

COMMENTS ON FINANCIAL RESULTS AS OF THE END OF FEBRUARY 2011 (4th month)

Owners, please find attached the financial results for the period ending February 28, 2011. As it is early in the year, we have to remain cautious about spending and cash flow management. In order to meet our projection for the fiscal year 2010-2011, we have revised all of the revenue and expenses forecast and made positive (increase) and negatives (decrease) adjustments to our forecast without changing to grand total amount. For a few of these items, principally, for the Insurance, New Trees & Bushes, Ground Maintenance, Street Maintenance and Street Light we have made significant adjustments as we have received a good news concerning the quotation for the insurance premium.

Your Board does continue to invest all saving in overhead type of expenses into the operating and maintenance of our site. We do benefit from excellent cost base due to the slow economy and also the contribution from our volunteers. Below is a summary of all the adjustments made this month with a brief explanation.

We have decreased the Access/Gate Cards revenue item.

We have increased our forecast for the 7 following expense items; Building maintenance, Ground Maintenance, Camera & Video, Street Maintenance, Street Light, Entrance Signs/Fountain and the Contingency account.

We have decreased the forecast for the 15 following expense items; Electricity, Cable T.V., Telephone, Employee Benefit, Bank Fees, Legal, Insurance, Sprinklers, Pest Control, Misc. Maint Exp., Tree Trimming, New Trees and Bushes, Pool Supplies & Repair, Awning Repairs, Main Office/Guard House.

1. WE FORECAST A SHORTFALL IN OUR REVENUE ITEMS ACCOUNT:

We now forecast that we will not reach our revenue accounts by \$2,250. Little changes from the previous forecast. When compare to budget the main variance comes from the Miscellaneous Income.

2. WE HAVE INCREASED THE FORECAST FOR THE FOLLOWING EXPENSES:

In total compare to previous forecast we have reduced our expenses by close to \$1,000. Compare to total year budget, the current forecast indicate that we will end up below budget by \$3,096. Decisions are made on a daily basis to ensure that the total budget for the year is achieved.

2.1 Building Maintenance and Ground maintenance:

These two cost centers have seen their forecast moved up as we are concentrating on repairing our buildings and improving our landscaping. The Building Maintenance forecast has been increased by \$1,000 (from \$24,000 to \$25,000) and the Ground Maintenance forecast has been increased by \$10,000 (from \$21,000 to \$31,000). Most of the saving on insurance cost is invested in these two cost centers. The positive reaction of the Owners is an encouragement for your Board.

2.2 Camera and Video:

This cost item has been increased by \$2000 (from \$12,500 to \$14,500). As mentioned last month, we now have a contract with a specialized firm and we do hope to complete by Mid May, the installation of 5 new security camera that will bring the total to 10 different camera on the site.

2.3 Entrance Signs/Fountain:

We have revised our forecast for this cost item and have increased it by \$2,000 (from \$0.00 to \$2,000). We have made this adjustment as we did sign an agreement with an engineering firm to obtain plan that will be acceptable to the Town and be ready for construction.

2.4 Contingency.

We have increased the forecast for this item by \$1,274 (from \$23,706 to \$24,980) to put it back as it was last month and equivalent to the budget.

2.5 Street Maintenance:

The forecast for this item has been revised and increased by \$6,000 (from \$3,000 to \$9,000). This was possible because of our negative adjustment made to the insurance item. Some of this money will be used for a better indication of our buildings numbering visibility, hope to complete this project before end of May.

2.6 Street Lights:

The forecast for this cost item has also been increased by \$2,000 (from \$1,000 to \$3,000). We will consider over the summer months the installation of new lighting post in specific area and also along the retention pound. All cannot be done during the current fiscal year. Please follow the summer projects list to see how we will be progressing on this item.

3. WE HAVE DECREASED THE FORECAST FOR THE FOLLOWING EXPENSES:

3.1 Electricity:

We have decreased this cost item expense by \$500 (from \$46,500 to \$46,000) 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. We need to be cautious on this item as FPL can always come up with a price increase due to the fuel cost.

3.2 Cable T.V.

We have decreased this cost item by \$1,000 (from \$69,000 to \$68,000). AS mentioned last month, we have a limited number of requests for central antenna location. We still have some relocation to do, but the program is underway, in one sector we went down from 6 antennas to 3 antennas that will not be visible.

3.3 Telephone:

We have reduced this cost item by \$300 (from \$8,300 to \$8,000). We should complete the review of this cost center by the end of March and be in a position to come up with a final estimate for the year.

3.4 Employee benefits:

The forecast for this item has been reduced by \$1,000 (from \$15,000 to \$14,000) this being the result of good performance under the worker compensation insurance.

3.5 Bank fees:

We have reduced this cost item by \$300 (from \$1,000 to \$700) and as mentioned last month, this cost item will have to be reviewed.

3.6 Legal:

This cost item has been reduced by \$1,000 (from \$8,000 to \$7,000). A lot of activities are going on under the accounts receivable but we do not envisage a lot of activities on a corporate level.

