

COMMENTS ON FINANCIAL RESULTS AS OF END OF JUNE 2011 (8TH MONTH)

We have completed 2/3 of our 2010/2011 financial exercise. Limited changes were made to our previously produced forecast, but there are still indications of an improvement of the expected results compared to last month. We will not assign the surplus to invest in improvements yet.

Fourteen units have been sold so far, and we now forecast that we will reach 16 units sold this year. We are negatively impacted by the whole market surrounding Waterside. According to two articles from different sources, one indicates that prices are still coming down all over the United States, and from forecasts, this trend may continue until mid 2012. The second one makes reference to the existing home sales drop in June, and that the cancellations of previously signed contracts are up. This means that a short term improvement in the economy is doubtful and that potential buyers are very cautious about making a purchase.

Waterside is not immune from these situations, and from different sources there are still more properties that will be foreclosed in the months ahead. For the second time in its history, the Association has initiated a foreclosure process against one of its owners. It is important for the owners to respond to any demand for payment of dues, because if you wait for that stage of the process you can add about 40% to your dues just to cover the legal cost of a collection procedure. We now have 5 units in foreclosure, which is just over 1% of our total number of units.

1) UTILITIES EXPENSES

We did modify the electricity forecast downward, and no other change to our forecast was made under this heading.

2) ADMINISTRATIVE COST

In total minor changes to our forecast, we have increased our collection costs, but on the other hand, reduced the legal costs. If it is costly for the owners that are under a collection procedure it is also very costly for our good paying owners.

Remember that any saving achieved under the Administration is invested back into the maintenance and improvement of the site. Please refer to the Summer Project update that was published last week. We also posted a series of photos on our web site.

3) MAINTENANCE COST

There are limited changes from the previous month's forecast. Most of the contractor work is completed with the exception of the painting program; we are currently initiating the bidding process and evaluating the situation with our awnings.

We did have to increase the plumbing cost forecast, as we did major work for root infiltration in the sewage system at one building and expect one more that will need to be done.

We have completed the installation of one pergola and three gazebos. We still have to complete the surrounding areas of those new ones. Bushes and flowers should be completed by the end of October, and our forecast is covered for these expenses.

4) MINER ROAD SOUTH PROPERTY

As previously mentioned the property is ours. We did experience some difficulty with the demolition permit because we were faced with an asbestos situation that needed to be resolved before the demolition can start. The asbestos should be removed by July 25, all in accordance with the applicable regulations on this subject and we will obtain a certificate of conformity; then we can proceed with the demolition which will take place during the week of July 25, 2011.

Your Board is currently discussing with our Auditor the applicable accounting rule for the expenses related to the land purchase: we can either process this as an expense or capitalize the cost to the land cost. As land is a non-depreciable element, then it is a good value to show on our balance sheet. We will let you know the conclusion of our discussion with our Auditor in the next month's report.

5) RESERVE ACCOUNTS

The reserves are fully funded. A new CD of \$50,000.00 was initiated with Iberia Bank, which is the same type as the first one we did with this banking organization. So far the possible return on either the first one or the current one looks extremely good in a range of 6 to 9%. The first interest payment is due to the Association on July 26, 2011. Following the payment of the land purchase (\$50,133.00) the reserve was reduced by this amount. We are left with a reserve cash balance of \$427,250.44 and the reserve value of the same amount. The main reserve value is dedicated to roof replacement (\$161,532.21), street replacement (\$81,004.74) and the working capital (\$71,666.60). We will continue to build up the reserve value in accordance with budget.

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.

The Town of Hypoluxo is making a change in its inspection service. Inspections were performed by the Town of Wellington, but now inspections will be serviced by Boynton Beach if the motion is approved by the council this Wednesday. This has a limited impact on Waterside, besides the establishment of a relationship with the new inspector.

Thanks for reading,

André Mongrain, President

Gaétan Cardinal. Treasurer

WATERSIDE FINANCIAL RESULT
AS OF JUNE 30, 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 | 365 | 0 | 0 | 0 | 0 |
| 100 ASSESSMENTS ** | 891,920 | 891,920 | 1,337,880 | 1,337,880 | 0 |
| 102 LATE FEE INCOME | 2,925 | 3,333 | 5,450 | 5,000 | 450 |
| 103 INTEREST INCOME | 341 | 333 | 600 | 500 | 100 |
| 104 ESTOPPEL FEE | 2,100 | 2,000 | 2,400 | 3,000 | -600 |
| 106 ACCESS/GATE CARDS | 60 | 333 | 150 | 500 | -350 |
| 107 TRANSFER/SCREENING FEE | 24,399 | 21,334 | 32,000 | 32,000 | 0 |
| 108 MISCELLANEOUS INCOME | 1,071 | 2,334 | 1,500 | 3,500 | -2000 |
| TOTAL REVENUE | 923,181 | 921,587 | 1,379,980 | 1,382,380 | -2400 |

