

COMMENTS ON FINANCIAL RESULTS AS OF END OF MAY 2011 (7TH MONTH)

We have completed 7 months of our 2010/2011 financial exercise. Please notice the changes compared to last month's forecast for the year. As mentioned in the past, the forecasting methodology that your Board follows is the best tool to make sure that we do end up the year in accordance with the total budget objective. This month's forecast indicates an improvement of the expected results compared to last month, but we will not yet assign the surplus to invest in improvement. The analysis of each account will indicate where this is coming from.

We do want to thank the owners for reading these notes. Last month we mentioned a couple of situations about the water consumption situation, and we did get phone calls from concerned owners. The whole situation was due to one unit who had a leaking toilet and the owner was advised of the situation. It was easy to find as only one resident was still on site in that group of 4 units. A leaking toilet can consume between 500 to 600 gallons in an 8 hours period, so please make sure that your toilets do work properly.

Eleven units have been sold so far, and we do maintain that we will reach 14 units sold this year. We are negatively impacted by the whole market surrounding Waterside. At a site nearby a unit that was sold in 2007 for \$295,000.00, now has an offer on it at slightly over \$70,000.00 and these types of situations are countless, so we have to navigate through this handicap that may last for a couple of years.

1) UTILITIES EXPENSES

Under Water and Sewer, even if we are on budget for the first 7 months of the year with an average cost of \$18,819.00 per month, we still maintain that we will be below budget by \$10,000.00 for the total year. Snowbirds are now in the north and northeast, which will reduce consumption and cost by about \$2,000.00 a month over the next 5 months.

The other components do remain very close to the yearly budget or forecast for the total year. Individual garbage and recycling that is part of your tax bill will increase on the average by \$6.00 to \$7.00 a year. We have not received any notice so far for the Association garbage collection and recycling costs.

2) ADMINISTRATIVE COST

We have lowered our administrative cost forecast by close to \$6,000.00, due to improvement in the bad debt reserve. Some foreclosure situations are being resolved and we are aggressively pursuing other situations. We need to stop the delinquent owners who are still on site getting a free ride and benefitting from all services at the expense of the good payers. We placed liens on those properties and we continue to force the banks to act when a property is in foreclosure. Estimated cost is now below budget and it is a reduction of \$7,000.00 from the previous month's forecast.

We also have lowered our insurance forecast further by \$1,000.00. We paid cash for all of our insurance policies except one where we use the insurance company's credit payment plan at no additional cost to the Association over a 9- month period.

Remember that any saving achieved under the Administration is invested back into the maintenance and improvement of the site. Comments received from permanent residents are very positive to what they see happening on a daily basis. Please refer to the next Summer Project update that will be published at the end of June.

3) MAINTENANCE COST

There are limited changes from the previous month's forecast. We did lower the tree-trimming cost for hurricane preparation by \$3,000.00. Competition in this sector of activities is bringing prices down, the contract was awarded, and work is currently on-going. We have increased our building maintenance by \$1,000.00. We initiated a series of minor projects that will continue to improve our buildings, like the repairs to storage closets on A and B units, the

replacement of wood frames that were put in place on some patio to support the shutters, and finally some additional work in the Library.

We did have to increase the plumbing cost forecast (1,000.00), as we did major work for root infiltration in the sewage system at one building.

We finally got an approved engineering drawing for the entrance fountain. For the fountain we have increased our forecasted cost to \$5,000.00 and do hope to be in a position to have at least the foundation for this project completed in October, and then we will benefit from the volunteers to complete the finishing touches.

CONCLUSION

In total your Association is performing in accordance with the budget and using any savings to continue to invest in a series of improvements that are quite visible and that our snowbirds will be in a position to appreciate upon their return. If we are successful in our actions on the accounts receivable we will be in a position to report further improvements as a result.

July 1st is coming very quickly and what may happen on that date is the 30-month- old project, the property on Miner Road adjacent to Waterside. Things look very positive and possible announcements on this subject may be made over the next two weeks.

Three Board members are on site and like other permanent residents; they can enjoy the mangos which are excellent and plentiful.

One concern is the current drought situation: Palm Beach County has restricted the use of sprinklers to one day a week, but the ruling has not been imposed south of Lake Worth so far. We are afraid that if there is no rain soon we will be faced with the same situation which will be a disaster for the maintenance of our lawns and bushes. Let's hope that some of the rain that affects the New England states and Eastern Canada will move this way.

Thanks for reading,

André Mongrain, President

Gaétan Cardinal. Treasurer

WATERSIDE FINANCIAL RESULT
AS OF MAY 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	390	0	0	0	0
100 ASSESSMENTS **	780,430	780,430	1,337,880	1,337,880	0
102 LATE FEE INCOME	2,725	2,917	5,750	5,000	750
103 INTEREST INCOME	341	292	600	500	100
104 ESTOPPEL FEE	1,650	1,750	2,100	3,000	-900
106 ACCESS/GATE CARDS	60	292	150	500	-350
107 TRANSFER/SCREENING FEE	22,399	18,666	32,000	32,000	0
108 MISCELLANEOUS INCOME	593	2,041	1,500	3,500	-2000
TOTAL REVENUE	808,588	806,388	1,379,980	1,382,380	-2400

EXPENSES
UTILITIES

200 ELECTRIC	24,844	27,417	45,500	47,000	-1,500
201 WATER & SEWER	131,732	131,250	215,000	225,000	-10,000
202 GARBAGE & RECYCLING	17,759	21,000	36,000	36,000	0
203 PROPANE GAS	55	292	400	500	-100
204 CABLE T.V.	41,137	40,833	66,000	70,000	-4,000
205 TELEPHONE	4,828	4,491	7,700	7,700	0
205.1 WIFI	939	1,167	2,000	2,000	0
	221,294	226,450	372,600	388,200	-15,600

