

COMMENTS ON FINANCIAL RESULTS AND FORECAST FOR THE FULL YEAR 2008

JUNE 30, 2008

Owners, please find attached the financial results as of June 30, 2008 or eight months into the current fiscal year. As usual this statement includes the cumulative results compared to the budget after 8 months and a series of forecasts for the total year compared to the budget for the year. It also shows the previous two months forecasts for reference in order to see the evolution over three forecasts.

These forecasts are produced on a monthly basis in order to determine our total year expectation. As you can see these forecasts do change from month to month. As soon as we have a change in the trend, a decision to allocate funds to a different type of expense due to a management decision or an emergency, the forecast is updated.

1) BALANCE SHEET

The balance is cleaner than it was at the beginning of the year, non-necessary bank accounts have been closed, there are two (2) remaining accounts to close, one at Banco Popular (Deposit in Escrow) and one at Desjardins Bank (transit account for the loan). We plan to close these two in August.

If you review the revenue side of the financial result, you can see that we are now generating more interest revenue, as we have converted a regular account (the reserve account) into a money market account.

The remaining difficulty with the balance sheet is the working capital situation. Back in the early days of Waterside, the original owner contributed a total of \$78,040.00, under a special assessment at the time. These funds were used in 2005, 2006 and 2007. We need to recreate this working capital balance in order to minimize our borrowing need. This situation will be discussed with the new budget preparation and a recommendation will be put on the table.

We have used some funds out of the sprinkler reserves (\$9,037.00) for major repairs on our system. Some costs will need to be transferred to the sprinkler reserve in July. The completion of the work will lead to an expense of approximately \$17,000.00 to \$20,000.00. We have to remember that under the current year budget an amount of \$30,000.00 was earmarked for the sprinklers. The current ongoing work will lead to the elimination of a third well requirement. Please read the next newsletter for more on this subject.

We will also use our reserve accounts for some painting and asphalt repairs over the next couple of months. On the painting task, the contractor that did the work in 2005 will do some repainting under warranty. In addition, five or six buildings will be painted; we are currently in the bidding process.

Please see the separate report on the accounts receivable for an explanation on a major component of our balance sheet.

We will need to transfer about \$5,000.00 to the reserve account from the operating account. This is the result of more collection coming in from the \$675.00 special assessment.

2) REVENUE

Some improvements took place over the previous forecast, mainly the screening fee and the interest income. We lost some ground on the miscellaneous income due to the improvement under the receivables. In total we are still very close to the budget with a limited negative variance of \$1,195.00. It is difficult to estimate the screening revenue because the peak that we normally experience in July was not as high as in the previous years. The level of short-term new occupants may be reduced due to high gas prices affecting travel.

3) EXPENSES

3.1) TREND REVISED DOWNWARD

We revised downward the trend on Water and Sewer from \$151,000 to \$146,500. We have to remember that we pay for water on consumption, and it appears that the summer occupancy is down from previous years.

We have also reduced the trend on propane gas from \$39,000. to \$36,000. We will continue to monitor closely this cost item. Daniel, our Manager, will obtain an estimate for a different approach in time for the next budget.

The sum of payroll elements cost went down by close to \$3,000.00 and we do not expect any change under those headings before the year end.

As we are getting close to the year-end, the need for a contingency forecast is less required. As we assign expenses to a specific budget, we forecasted for the first time a reserve for bad debt, so we have reduced the contingency amount from \$5,000 to \$1,000

The interest cost was also reduced by \$2,000 to reflect the current trend as debts are reduced faster than the original budget and the interest rate is also lower than budgeted.

3.2) TREND REVISED UPWARD

We have increased our forecast for bad debt to \$17,000.00. This is a first for Waterside to forecast loss on regular or special assessment. The various types of assessments (except the shutters) are recorded as revenue on a monthly basis and gives the impression that these funds are available for funding of expenses, which is not the case, unless we collect those amounts. Your Board, in order to be prudent, has decided to create a reserve. The reserve is updated on a monthly basis depending on the evolution of our receivable.

The pest control cost was also increased from \$19,000 to \$20,000 in order to cover special situations, like the tenting of building 25 that cost over \$2,500.00.

We also increased the pool supply and maintenance by \$1,000 to bring the total expected cost for the year to \$10,000.

