

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF JANUARY 2011 (3rd month)

Owners, please find attached the financial results for the period ending January 31, 2011. As the forecast is an estimate of the future financial performance, it should be updated at least monthly and become the main planning and monitoring vehicle. In order to meet our projection for the fiscal year 2010-2011 we have reviewed all of the revenue and expense items and have made adjustments to 23 items. It should be noted that the grand total amount on our forecast for the fiscal year did not change with the adjustments. Below is a summary of all the adjustments made this month with brief explanation.

We have decreased our forecast for the 2 following revenue items: Estoppel Fee, Miscellaneous Income.

We have increased our forecast for the 8 following expense items; Telephone, Bank Fees, Bad debt, Miscellaneous Admin. Expense, Camera & Video, Plumbing Expense, Locksmith, Library.

We have decreased the 13 following expense items; Electricity, Water & Sewer, Cable T.V., Insurance, Office Supplies, Postage & Shipping, Sprinklers, Pest Control, Pool Supplies & Repair, Entrance Signs/Fountain, Benches Replacement, Main Office/Guard House,

1. WE HAVE DECREASED THE FOLLOWING REVENUE ITEMS ACCOUNTS:

1.1 Estoppel Fee:

We have decreased this revenue account by a further \$600 (from \$2,700 to \$2,100) as we estimate that the number of condo unit sale for the year might be only 14.

1.2 Miscellaneous Income:

We have decreased this item by \$1,000 (from \$3,000 to \$2,000) due to various reasons and this should now be the new trend.

2. WE HAVE INCREASED THE FOLLOWING EXPENSES:

2.1 Telephone:

We have increased this expense item by \$300 (from \$8,000 to \$8,300), so if no actions take place we will exceed the budget by \$600. We are currently looking to find a solution to cut this expense down. After three months, we are \$583 over our budgeted amount (YTD Actual \$ 2,508 -vs- YTD Budgeted \$ 1,925). We should be in a position to report on this issue next month and hope to have a long term solution.

2.2 Bank Fees:

This cost item has been increased by \$500 (from \$500 to \$1,000). We do need to review this item one more time.

2.3 Bad Debt:

We have revised our forecast for this cost item and have increased it by \$3,000 (from \$32,000 to \$35,000). We have made this adjustment as we estimate that we will receive less money during the year because of the slow process of the foreclosure, the U.S. economy and that it takes time to receive money from the banks. We have file with the proper authority the amendment to our Bylaw following the last members meeting. With this amount our total reserve for bad debt will exceed \$150,000.

2.4 Miscellaneous Admin.

We have increased this cost expense item by \$1,000 (from \$5,000 to \$6,000) as we have participated financially to some social activities such as the welcome party and the volunteer's party. We have also to pay for the maintenance of the tennis court, the shuffleboard court, and the pétanque. In the future we will create a new expense account that will demonstrate clearly the cost supported by the owners for the social activities and facilities maintenance, we have to remember that this is a very small cost, compare to the benefits our members gets out of it.

2.5 Camera & Video:

Our forecast for this cost item expense has been increased by \$500 (from \$12,000 to \$12,500). We are currently finalizing the plan for the current year and installation should start in early March.

2.6 Plumbing:

We have also increased this cost item by \$500 (from \$1,500 to \$2,000). So far this money was spend to replace equipment in the club house men room.

2.7 Library:

We have increased this cost item by \$1,000 (from \$8,000 to \$9,000) as we have to take into consideration some additional investments to finish the project that we started at the beginning of the year.

2.8 Locksmith:

We have increased this cost by \$200 (from \$100 to \$300).

WE HAVE DECREASED THE FOLLOWING EXPENSES:

3.1 Electricity:

We have decreased this cost item expense by \$500 (from \$47,000 to \$46,500) as we saw a trend that our monthly bill is lower than forecasted and we hope that the future bills will be like the few last one that we got.

3.2 Water & Sewer:

We have also decreased this cost item for this month by \$2,000 (from \$225,000 to \$223,000). We will be monitoring this item very closely as we do not know what will be the end result of all the activities ongoing in the oil producing countries.

3.3 Cable T.V.

We have decreased this cost item by \$1,000 (from \$70,000 to \$69,000). So far we have a limited number of requests for central antenna location, and the existing one relocation should be completed by the end of February and as the evolution of technology in this sector is changing rapidly our resulting cost for the program is lower.

3.4 Insurance:

We have reduced this item by \$2,000 (from \$198,000 to \$196,000). New coverage and premium are negotiated in April with an effective date of May 1, 2011.