3.7 Insurance:

This cost item expense has again been reduced by \$13,000 (from \$196,000 to \$183,000). This item will now end up \$15,000 below budget and do hope when all negotiations are completed to be able to maintain the same cost as last year. We will have the precise forecast with the next publication of our financial report.

There will be no need to borrow from bank to pay the premium, the cash flow management continue to pay off.

Our owners are not experiencing the same trend with their own policy, they need to discuss with their broker. Broker have the responsibility to find an acceptable insurer and at the best price.

3.8 Sprinklers:

We have reduced our forecast again this expense item by \$500 (from \$7,000 to \$6,500). This is quite a change from previous years and we have to say thanks to Larry and Jeff they are doing an excellent job in this area.

3.9 Pest Control:

This cost item expense has been reduced by \$500 (from \$20,500 to \$20,000). We are benefiting by having put in place a plan and having our maintenance staff do some of the tasks. We still need to work on this cost center; there is room for additional saving.

3.10 Misc. Maint. Exp.:

This expense item has been reduced by \$250 (from \$2,000 to \$1750).

3.11 Tree Trimming:

This item has been decreased by \$2,820 (from \$17,000 to \$14,180) after evaluation of what will have to be done.

3.12 Pool Supplies and Repair:

The forecast for this cost item has been again decreased this month by \$500 (from \$9,000 to \$8,500). As explained last month, we are benefiting from the investment made at the club house pool.

3.13 Awning repairs:

WE have revised our forecast for this cost item and have reduced it \$1,000 (from \$22,000 to \$21,000) as we feel that less repairs will be needed. The shuffleboard canopy will see some modification over the next month in order to minimize water drop and the same for our outside bulletin posting board.

3.14 Main Office/Guard House:

We have decreased our forecast by \$500 (from \$6,000 to \$5,500). The office redesign has been postponed till next fall due to cash flow consideration.

3.15 New Trees & Bushes :

The forecast for this expense item has been decreased by \$2,000 (from \$19,000 to \$17,000). The program for the current year is practically completed, thanks to Owner Michel Dyotte for his excellent negotiation with supplier and his love for Waterside, thanks also to his group of volunteers, mainly Owner Daniel Chalut and Renter Claude Foisy. All of us can help by simply removing wed from the bushes bed like wife of Owner Yves Laplante and Owner Jean-Luc Brisset.

We should publish the next wave of bushes and trees replacement in time for the next budget.

CONCLUSION:

We are close to our budget objective, we do manage our cash flow and the reserve accounts are funded on a monthly basis, we did experience a positive note on the insurance cost, let's hope we can do the same with the water and sewage.

To our snowbird all the best for the upcoming summer season, to our permanent residents they will be in a position to appreciate the progress that will be made over the summer months.

Gaétan Cardinal, Treasurer

Andre Mongrain, President

March 24, 2011

WATERSIDE FINANCIAL RESULT
AS OF FEBRUARY 28, 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	145	0	0	0	0
100 ASSESSMENTS **	445,960	445,960	1,337,880	1,337,880	0
102 LATE FEE INCOME	2,450	1,667	5,500	5,000	500
103 INTEREST INCOME	125	167	500	500	0
104 ESTOPPEL FEE	740	1,000	2,100	3,000	-900
106 ACCESS/GATE CARDS	30	166	150	500	-350
107 TRANSFER/SCREENING FEE	16,150	10,667	32,000	32,000	0
108 MISCELLANEOUS INCOME	0	1,166	2,000	3,500	-1500
TOTAL REVENUE	465,600	460,793	1,380,130	1,382,380	-2250

EXPENSES
UTILITIES

200 ELECTRIC	14,614	15,667	46,000	47,000	-1,000
201 WATER & SEWER	72,851	75,000	223,000	225,000	-2,000
202 GARBAGE & RECYCLING	11,831	12,000	36,000	36,000	0
203 PROPANE GAS	34	167	500	500	0
204 CABLE T.V.	27,848	23,333	68,000	70,000	-2,000
205 TELEPHONE	2,878	2,567	8,000	7,700	300
205.1 WIFI	536	666	2,000	2,000	0
	130,592	129,400	383,500	388,200	-4,700