On fire safety we increased the forecast from \$3,000.00 to the actual cost of \$5,301.00. This payment covers the one-time per fiscal-year inspection, filling and/or repair of our exterior extinguishers.

The main increase is with our postal station. It went from \$25,000.00 to \$35,000.00 and we are now receiving formal bid proposals. As we are in a bidding process, I hope that you understand that we cannot be more precise on this subject. We suggest that you follow the evolution of this file on our web site which we will publish with more information in due time.

4) TOTAL RESULT

We are still maintaining a positive result for the year of over \$10,000.00. We have to remember that the ultimate objective of the Association is to be on a break-even position for cash required elements.

If you have any questions on this report, please ask them on our official website, www.watersidevillage.com, under the heading "Ask the President" and we will be pleased to answer all of them.

On behalf of the Board of Directors,

Andre Mongrain, President.

WATERSIDE FINANCIAL RESULT
FORECAST FOR THE YEAR
AS OF JUNE-30-2008

<u>DESCRIPTION</u>	<u>YTD 07/08</u>	<u>YTD 07/08</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>MONTHLY</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>BUDGET</u>	<u>VAR.</u>	<u>COST</u>
<u>REVENUE</u>								
NSF FEE	305	0	305	305	305	0	305	
100 ASSESSMENTS **	836,409	837,334	1,256,300	1,255,000	1,255,000	1,256,000	-1,000	275
102 LATE FEE INCOME	1,880	2,000	3,000	2,000	2,000	3,000	-1,000	
103 INTEREST INCOME	1,619	1,333	1,000	1,500	3,200	2,000	1,200	
104 ESTOPPEL FEE	5,500	2,000	5,100	6,000	6,000	3,000	3,000	
105 REGISTRATION & PARKING	5,500	13,333	5,500	5,500	5,500	20,000	-14,500	
106 ACCESS/GATE CARDS	420	667	900	800	700	1,000	-300	
107 TRANSFER/SCREENING FEE	15,450	6,333	16,000	17,000	19,000	9,500	9,500	
108 MISCELLANEOUS INCOME	2,234	667	3,500	3,500	2,600	1,000	1,600	
BEGIN DIFF. & MISPOSTING	0	0	0	0	0	0	0	
TOTAL REVENUE	869,317	863,667	1,291,605	1,291,605	1,294,305	1,295,500	-1,195	282.73
<u>EXPENSES</u>								
<u>UTILITIES</u>								
200 ELECTRIC	30,808	26,667	45,000	46,000	46,000	40,000	6,000	9.12
201 WATER & SEWER	102,813	100,000	151,000	151,000	146,500	150,000	-3,500	30.41
202 GARBAGE & RECYCLING	17,946	17,333	26,000	26,000	26,000	26,000	0	5.27
203 PROPANE GAS	30,340	23,333	38,000	39,000	36,000	35,000	1,000	7.09
204 CABLE T.V.	41,829	43,333	59,000	59,000	59,500	65,000	-5,500	12.17
205 TELEPHONE	6,596	6,667	8,500	8,500	9,000	10,000	-1,000	1.82
	230,332	217,333	327,500	329,500	323,000	326,000	-3,000	65.89

