

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF MAY 2010 (7 MONTHS)

Please find attached the financial results as of May 31, 2010 and also you will find below a summary of the changes (increases and decreases) that we have made to our forecast.

We have increased our forecast for buildings and ground maintenance, painting program, legal costs, screening fee and interest revenue reserve. We have reduced our forecast for bad debt, fire safety and revenue for late fee. Please refer also to the summer projects report to find more information on the ongoing projects at Waterside .

We do want to say thanks to Stacey and to Barry and Company for their team work. We received the financial statements from Barry on June 8, and this constitutes a record which allows your Treasurer and the Board to be well informed on the financial trend.

1. INCREASE FOR BUILDING AND GROUND MAINTENANCE:

We have increased our forecast on building maintenance by \$4,000 (from \$24,000 to \$ 28,000) and the ground maintenance by \$2,000 (from \$10,000 to \$12,000) and you can appreciate what is currently ongoing at Waterside. This covers the repair to the storage areas of seven type-A units and also the repairs to the recessed areas in condo types C, D and DD. A total of 144 condos were repaired at a cost of \$55 each. On ground maintenance, we are still planting new trees and bushes and also will be repairing the slopes of some sidewalks.

2. INCREASE FOR PAINTING PROGRAM:

We have increased the forecast by \$2,000 (from \$50,000 to \$52,000) for the painting program to cover the cost of the various specialists and architect involved in producing new painting and trim on some buildings.

3. INCREASED LEGAL COST:

We have increased the legal cost by \$1,000 (from \$13,250 to \$14,250) as we are aggressively pursuing actions against delinquent owners on the payment of their dues. We will continue to use all legal avenues to make sure that past due owners and the ones that are in foreclosure that are still living on site will make good with payments to the Association.

4. INCREASED REVENUE FROM TRANSFERS/SCREENING FEE:

We have also increased the revenue from transfers/screening fees by \$500 (from \$31,000 to \$31,500) and we remain conservative on the forecast.

5. INCREASED INTEREST REVENUE RESERVE:

Our reserves are fully funded, meaning that the cash or CD on hand is equivalent to the total of the reserve accounts. We have increased our interest revenue reserve by \$1,000 (from \$5,000 to \$6,000). This is not part of our revenue as it is credited to the reserve account. This will build up over the years as we built our reserve and have to remember that this is subject to the interest rate we can secure on our CD. We should commit to an additional CD shortly.

6. NO CHANGE FOR UTILITIES EXPENSES:

We have not modified our forecast for the grouping of utilities expenses. The Town of Hypoluxo gave us the new billing rate from our garbage and recycling provider, Waste Management. A quick analysis indicates we do not see any negative impact on this item compared to the budget. We are also reviewing the electricity cost. The trend is lower than budget, but did not estimate that the same trend would be maintained for the next five months.

7. DECREASE FOR BAD DEBT:

Under bad debt we have reduced our forecast from \$44,000 to \$40,000 as it appears that banks are now moving faster on foreclosures and this is helping us on three fronts. First, the banks pay 6 months of the due assessment, then they pay on a current basis and finally we have a new buyer that will pay the future assessments. Let's hope that a couple of serious past due balances under foreclosures find a court resolution in the near future.

8. DECREASE FOR FIRE SAFETY:

We have reduced the fire safety forecast by \$2750 (from \$5750 to \$3,000) as we did received a quotation that was lower than previous year as we are benefiting from the fact that we have less repairs to do to the existing canister and related equipment.

9. DECREASE FOR REVENUE FOR LATE FEE:

We have reduced our forecast revenue for late fees by \$400 (from \$7,000 to \$6,600) as the position of our receivable is improving. As of the end of May, we are left with 8 foreclosures and one of those owners does make monthly payments to the Association. One more should be resolved in July as there is a court proceeding.

Gaétan Cardinal, Treasurer

June 12, 2010

WATERSIDE FINANCIAL RESULT
AS OF MAY 31, 2010

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
<u>REVENUE</u>				290	
NSF FEE	50	0	50	0	50
100 ASSESSMENTS **	746,830	746,830	1,280,280	1,280,280	0
102 LATE FEE INCOME	4,680	3,500	6,600	6,000	600
103 INTEREST INCOME	111	292	50	500	-450
104 ESTOPPEL FEE	2,850	1,750	3,750	3,000	750
106 ACCESS/GATE CARDS	55	292	100	500	-400
107 TRANSFER/SCREENING FEE	24,600	16,333	31,500	28,000	3500
108 MISCELLANEOUS INCOME	964	2,041	2,000	3,500	-1500
TOTAL REVENUE	780,140	771,038	1,324,330	1,321,780	2,550

EXPENSES

UTILITIES

200 ELECTRIC	24,606	30,333	47,000	52,000	-5,000
201 WATER & SEWER	125,909	140,000	210,000	240,000	-30,000
202 GARBAGE & RECYCLING	20,145	20,183	34,600	34,600	0
203 PROPANE GAS	60	584	1,000	1,000	0
204 CABLE T.V.	40,750	38,500	71,000	66,000	5,000
205 TELEPHONE	4,940	4,375	7,500	7,500	0
205.1 WIFI	969	1,167	2,000	2,000	0
	217,379	235,142	373,100	403,100	-30,000