3.5 Office Supplies:

We have reduced this cost item by \$250 (from \$3,250 to \$3,000) as we did save money by forwarding information via e-mail instead of regular mail and also because upgraded our photocopier and fax machine. If you still received the official document of the Association by mail, and have an internet/email service we will appreciate if you can complete the appropriate form, so we can continue to reduce our cost and office work load.

3.6 Postage and Shipping:

This cost item has been reduced by \$200 (from \$2,000 to \$1,800) for the same reason explained for the reduction for Office Supplies.

3.7 Sprinklers:

This cost item expense has been reduced by \$500 (from \$7,500 to \$7,000). This is the direct result of the investment made on our sprinkler system three year ago; it does pay off to maintain an excellent maintenance program.

3.8 Pest Control:

We have reduced this expense item by \$500 (from \$21,000 to \$20,500). Last year, we started using our maintenance staff to spray chemical on our ficus edges.

3.9 Pool Supplies & Repair:

This cost item expense has been reduced by \$1,000 (from \$10,000 to \$9,000) we are benefiting from the investment we made at the club house pool, less loss of water maintain less requirement for chemical.

3.10 Entrance Signs/Fountain:

This expense item has been reduced by \$2,000 (from \$2,000 to \$0.00). We have to wait for the Town of Hypoluxo inspector before we go ahead with the entrance fountain let's hope we can come up with an acceptable solution at an acceptable cost for the Association.

3.11 Benches replacement:

This item has been decreased by \$1,500 (from \$7,500 to \$6,000) after evaluation of our need. We will be adding six new benches and also have replaced the entire old chair in the club house.

3.12 Main Office/Guard House

We have decreased this cost item by \$1,000 (from \$7,000 to \$6,000).

3.13 Contingency:

The forecast for the Contingency has been reduced by \$1,274 (from \$24,980 to \$23,706).

Gaétan Cardinal, Treasurer

February 24, 2011

WATERSIDE FINANCIAL RESULT
AS OF JANUARY 31, 2011

	<u>YTD</u>	<u>YTD</u>	<u>TOTAL YEAR</u>	<u>2010/2011</u>	
<u>DESCRIPTION</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FORECAST</u>	<u>BUDGET</u>	<u>VARIANCE</u>
<u>REVENUE</u>				290	
NSF FEE	100	0	0	0	0
100 ASSESSMENTS **	334,470	334,470	1,337,880	1,337,880	0
102 LATE FEE INCOME	1,750	1,250	5,500	5,000	500
103 INTEREST INCOME	125	125	500	500	0
104 ESTOPPEL FEE	150	750	2,100	3,000	-900
106 ACCESS/GATE CARDS	0	125	200	500	-300
107 TRANSFER/SCREENING FEE	13,450	8,000	32,000	32,000	0
108 MISCELLANEOUS INCOME	0	875	2,000	3,500	-1500
TOTAL REVENUE	350,045	345,595	1,380,180	1,382,380	-2200
<u>EXPENSES</u>					
<u>UTILITIES</u>					
200 ELECTRIC	10,871	11,750	46,500	47,000	-500
201 WATER & SEWER	53,956	56,250	223,000	225,000	-2,000
202 GARBAGE & RECYCLING	8,872	9,000	36,000	36,000	0
203 PROPANE GAS	25	125	500	500	0
204 CABLE T.V.	22,497	17,500	69,000	70,000	-1,000
205 TELEPHONE	2,508	1,925	8,300	7,700	600
205.1 WIFI	402	500	2,000	2,000	0
	99,131	97,050	385,300	388,200	-2,900

<u>ADMINISTRATIVE</u>	<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2010/2011</u> <u>BUDGET</u>	<u>VARIANCE</u>
	300 PAYROLL-ADMINISTRATIVE	26,432	29,137	115,550	116,550	-1,000
	301 PAYROLL-MAINTENANCE	17,022	17,250	70,000	69,000	1,000
	302 PAYROLL TAXES	3,489	4,750	18,000	19,000	-1,000
	302.1 EMPLOYEE BENEFITS	3,090	3,750	15,000	15,000	0
	304 SECURITY GUARDS	13,862	13,375	53,500	53,500	0
	305 ACCOUNTING	6,243	6,250	25,000	25,000	0
	305.1 BANK FEES	841	150	1,000	600	400
	305.2 BAD DEBT	0	8,000	35,000	32,000	3,000
	305.3 COLLECTION COST	2,512	1,750	7,000	7,000	0
	306 AUDITING	4,400	1,125	4,500	4,500	0
	307 LEGAL	1,520	2,000	8,000	8,000	0
	308 PROPERTY TAX	2,274	575	2,274	2,300	-26
	309 INCOME TAX	0	125	500	500	0
	310 INSURANCE	42,637	49,500	196,000	198,000	-2,000
	311 OFFICE SUPPLIES	385	875	3,000	3,500	-500
	312 POSTAGE & SHIPPING	430	500	1,800	2,000	-200
	313 LICENSES	1,628	625	2,500	2,500	0
	314 TRAVEL & MILEAGE	143	200	800	800	0
	315 MEETINGS & EDUCATION	0	63	250	250	0
	316 SCREENING	3,587	2,375	9,500	9,500	0
	317 ALARM SYSTEM	79	175	700	700	0
	318 COMPUTER REPAIR/SERVICE	0	500	2,000	2,000	0
	319 COPIER	706	1,000	4,000	4,000	0
	320 MISCELLANEOUS ADMIN.EXP.	3,650	1,250	6,000	5,000	1,000
	320.1 WEBSITE IMPROVEMENT	0	500	2,000	2,000	0
		134,930	145,800	583,874	583,200	674