<u>DESCRIPTION</u>	<u>YTD 07/08</u>	<u>YTD 07/08</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>MONTHLY</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>BUDGET</u>	<u>VAR.</u>	<u>COST</u>
<u>ADMINISTRATIVE</u>								
300 PAYROLL-ADMINISTRATIVE	89,692	76,667	127,000	127,000	125,000	115,000	10,000	25.14
301 PAYROLL-MAINTENANCE	49,631	65,333	71,000	71,000	70,000	98,000	-28,000	15.58
302 PAYROLL TAXES	12,935	14,000	21,000	21,000	19,000	21,000	-2,000	4.26
302.1 EMPLOYEE BENEFITS	11,304	12,800	13,000	13,000	14,900	19,200	-4,300	3.65
303 PAYROLL SERVICE FEES	2,418	2,600	3,700	3,700	3,600	3,900	-300	0.77
304 SECURITY GUARDS	32,526	35,000	49,500	49,500	49,500	52,500	-3,000	10.24
305 ACCOUNTING	16,601	17,333	26,000	26,000	25,500	26,000	-500	5.27
305.1 BANK FEES	349	2,000	1,500	1,500	1,000	3,000	-2,000	0.30
305.2 BAD DEBT	0	0	15,000	16,000	17,000	0	17,000	2.83
306 AUDITING	4,200	2,833	4,200	4,200	4,200	4,250	-50	0.85
307 LEGAL	21,190	6,667	26,000	26,000	26,000	10,000	16,000	4.87
308 PROPERTY TAX	2,295	1,667	2,300	2,300	2,300	2,500	-200	0.47
309 INCOME TAX	361	0	500	400	400	0	400	0.11
310 INSURANCE	189,991	192,400	284,000	284,000	284,000	288,600	-4,600	58.53
311 OFFICE SUPPLIES	4,408	5,667	7,000	7,000	6,800	8,500	-1,700	1.56
312 POSTAGE & SHIPPING	2,639	2,333	3,750	3,750	3,750	3,500	250	0.71
313 LICENSES	2,484	1,333	2,000	2,500	2,500	2,000	500	0.40
314 TRAVEL & MILEAGE	298	333	250	250	350	500	-150	0.08
315 MEETINGS & EDUCATION	275	667	500	500	500	1,000	-500	0.10
316 SCREENING	4,476	1,000	4,500	5,000	5,500	1,500	4,000	0.81
317 ALARM SYSTEM	159	333	500	500	500	500	0	0.10
318 COMPUTER REPAIR/SERVICE	1,434	1,600	2,900	2,700	2,400	2,400	0	0.60
319 COPIER	3,147	5,000	5,000	5,000	4,500	7,500	-3,000	1.21
320 MISCELLANEOUS ADMIN.EXP.	3,178	1,867	3,000	3,500	3,500	2,800	700	0.48
HURRICANE EXPENSE	0	0	0	0	0	0	0	0
	455,991	449,433	674,100	676,300	672,700	674,150	-1,450	138.91

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	<u>ACTUAL</u>	<u>BUDGET</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>BUDGET</u>	<u>VAR.</u>	<u>COST</u>
<u>MAINTENANCE</u>								
400 GASOLINE	626	1,333	1,000	1,000	1,000	2,000	-1,000	0.24
401 SPRINKLERS	9,120	4,000	9,000	10,000	10,000	6,000	4,000	1.42
402 PEST CONTROL	15,321	13,333	20,000	19,000	20,000	20,000	0	4.05
402.6 MISC. MAINT.EXP.	150	1,333	750	750	500	2,000	-1,500	0.20
403 LANDSCAPING	83,099	86,667	127,000	127,000	127,000	130,000	-3,000	26.35
404 TREE TRIMING	10,991	3,333	11,000	10,991	10,991	5,000	5,991	1.01
404.1 NEW TREES & BUSHES	430	6,667	1,000	1,000	1,000	10,000	-9,000	0.61
405 BUILDING MAINTENANCE	8,816	8,333	15,000	15,000	15,000	12,500	2,500	2.43
406 GROUNDS MAINTENANCE	1,477	2,000	3,000	3,000	5,000	3,000	2,000	0.60
407 SECURITY GATE EXPENSE	7,895	4,000	8,500	9,500	10,000	6,000	4,000	1.22
408 CAMERA & VIDEO EXP.	1,682	2,000	2,000	2,000	2,000	3,000	-1,000	0.40
409 PLUMBING EXP.	440	667	1,000	1,000	1,000	1,000	0	0.10
410 ELECTRICAL EXP.	3,385	3,333	6,000	6,000	6,000	5,000	1,000	1.22
411 POOL SUPPLIES & REPAIR	9,025	3,333	8,000	9,000	10,000	5,000	5,000	1.22
412 STREET MAINTENANCE	114	667	1,000	1,000	1,000	1,000	0	0.20
413 UNIFORMS	0	333	250	250	250	500	-250	0.05
414 GOLF CARTS	1,885	667	1,800	1,800	2,000	1,000	1,000	0.31
415 LOCKSMITH	106	667	400	400	400	1,000	-600	0.10
416 FIRE SAFETY	5,301	3,333	3,000	3,000	5,301	5,000	301	0.61
417 JANITORIAL SUPPLIES	1,744	667	2,000	2,000	2,400	1,000	1,400	0.31
POSTAL STATION	1,695	23,667	25,000	25,000	35,000	35,500	-500	3.04
	163,302	170,333	246,700	248,691	265,842	255,500	10,342	45.71
450 CONTINGENCY	896	12,567	10,000	5,000	1,000	18,850	-17,850	3.82
476 INTEREST EXPENSE	14,871	14,000	21,000	22,000	20,000	21,000	-1,000	4.46
	15,768	26,567	31,000	27,000	21,000	39,850	-18,850	8.28
<u>GRAND TOTAL EXPENSES</u>	865,393	863,667	1,279,300	1,281,491	1,282,542	1,295,500	-12,958	
<u>NET INCOME (LOSS)</u>	3,924	0	12,305	10,114	11,763	0	11,763	