EXPENSES
UTILITIES

| | | | | | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| 200 ELECTRIC | 28,457 | 31,333 | 45,000 | 47,000 | -2,000 |
| 201 WATER & SEWER | 148,581 | 150,000 | 215,000 | 225,000 | -10,000 |
| 202 GARBAGE & RECYCLING | 22,958 | 24,000 | 36,000 | 36,000 | 0 |
| 203 PROPANE GAS | 64 | 333 | 400 | 500 | -100 |
| 204 CABLE T.V. | 46,070 | 46,667 | 66,000 | 70,000 | -4,000 |
| 205 TELEPHONE | 5,389 | 5,134 | 7,700 | 7,700 | 0 |
| 205.1 WIFI | 1,208 | 1,333 | 2,000 | 2,000 | 0 |
| | 252,727 | 258,800 | 372,100 | 388,200 | -16,100 |

| <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 | 72,642 | 77,700 | 112,550 | 116,550 | -4,000 |
| | 301 PAYROLL-MAINTENANCE | 46,250 | 46,000 | 70,000 | 69,000 | 1,000 |
| | 302 PAYROLL TAXES | 11,222 | 12,667 | 16,500 | 19,000 | -2,500 |
| | 302.1 EMPLOYEE BENEFITS | 9,758 | 10,000 | 16,000 | 15,000 | 1,000 |
| | 304 SECURITY GUARDS | 35,688 | 35,667 | 54,000 | 53,500 | 500 |
| | 305 ACCOUNTING | 16,312 | 16,667 | 24,500 | 25,000 | -500 |
| | 305.1 BANK FEES | 509 | 400 | 650 | 600 | 50 |
| | 305.2 BAD DEBT | 27,714 | 21,333 | 28,000 | 32,000 | -4,000 |
| | 305.3 COLLECTION COST | 8,583 | 4,667 | 9,500 | 7,000 | 2,500 |
| | 306 AUDITING | 4,400 | 3,000 | 4,500 | 4,500 | 0 |
| | 307 LEGAL | 1,763 | 5,333 | 4,500 | 8,000 | -3,500 |
| | 308 PROPERTY TAX | 2,274 | 1,533 | 2,274 | 2,300 | -26 |
| | 309 INCOME TAX | 0 | 333 | 0 | 500 | -500 |
| | 310 INSURANCE | 116,525 | 132,000 | 179,025 | 198,000 | -18,975 |
| | 311 OFFICE SUPPLIES | 2,375 | 2,333 | 3,000 | 3,500 | -500 |
| | 312 POSTAGE & SHIPPING | 1,492 | 1,333 | 1,800 | 2,000 | -200 |
| | 313 LICENSES | 2,314 | 1,667 | 2,500 | 2,500 | 0 |
| | 314 TRAVEL & MILEAGE | 354 | 533 | 600 | 800 | -200 |
| | 315 MEETINGS & EDUCATION | 300 | 167 | 300 | 250 | 50 |
| | 316 SCREENING | 7,613 | 6,333 | 9,800 | 9,500 | 300 |
| | 317 ALARM SYSTEM | 79 | 467 | 500 | 700 | -200 |
| | 318 COMPUTER REPAIR/SERVICE | 0 | 1,333 | 2,000 | 2,000 | 0 |
| | 319 COPIER | 2,325 | 2,667 | 4,000 | 4,000 | 0 |
| | 320 MISCELLANEOUS ADMIN.EXP. | 6,015 | 3,333 | 7,000 | 5,000 | 2,000 |
| | 320.1 WEBSITE IMPROVEMENT | 0 | 1,334 | 2,000 | 2,000 | 0 |
| | | 376,507 | 388,800 | 555,499 | 583,200 | -27,701 |