<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	34,831	38,850	115,550	116,550	-1,000
	301 PAYROLL-MAINTENANCE	22,278	23,000	70,000	69,000	1,000
	302 PAYROLL TAXES	4,670	6,333	18,000	19,000	-1,000
	302.1 EMPLOYEE BENEFITS	3,984	5,000	14,000	15,000	-1,000
	304 SECURITY GUARDS	17,902	17,833	53,500	53,500	0
	305 ACCOUNTING	8,253	8,333	25,000	25,000	0
	305.1 BANK FEES	495	200	700	600	100
	305.2 BAD DEBT	0	10,667	35,000	32,000	3,000
	305.3 COLLECTION COST	2,625	2,333	7,000	7,000	0
	306 AUDITING	4,400	1,500	4,500	4,500	0
	307 LEGAL	1,520	2,667	7,000	8,000	-1,000
	308 PROPERTY TAX	2,274	767	2,274	2,300	-26
	309 INCOME TAX	0	167	500	500	0
	310 INSURANCE	56,849	66,000	183,000	198,000	-15,000
	311 OFFICE SUPPLIES	1,272	1,167	3,000	3,500	-500
	312 POSTAGE & SHIPPING	430	667	1,800	2,000	-200
	313 LICENSES	1,628	833	2,500	2,500	0
	314 TRAVEL & MILEAGE	231	267	800	800	0
	315 MEETINGS & EDUCATION	0	83	250	250	0
	316 SCREENING	5,072	3,166	9,500	9,500	0
	317 ALARM SYSTEM	79	233	700	700	0
	318 COMPUTER REPAIR/SERVICE	0	667	2,000	2,000	0
	319 COPIER	1,020	1,333	4,000	4,000	0
	320 MISCELLANEOUS ADMIN.EXP.	4,415	1,667	6,000	5,000	1,000
	320.1 WEBSITE IMPROVEMENT	0	667	2,000	2,000	0
		174,228	194,400	568,574	583,200	-14,626

<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>
MAINTENANCE					
400 GASOLINE	342	250	750	750	0
401 SPRINKLERS	772	2,500	6,500	7,500	-1,000
402 PEST CONTROL	4,524	7,000	20,000	21,000	-1,000
402.6 MISC. MAINT.EXP.	235	667	1,750	2,000	-250
403 LANDSCAPING	37,938	38,667	116,000	116,000	0
403.1 FERTILIZATION-WEED CONT.	1,923	2,667	8,000	8,000	0
404 TREE TRIMING	14,180	5,667	14,180	17,000	-2,820
404.1 NEW TREES & BUSHES	7,243	7,332	17,000	22,000	-5,000
405 BUILDING MAINTENANCE	8,858	8,000	25,000	24,000	1,000
406 GROUNDS MAINTENANCE	16,389	6,000	31,000	18,000	13,000
407 SECURITY GATE EXPENSE	4,132	1,667	6,500	5,000	1,500
408 CAMERA & VIDEO EXP.	0	3,333	14,500	10,000	4,500
409 PLUMBING EXP.	1,760	500	2,000	1,500	500
410 ELECTRICAL EXP.	2,673	1,333	4,000	4,000	0
411 POOL SUPPLIES & REPAIR	2,434	3,333	8,500	10,000	-1,500
412 STREET MAINTENANCE	0	1,000	9,000	3,000	6,000
413 UNIFORMS	0	83	250	250	0
414 GOLF CARTS	6,627	2,667	8,000	8,000	0
415 LOCKSMITH	7	167	300	500	-200
416 FIRE SAFETY	2,609	1,667	6,000	5,000	1,000
417 JANITORIAL SUPPLIES	968	667	2,000	2,000	0
418 AWNINGS REPAIRS	18,510	8,333	21,000	25,000	-4,000
420 PAINTING PROGRAM	0	17,667	53,000	53,000	0
421 STREET LIGHT	0	333	3,000	1,000	2,000
425 POOL CHAIRS/TABLES	0	500	1,500	1,500	0
426 ENTRANCE SIGNS/FOUNTAIN	0	667	2,000	2,000	0
429 BENCHES REPLACEMENT	4,759	1,167	6,000	7,500	-1,500
432 MAIN OFFICE/GUARD HOUSE	4,096	2,500	5,500	7,000	-1,500
433 LIBRARY	7,275	2,333	9,000	3,500	5,500
	148,254	128,667	402,230	386,000	16,230

<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>2010/2011 BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	43	8,327	24,980	24,980	0
476 INTEREST EXPENSE	0	0	0	0	0
	43	8,327	24,980	24,980	0
GRAND TOTAL EXPENSES	453,117	460,794	1,379,284	1,382,380	-3,096
REVENU OVER EXPENSES	12,483	-1	846	0	846

<u>DESCRIPTION</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>TOTAL YEAR FORECAST</u>	<u>2010/2011 BUDGET</u>	<u>VARIANCE</u>
RESERVES					
2510 ROOFS	8,333	8,333	25,000	25,000	0
2515 PAINTING	800	800	2,400	2,400	0
2530 ASPHALT	5,000	5,000	15,000	15,000	0
2542 POOLS	3,333	3,333	10,000	10,000	0
2543 AWNINGS	3,333	3,333	10,000	10,000	0
2546 SPRINKLERS	1,667	1,667	5,000	5,000	0
2545 WORKING CAPITAL	8,333	8,333	25,000	25,000	0
2544 INTEREST REV. RESERVE	1,907	1,667	6,000	5,000	1,000
	32,706	32,466	98,400	97,400	1,000

Gaetan Cardinal, Treasurer