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	<u>ACTUAL</u>	<u>BUDGET</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>Y 07/08</u>	<u>BUDGET</u>	<u>VAR.</u>	<u>COST</u>
<u>RESERVES</u>								
ROOFS	16,667	16,667	25,000	25,000	25,000	25,000	0	5.07
PAINTING	3,333	3,333	5,000	5,000	5,000	5,000	0	1.01
ASPHALT	4,667	4,667	7,000	7,000	7,000	7,000	0	1.42
POOLS	18,667	18,667	28,000	28,000	28,000	28,000	0	5.68
AWNINGS	3,333	3,333	5,000	5,000	5,000	5,000	0	1.01
SPRINKLERS	20,000	20,000	30,000	30,000	30,000	30,000	0	6.08
							0	
	66,667	66,667	100,000	100,000	100,000	100,000	0	20.27

2007/2008 SPEC.ASSESSMENT

277,425

<u>DEBT REIMBURSEMENT</u>	205,500	205,500	205,500	205,500	205,500	205,500	0
<u>FUNDING OF RESERVE</u>	60,925	71,925	60,925	60,925	60,925	71,925	-11,000

Prepare

20-Jul-08

** Excluding contribution to the reserve account.

COMMENTS ON THE OWNERS RECEIVABLE AS OF THE END OF JUNE 2008

WE LOST SOME GROUND IN JUNE; THERE WAS NO PAYMENT RECEIVED FROM EITHER THE LAW FIRM INVOLVED WITH THE LEGAL CASES ON PAST DUE ACCOUNTS AND ONLY ONE OUT OF THE FOUR OWNERS HAS MADE A PAYMENT. WE DID RECEIVE MONEY FROM ONE OF THE OWNERS IN FORECLOSURE STATUS.

WE WANT TO THANK THOSE OWNERS WHO ARE EITHER IN A LEGAL OR FORECLOSURE STATUS WHO CONTINUE TO MAKE THEIR PAYMENTS. THIS IS GREATLY APPRECIATED. WE INVITE OTHER OWNERS UNDER THE SAME CIRCUMSTANCES TO MAKE ANY LEVEL OF PAYMENT. PENALYZING A MORTGAGE INSTITUTION IS ONE THING, BUT HURTING AN ASSOCIATION THAT WILL NOT RECEIVE ANY TAX BREAK OR GOVERNMENT INTERVENTION IS SOMETHING ELSE.

ON THE FORECLOSURE FRONT, WE HAVE HEARD FROM A COUPLE OF OWNERS THAT THEY PLAN TO LET THEIR UNIT GO TO FORECLOSURE, AND THOSE OWNERS ARE EITHER CURRENT OR ONE MONTH LATE IN THEIR PAYMENT. DUE TO THIS SITUATION WE WILL HAVE TO TAKE THE APPROPRIATE LEGAL ACTION, AS WE CANNOT ACCEPT NON-PAYMENT. WE HAVE TO REMEMBER THAT GOING TO LEGAL IS COSTLY FOR THE OWNER AS WELL AS THE ASSOCIATION.

WE ARE ALSO FACED WITH SOME OWNERS WHO ARE NORMALLY ON A PREPAID BASIS, AND IT APPEARS THAT THEY TEND TO FORGET ABOUT WATERSIDE DURING THE SUMMER MONTHS AND THEY SEND IN THEIR PAYMENT LATE. WE HAD THREE SUCH CASES IN JUNE AND WE WILL HAVE MORE IN JULY IF THEIR PAYMENTS DO NOT COME IN. STACEY AND DANIEL ARE ON THE PHONE DEALING WITH ALL OF THE ABOVE SITUATIONS, AND WE DO APPRECIATE THE COOPERATION OF ALL OWNERS.