| <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> |
|--------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
| <u>MAINTENANCE</u> | | | | | |
| 400 GASOLINE | 875 | 500 | 1,000 | 750 | 250 |
| 401 SPRINKLERS | 2,327 | 5,000 | 4,500 | 7,500 | -3,000 |
| 402 PEST CONTROL | 7,915 | 14,000 | 12,000 | 21,000 | -9,000 |
| 402.6 MISC. MAINT.EXP. | 384 | 1,333 | 1,500 | 2,000 | -500 |
| 403 LANDSCAPING | 75,876 | 77,333 | 116,000 | 116,000 | 0 |
| 403.1 FERTILIZATION-WEED CONT. | 3,657 | 5,333 | 8,000 | 8,000 | 0 |
| 404 TREE TRIMING | 17,025 | 11,333 | 17,900 | 17,000 | 900 |
| 404.1 NEW TREES & BUSHES | 11,815 | 14,667 | 14,500 | 22,000 | -7,500 |
| 405 BUILDING MAINTENANCE | 14,202 | 16,000 | 23,000 | 24,000 | -1,000 |
| 406 GROUNDS MAINTENANCE | 19,492 | 12,000 | 31,000 | 18,000 | 13,000 |
| 407 SECURITY GATE EXPENSE | 5,669 | 3,333 | 8,000 | 5,000 | 3,000 |
| 408 CAMERA & VIDEO EXP. | 14,299 | 6,667 | 15,000 | 10,000 | 5,000 |
| 409 PLUMBING EXP. | 3,625 | 1,000 | 4,500 | 1,500 | 3,000 |
| 410 ELECTRICAL EXP. | 3,241 | 2,665 | 4,000 | 4,000 | 0 |
| 411 POOL SUPPLIES & REPAIR | 6,855 | 6,667 | 8,000 | 10,000 | -2,000 |
| 412 STREET MAINTENANCE | 0 | 2,000 | 9,000 | 3,000 | 6,000 |
| 413 UNIFORMS | 0 | 167 | 250 | 250 | 0 |
| 414 GOLF CARTS | 6,627 | 5,333 | 8,000 | 8,000 | 0 |
| 415 LOCKSMITH | 7 | 333 | 300 | 500 | -200 |
| 416 FIRE SAFETY | 3,088 | 3,333 | 5,500 | 5,000 | 500 |
| 417 JANITORIAL SUPPLIES | 1,824 | 1,334 | 2,000 | 2,000 | 0 |
| 418 AWNINGS REPAIRS | 19,360 | 16,667 | 21,000 | 25,000 | -4,000 |
| 420 PAINTING PROGRAM | 1 | 35,334 | 53,000 | 53,000 | 0 |
| 421 STREET LIGHT | 0 | 667 | 1,000 | 1,000 | 0 |
| 425 POOL CHAIRS/TABLES | 0 | 1,000 | 1,500 | 1,500 | 0 |
| 426 ENTRANCE SIGNS/FOUNTAIN | 3,095 | 1,333 | 5,000 | 2,000 | 3,000 |
| 429 BENCHES REPLACEMENT | 5,612 | 2,334 | 5,612 | 7,500 | -1,888 |
| 432 MAIN OFFICE/GUARD HOUSE | 4,096 | 5,000 | 4,500 | 7,000 | -2,500 |
| 433 LIBRARY | 8,849 | 4,667 | 8,849 | 3,500 | 5,349 |
| PERGOLA | 7,029 | 0 | 7,029 | 0 | 7,029 |
| GAZEBO | 20,202 | 0 | 20,500 | 0 | 20,500 |
| | 267,047 | 257,333 | 421,940 | 386,000 | 35,940 |

| <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 | 1,443 | 16,654 | 24,980 | 24,980 | 0 |
| 476 INTEREST EXPENSE | 0 | 0 | 0 | 0 | 0 |
| | 1,443 | 16,654 | 24,980 | 24,980 | 0 |
| GRAND TOTAL EXPENSES | 897,724 | 921,587 | 1,374,519 | 1,382,380 | -7,861 |
| REVENU OVER EXPENSES | 25,457 | 0 | 5,461 | 0 | 5,461 |

| <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 | 16,667 | 16,667 | 25,000 | 25,000 | 0 |
| 2515 PAINTING | 1,600 | 1,600 | 2,400 | 2,400 | 0 |
| 2530 ASPHALT | 10,000 | 10,000 | 15,000 | 15,000 | 0 |
| 2542 POOLS | 6,667 | 6,667 | 10,000 | 10,000 | 0 |
| 2543 AWNINGS | 6,667 | 6,667 | 10,000 | 10,000 | 0 |
| 2546 SPRINKLERS | 3,333 | 3,333 | 5,000 | 5,000 | 0 |
| 2545 WORKING CAPITAL | 16,667 | 16,667 | 25,000 | 25,000 | 0 |
| 2544 INTEREST REV. RESERVE | 3,903 | 3,333 | 6,000 | 5,000 | 1,000 |
| | 65,504 | 64,934 | 98,400 | 97,400 | 1,000 |

Gaetan Cardinal, Treasurer

Andre Mongrain, President