<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	62,080	67,987	112,550	116,550	-4,000
	301 PAYROLL-MAINTENANCE	39,480	40,250	70,000	69,000	1,000
	302 PAYROLL TAXES	9,896	11,083	16,500	19,000	-2,500
	302.1 EMPLOYEE BENEFITS	8,279	8,750	16,000	15,000	1,000
	304 SECURITY GUARDS	31,744	31,208	54,000	53,500	500
	305 ACCOUNTING	14,294	14,583	24,500	25,000	-500
	305.1 BANK FEES	386	350	650	600	50
	305.2 BAD DEBT	27,849	18,667	28,000	32,000	-4,000
	305.3 COLLECTION COST	8,380	4,083	9,000	7,000	2,000
	306 AUDITING	4,400	2,625	4,500	4,500	0
	307 LEGAL	-605	4,667	5,000	8,000	-3,000
	308 PROPERTY TAX	2,274	1,342	2,274	2,300	-26
	309 INCOME TAX	0	292	0	500	-500
	310 INSURANCE	100,900	115,500	179,025	198,000	-18,975
	311 OFFICE SUPPLIES	2,069	2,042	3,000	3,500	-500
	312 POSTAGE & SHIPPING	1,064	1,167	1,800	2,000	-200
	313 LICENSES	2,314	1,458	2,500	2,500	0
	314 TRAVEL & MILEAGE	231	467	600	800	-200
	315 MEETINGS & EDUCATION	300	146	300	250	50
	316 SCREENING	7,242	5,542	9,800	9,500	300
	317 ALARM SYSTEM	79	408	500	700	-200
	318 COMPUTER REPAIR/SERVICE	0	1,167	2,000	2,000	0
	319 COPIER	1,968	2,333	4,000	4,000	0
	320 MISCELLANEOUS ADMIN.EXP.	5,790	2,917	6,500	5,000	1,500
	320.1 WEBSITE IMPROVEMENT	0	1,166	2,000	2,000	0
		330,414	340,200	554,999	583,200	-28,201

<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	875	437	1,000	750	250
401 SPRINKLERS	1,455	4,375	5,000	7,500	-2,500
402 PEST CONTROL	5,370	12,250	12,000	21,000	-9,000
402.6 MISC. MAINT.EXP.	384	1,167	1,500	2,000	-500
403 LANDSCAPING	66,391	67,667	116,000	116,000	0
403.1 FERTILIZATION-WEED CONT.	3,657	4,667	8,000	8,000	0
404 TREE TRIMING	14,180	9,917	17,900	17,000	900
404.1 NEW TREES & BUSHES	11,815	12,833	14,500	22,000	-7,500
405 BUILDING MAINTENANCE	13,019	14,000	23,000	24,000	-1,000
406 GROUNDS MAINTENANCE	19,154	10,500	31,000	18,000	13,000
407 SECURITY GATE EXPENSE	5,540	2,917	8,000	5,000	3,000
408 CAMERA & VIDEO EXP.	14,299	5,833	14,500	10,000	4,500
409 PLUMBING EXP.	2,655	875	4,000	1,500	2,500
410 ELECTRICAL EXP.	3,032	2,333	4,000	4,000	0
411 POOL SUPPLIES & REPAIR	5,821	5,833	7,500	10,000	-2,500
412 STREET MAINTENANCE	0	1,750	9,000	3,000	6,000
413 UNIFORMS	0	146	250	250	0
414 GOLF CARTS	6,627	4,667	8,000	8,000	0
415 LOCKSMITH	7	292	300	500	-200
416 FIRE SAFETY	3,088	2,917	5,500	5,000	500
417 JANITORIAL SUPPLIES	1,328	1,167	2,000	2,000	0
418 AWNINGS REPAIRS	19,360	14,583	21,000	25,000	-4,000
420 PAINTING PROGRAM	1	30,917	53,000	53,000	0
421 STREET LIGHT	0	583	1,000	1,000	0
425 POOL CHAIRS/TABLES	0	875	1,500	1,500	0
426 ENTRANCE SIGNS/FOUNTAIN	3,095	1,166	5,000	2,000	3,000
429 BENCHES REPLACEMENT	5,612	2,041	5,612	7,500	-1,888
432 MAIN OFFICE/GUARD HOUSE	4,096	4,375	4,500	7,000	-2,500
433 LIBRARY	8,849	4,083	8,849	3,500	5,349
PERGOLA	3,515	0	8,000	0	8,000
GAZEBO	10,101	0	20,500	0	20,500
	233,326	225,166	421,911	386,000	35,911

<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	1,392	14,572	24,980	24,980	0
476 INTEREST EXPENSE	0	0	0	0	0
	1,392	14,572	24,980	24,980	0
GRAND TOTAL EXPENSES	786,426	806,388	1,374,490	1,382,380	-7,890
REVENU OVER EXPENSES	22,162	0	5,490	0	5,490

<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	14,583	14,583	25,000	25,000	0
2515 PAINTING	1,400	1,400	2,400	2,400	0
2530 ASPHALT	8,750	8,750	15,000	15,000	0
2542 POOLS	5,833	5,833	10,000	10,000	0
2543 AWNINGS	5,833	5,833	10,000	10,000	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	3,419	2,917	6,000	5,000	1,000
	57,318	56,816	98,400	97,400	1,000

Gaetan Cardinal, Treasurer

Andre Mongrain, President

Friday June 10, 2011