MAINTENANCE

<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>2010/2011 BUDGET</u>	<u>VARIANCE</u>
400 GASOLINE	342	187	750	750	0
401 SPRINKLERS	651	1,875	7,000	7,500	-500
402 PEST CONTROL	4,524	5,250	20,500	21,000	-500
402.6 MISC. MAINT.EXP.	235	500	2,000	2,000	0
403 LANDSCAPING	28,453	29,000	116,000	116,000	0
403.1 FERTILIZATION-WEED CONT.	1,699	2,000	8,000	8,000	0
404 TREE TRIMING	14,180	4,250	17,000	17,000	0
404.1 NEW TREES & BUSHES	7,216	5,500	19,000	22,000	-3,000
405 BUILDING MAINTENANCE	5,469	6,000	24,000	24,000	0
406 GROUNDS MAINTENANCE	14,931	4,500	21,000	18,000	3,000
407 SECURITY GATE EXPENSE	4,132	1,250	6,500	5,000	1,500
408 CAMERA & VIDEO EXP.	0	2,500	12,500	10,000	2,500
409 PLUMBING EXP.	1,760	375	2,000	1,500	500
410 ELECTRICAL EXP.	2,235	1,000	4,000	4,000	0
411 POOL SUPPLIES & REPAIR	1,667	2,500	9,000	10,000	-1,000
412 STREET MAINTENANCE	0	750	3,000	3,000	0
413 UNIFORMS	0	63	250	250	0
414 GOLF CARTS	719	2,000	8,000	8,000	0
415 LOCKSMITH	7	125	300	500	-200
416 FIRE SAFETY	2,609	1,250	6,000	5,000	1,000
417 JANITORIAL SUPPLIES	968	500	2,000	2,000	0
418 AWNINGS REPAIRS	10,980	6,250	22,000	25,000	-3,000
420 PAINTING PROGRAM	1,182	13,250	53,000	53,000	0
421 STREET LIGHT	0	250	1,000	1,000	0
425 POOL CHAIRS/TABLES	0	375	1,500	1,500	0
426 ENTRANCE SIGNS/FOUNTAIN	0	500	0	2,000	-2,000
429 BENCHES REPLACEMENT	4,072	875	6,000	7,500	-1,500
432 MAIN OFFICE/GUARD HOUSE	3,911	1,875	6,000	7,000	-1,000
433 LIBRARY	7,275	1,750	9,000	3,500	5,500
	119,217	96,500	387,300	386,000	1,300

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2010/2011</u> <u>BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	43	6,245	23,706	24,980	-1,274
476 INTEREST EXPENSE	0	0	0	0	0
	43	6,245	23,706	24,980	-1,274
GRAND TOTAL EXPENSES	353,321	345,595	1,380,180	1,382,380	-2,200
REVENU OVER EXPENSES	-3,276	0	0	0	0

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2010/2011</u> <u>BUDGET</u>	<u>VARIANCE</u>
RESERVES					
2510 ROOFS	6,250	6,250	25,000	25,000	0
2515 PAINTING	600	600	2,400	2,400	0
2530 ASPHALT	3,750	3,750	15,000	15,000	0
2542 POOLS	2,500	2,500	10,000	10,000	0
2543 AWNINGS	2,500	2,500	10,000	10,000	0
2546 SPRINKLERS	1,250	1,250	5,000	5,000	0
2545 WORKING CAPITAL	6,250	6,250	25,000	25,000	0
2544 INTEREST REV. RESERVE	1,457	1,250	6,000	5,000	1,000
	24,557	24,350	98,400	97,400	1,000

Gaetan Cardinal, Treasurer