 | 7,000 | -1,800 | |
| 104 ESTOPPEL FEE | 2,700 | 2,475 | 3,000 | 2,700 | 300 | |
| 106 ACCESS/GATE CARDS | 15 | 458 | 15 | 500 | -485 | |
| 107 TRANSFER/SCREENING FEE | 26,000 | 20,167 | 27,000 | 22,000 | 5,000 | |
| 108 MISCELLANEOUS INCOME | 4,033 | 1,191 | 4,200 | 1,300 | 2,900 | |
| INTEREST TO RESERVE | -4,443 | | -4,443 | | -4,443 | |
| TOTAL REVENUE | 1,237,198 | 1,228,132 | 1,347,372 | 1,339,780 | 7,592 | |
| <u>EXPENSES</u> | | | | | | |
| <u>UTILITIES</u> | | | | | | |
| 200 ELECTRIC | 40,906 | 48,583 | 46,000 | 53,000 | -7,000 | 10.75 |
| 201 WATER & SEWER | 167,149 | 149,417 | 193,000 | 163,000 | 30,000 | 33.05 |
| 202 GARBAGE & RECYCLING | 27,811 | 28,417 | 30,500 | 31,000 | -500 | 6.29 |
| 203 PROPANE GAS | 660 | 6,417 | 700 | 7,000 | -6,300 | 1.42 |
| 204 CABLE T.V. | 60,605 | 56,833 | 65,300 | 62,000 | 3,300 | 12.57 |
| 205 TELEPHONE | 7,657 | 6,600 | 8,300 | 7,200 | 1,100 | 1.46 |
| 205.1 WIFI | 1,536 | 22,916 | 1,800 | 25,000 | -23,200 | 5.06 |
| | 306,324 | 319,183 | 345,600 | 348,200 | -2,600 | 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 | 100,875 | 99,917 | 109,450 | 109,000 | 450 | 22.10 |
| 301 PAYROLL-MAINTENANCE | 56,955 | 54,358 | 62,000 | 59,300 | 2,700 | 12.02 |
| 302 PAYROLL TAXES | 13,691 | 12,191 | 14,700 | 13,300 | 1,400 | 2.70 |
| 302.1 EMPLOYEE BENEFITS | 9,251 | 10,267 | 10,200 | 11,200 | -1,000 | 2.27 |
| 303 PAYROLL SERVICE FEES | 3,249 | 3,300 | 3,600 | 3,600 | 0 | 0.73 |
| 304 SECURITY GUARDS | 44,023 | 48,125 | 48,500 | 52,500 | -4,000 | 10.64 |
| 305 ACCOUNTING | 22,626 | 23,375 | 25,000 | 25,500 | -500 | 5.17 |
| 305.1 BANK FEES | 1,458 | 550 | 1,600 | 600 | 1,000 | 0.12 |
| 305.2 BAD DEBT | -1,506 | 25,208 | 31,744 | 27,500 | 4,244 | 5.58 |
| 306 AUDITING | 4,200 | 4,125 | 4,500 | 4,500 | 0 | 0.91 |
| 307 LEGAL | 9,941 | 8,250 | 11,500 | 9,000 | 2,500 | 1.82 |
| 308 PROPERTY TAX | 1,941 | 1,925 | 1,941 | 2,100 | -159 | 0.43 |
| 309 INCOME TAX | -61 | 642 | 0 | 700 | -700 | 0.13 |
| 310 INSURANCE | 220,133 | 259,417 | 232,188 | 283,000 | -50,812 | 57.38 |
| 311 OFFICE SUPPLIES | 2,948 | 5,042 | 3,500 | 5,500 | -2,000 | 1.12 |
| 312 POSTAGE & SHIPPING | 2,163 | 3,437 | 2,500 | 3,750 | -1,250 | 0.76 |
| 313 LICENSES | 2,334 | 2,292 | 2,334 | 2,500 | -166 | 0.51 |
| 314 TRAVEL & MILEAGE | 437 | 321 | 550 | 350 | 200 | 0.07 |
| 315 MEETINGS & EDUCATION | 0 | 458 | 300 | 500 | -200 | 0.10 |
| 316 SCREENING | 6,815 | 5,042 | 8,000 | 5,500 | 2,500 | 1.12 |
| 317 ALARM SYSTEM | 319 | 458 | 400 | 500 | -100 | 0.10 |
| 318 COMPUTER REPAIR/SERVICE | 0 | 1,833 | 0 | 2,000 | -2,000 | 0.42 |
| 319 COPIER | 3,050 | 3,483 | 3,600 | 3,800 | -200 | 0.76 |
| 320 MISCELLANEOUS ADMIN.EXP. | 5,625 | 2,292 | 6,000 | 2,500 | 3,500 | 0.51 |
| 320.1 WEBSITE IMPROVEMENT | 6,154 | 6,875 | 6,154 | 7,500 | -1,346 | 1.52 |
| | 516,621 | 583,183 | 590,261 | 636,200 | -45,939 | 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> |
|-----------------------------|-----------------------------|-----------------------------|--------------------------------------|-------------------------------------|-----------------|-------------------------------|
| <u>MAINTENANCE</u> | | | | | | |
| 400 GASOLINE | 383 | 688 | 650 | 750 | -100 | 0.15 |