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
ADMINISTRATIVE					
300 PAYROLL-ADMINISTRATIVE	62,833	65,835	112,860	112,860	0
301 PAYROLL-MAINTENANCE	38,093	38,500	67,000	66,000	1,000
302 PAYROLL TAXES	9,920	8,750	17,000	15,000	2,000
302.1 EMPLOYEE BENEFITS	6,903	7,292	13,000	12,500	500
303 PAYROLL SERVICE FEES	1,081	2,158	1,081	3,700	-2,619
304 SECURITY GUARDS	30,683	30,625	52,500	52,500	0
305 ACCOUNTING	14,342	15,167	25,500	26,000	-500
305.1 BANK FEES	488	583	700	1,000	-300
305.2 BAD DEBT	4,874	20,417	40,000	35,000	5,000
306 AUDITING	4,325	2,800	4,325	4,800	-475
307 LEGAL	8,977	8,312	14,250	14,250	0
308 PROPERTY TAX	2,157	1,283	2,157	2,200	-43
309 INCOME TAX	0	467	800	800	0
310 INSURANCE	108,101	111,708	191,500	191,500	0
311 OFFICE SUPPLIES	3,145	2,625	4,500	4,500	0
312 POSTAGE & SHIPPING	1,341	2,042	2,500	3,500	-1,000
313 LICENSES	2,334	1,458	2,334	2,500	-166
314 TRAVEL & MILEAGE	310	233	500	400	100
315 MEETINGS & EDUCATION	0	146	250	250	0
316 SCREENING	8,106	4,667	10,000	8,000	2,000
317 ALARM SYSTEM	159	350	600	600	0
318 COMPUTER REPAIR/SERVICE	414	1,400	1,500	2,400	-900
319 COPIER	1,811	2,100	3,600	3,600	0
320 MISCELLANEOUS ADMIN.EXP.	4,501	2,917	5,500	5,000	500
320.1 WEBSITE IMPROVEMENT	140	1,458	2,500	2,500	0
					0
	315,038	333,293	576,457	571,360	5,097

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MAINTENANCE					
400 GASOLINE	302	437	750	750	0
401 SPRINKLERS	3,472	7,000	8,000	12,000	-4,000
402 PEST CONTROL	12,166	12,833	24,000	22,000	2,000
402.6 MISC. MAINT.EXP.	859	292	1,500	500	1,000
403 LANDSCAPING	59,853	65,333	112,000	112,000	0
403.1 FERTILIZATION-WEED CONT.	6,121	4,667	10,000	8,000	2,000
404 TREE TRIMING	9,283	6,417	11,000	11,000	0
404.1 NEW TREES & BUSHES	16,462	10,500	21,000	18,000	3,000
405 BUILDING MAINTENANCE	16,874	12,250	28,000	21,000	7,000
406 GROUNDS MAINTENANCE	8,858	4,083	12,000	7,000	5,000
407 SECURITY GATE EXPENSE	4,200	2,333	5,500	4,000	1,500
408 CAMERA & VIDEO EXP.	0	583	1,000	1,000	0
409 PLUMBING EXP.	1,350	875	2,000	1,500	500
410 ELECTRICAL EXP.	4,567	2,917	6,000	5,000	1,000
411 POOL SUPPLIES & REPAIR	4,968	8,167	10,000	14,000	-4,000
412 STREET MAINTENANCE	2,390	2,333	4,000	4,000	0
413 UNIFORMS	257	146	257	250	7
414 GOLF CARTS	2,088	1,167	2,300	2,000	300
415 LOCKSMITH	54	292	300	500	-200
416 FIRE SAFETY	0	3,354	3,000	5,750	-2,750
417 JANITORIAL SUPPLIES	1,020	1,925	2,000	3,300	-1,300
420 PAINTING PROGRAM	1,233	29,167	52,000	50,000	2,000
421 STREET LIGHT	1,175	1,167	1,175	2,000	-825
425 POOL CHAIRS/TABLES	1,765	1,166	1,765	2,000	-235
426 ENTRANCE SIGNS/FOUNTAIN	0	1,750	3,000	3,000	0
429 BENCHES REPLACEMENT	3,602	3,500	3,602	6,000	-2,398
430 SHUFFLE BOARD SURFACING	1,495	1,750	2,990	3,000	-10
431 CLUB HOUSE IMPROVEMENT	7,984	4,083	7,984	7,000	984
	172,398	190,487	337,123	326,550	10,573

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2009/2010</u> <u>BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	4,030	11,533	10,000	19,770	-9,770
476 INTEREST EXPENSE	13	583	50	1,000	-950
	4,043	12,116	10,050	20,770	-10,720
GRAND TOTAL EXPENSES	708,858	771,038	1,296,730	1,321,780	-25,050
SURPLUS REVENU OVER EXPENSES	71,282	0	27,600	0	27,600

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RESERVES					
2510 ROOFS	14,583	14,583	25,000	25,000	0
2515 PAINTING	1,400	1,400	2,400	2,400	0
2530 ASPHALT	20,417	20,417	35,000	35,000	0
2542 POOLS	7,350	7,350	12,600	12,600	0
2543 AWNINGS	11,667	11,667	20,000	20,000	0
2546 SPRINKLERS	2,917	2,917	5,000	5,000	0
2545 WORKING CAPITAL	14,583	14,583	25,000	25,000	0
2544 INTEREST REV. RESERVE	3,726	2,917	6,000	5,000	1,000
2548 LAND PURCHASE	14,583	14,583	25,000	25,000	0
	91,226	90,417	156,000	155,000	1,000

June 11, 2010

Gaetan Cardinal, Treasurer