| 401 SPRINKLERS | 14,654 | 8,250 | 15,250 | 9,000 | 6,250 | 1.82 |
| 402 PEST CONTROL | 19,098 | 22,000 | 24,000 | 24,000 | 0 | 4.87 |
| 402.6 MISC. MAINT.EXP. | 350 | 458 | 410 | 500 | -90 | 0.10 |
| 403 LANDSCAPING | 107,019 | 121,000 | 111,600 | 132,000 | -20,400 | 26.76 |
| FERTILIZATION & WEED CON. | 10,384 | 0 | 15,200 | 0 | 15,200 | |
| 404 TREE TRIMMING | 8,725 | 6,417 | 8,725 | 7,000 | 1,725 | 1.42 |
| 404.1 NEW TREES & BUSHES | 13,461 | 22,917 | 13,500 | 25,000 | -11,500 | 5.07 |
| 405 BUILDING MAINTENANCE | 20,737 | 18,333 | 21,200 | 20,000 | 1,200 | 4.05 |
| 406 GROUNDS MAINTENANCE | 10,117 | 6,416 | 10,500 | 7,000 | 3,500 | 1.42 |
| 407 SECURITY GATE EXPENSE | 2,833 | 5,500 | 3,000 | 6,000 | -3,000 | 1.22 |
| 408 CAMERA & VIDEO EXP. | 0 | 11,000 | 0 | 12,000 | -12,000 | 2.43 |
| 409 PLUMBING EXP. | 2,444 | 917 | 2,500 | 1,000 | 1,500 | 0.20 |
| 410 ELECTRICAL EXP. | 5,984 | 5,500 | 6,200 | 6,000 | 200 | 1.22 |
| 411 POOL SUPPLIES & REPAIR | 13,241 | 9,167 | 14,000 | 10,000 | 4,000 | 2.03 |
| 412 STREET MAINTENANCE | 26,864 | 9,167 | 50,000 | 10,000 | 40,000 | 2.03 |
| 413 UNIFORMS | 0 | 238 | 0 | 260 | -260 | 0.05 |
| 414 GOLF CARTS | 31 | 1,833 | 100 | 2,000 | -1,900 | 0.41 |
| 415 LOCKSMITH | 511 | 367 | 600 | 400 | 200 | 0.08 |
| 416 FIRE SAFETY | 5,755 | 5,042 | 5,755 | 5,500 | 255 | 1.12 |
| 417 JANITORIAL SUPPLIES | 2,174 | 2,200 | 2,500 | 2,400 | 100 | 0.49 |
| 419 POSTAL STATION | 524 | 2,750 | 2,000 | 3,000 | -1,000 | 0.61 |
| 420 PAINTING PROGRAM | 15,000 | 11,917 | 15,000 | 13,000 | 2,000 | 2.63 |
| 421 STREET LIGHT | 964 | 4,583 | 964 | 5,000 | -4,036 | 1.01 |
| 422 SHUFFLE BOARD CANOPY | 10,130 | 4,583 | 10,130 | 5,000 | 5,130 | 1.01 |
| 423 FLAG POST | 3,663 | 0 | 3,663 | 0 | 3,663 | |
| 424 TENNIS COURT | 16,070 | 13,750 | 16,070 | 15,000 | 1,070 | 3.06 |
| 425 POOL CHAIRS/TABLES | 5,787 | 5,958 | 5,787 | 6,500 | -713 | 1.31 |
| 426 ENTRANCE SIGNS/FOUNTAIN | 11,902 | 4,583 | 11,902 | 5,000 | 6,902 | 1.01 |
| | 328,806 | 305,534 | 371,206 | 333,310 | 37,896 | 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 | 3,002 | 11,064 | 6,070 | 12,070 | -6,000 | 2.45 |
| 476 INTEREST EXPENSE | 4,628 | 9,167 | 4,800 | 10,000 | -5,200 | 2.03 |
| LAND RESERVE | | | 25000 | | 25000 | |
| | 7,630 | 20,231 | 35,870 | 22,070 | 13,800 | 4.48 |
| GRAND TOTAL EXPENSES | 1,159,380 | 1,228,132 | 1,342,937 | 1,339,780 | 3,157 | 271.65 |
| REVENUE OVER EXPENSES | 77,818 | 0 | 4,435 | 0 | 4,435 | 0 |

| <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> |
|--------------------|-----------------------------|-----------------------------|--------------------------------------|-------------------------------------|-----------------|-------------------------------|
| RESERVES | | | | | | |
| ROOFS | 22,917 | 22,917 | 25,000 | 25,000 | 0 | 5.07 |
| PAINTING | 2,200 | 2,200 | 2,400 | 2,400 | 0 | 0.49 |
| ASPHALT | 22,917 | 22,917 | 25,000 | 25,000 | 0 | 5.07 |
| POOLS | 11,550 | 11,550 | 12,600 | 12,600 | 0 | 2.55 |
| AWNINGS | 18,333 | 18,333 | 20,000 | 20,000 | 0 | 4.06 |
| SPRINKLERS | 9,166 | 9,166 | 10,000 | 10,000 | 0 | 2.02 |
| WORKING CAPITAL | 27,500 | 27,500 | 30,000 | 30,000 | 0 | 6.08 |
| | 114,583 | 114,583 | 125,000 | 125,000 | 0 | 25.34 |