ON THE LEGAL STATUS ACCOUNTS, WE ARE CONCERNED BY THE LACK OF ACTIVITY ON THEM AND WE MAY CONSIDER OTHER ALTERNATIVES. WE CANNOT PUBLISH ANY UNIT OWNERS' NAMES THAT ARE INVOLVED IN A LEGAL PROCESS. PLEASE HELP US TO REDUCE OUR WORK LOAD BY SENDING IN YOUR PAYMENT, PREPAYMENT OR JOIN THE AUTOMATIC PAYMENT PROCESS. WE NOW HAVE 146 UNIT OWNERS THAT USE THE AUTOMATIC PAYMENT SYSTEM AND IT IS WORKING FINE. THIS PROCESS REDUCES THE WORK LOAD FOR BARRY & CO AND THE OFFICE STAFF.

IF WE CANNOT COLLECT BEFORE YEAR END (OCTOBER 2008) THE AMOUNTS DUE, THEN WE STAND A CHANCE TO LOSE \$15,660.00 WHICH WILL PREVENT THE EXECUTION OF SOME PROJECTS THAT ARE REQUIRED AT WATERSIDE. THIS FIGURE IS THE RESULT OF AN ANALYSIS OF ALL ACCOUNTS WHERE A RECEIVABLE BALANCE EXISTS.

WE HOPE THAT WITH THE JULY RECEIVABLES TO BE ABLE TO SEND TO EACH OWNER WHO HAS A CREDIT BALANCE A DETAILED STATEMENT WHICH WILL BE A FIRST FOR WATERSIDE. AGAIN, THANKS TO ALL. FOR THE OWNERS WHO ARE LATE I AM SURE THAT THEY WILL MAKE A SPECIAL EFFORT TO CATCH UP.

ON BEHALF OF THE BOARD, ANDRE MONGRAIN, PRESIDENT

WATERSIDE ACCOUNTS RECEIVABLE BALANCE

TOTAL # OF OWNERS BROKEN DOWN BETWEEN LEGAL SITUATION AND REGULAR PAST DUE

AS OF JANUARY 31, 2008

<u>TYPE</u>	<u># OF OWNERS</u>	<u>\$600.00 assessment</u>	<u>\$675.00 assessment</u>	<u>late fee</u>	<u>regular assessment</u>	<u>shutter</u>	<u>total</u>	<u>RESERVE BAD DEBT</u>
LEGAL	7	3,000	4,725	1,795	21,288	2,250	33,058	
REGULAR	26	<u>600</u>	12,075	1,641	3,600	1,525	19,441	
	33	<u>3,600</u>	<u>16,800</u>	<u>3,436</u>	<u>24,888</u>	<u>3,775</u>	<u>52,499</u>	
	#	6	26					

AS OF FEBRUARY 29, 2008

LEGAL	6	3,000	4,050	1,605	21,123	1,980	31,758	
REGULAR	27	<u>0</u>	9,845	2,145	8,155	2,075	22,220	
	33	<u>3,000</u>	<u>13,895</u>	<u>3,750</u>	<u>29,278</u>	<u>4,055</u>	<u>53,978</u>	
	#	5	21					

AS OF MARCH 31, 2008

LEGAL	6	2,400	4,050	1,250	21,463	1,980	31,143	
REGULAR	23	<u>0</u>	6,745	2,235	8,950	1,860	19,790	
	29	<u>2,400</u>	<u>10,795</u>	<u>3,485</u>	<u>30,413</u>	<u>3,840</u>	<u>50,933</u>	
	#	4	16					

AS OF APRIL 30, 2008

LEGAL	4	2,400	2,700	1,005	15,940	1,350	23,395	9,920
4CLOSURE	2	0	1,350	415	3,500	1,090	6,355	3,055
REGULAR	14	<u>0</u>	3,425	1,020	3,350	1,340	9,135	0
	20	<u>2,400</u>	<u>7,475</u>	<u>2,440</u>	<u>22,790</u>	<u>3,780</u>	<u>38,885</u>	<u>12,975</u>
	#	4	11					

AS OF MAY 31, 2008

LEGAL	4	2,400	2,700	1,130	16,765	1,440	24,435	10,545
4CLOSURE	3	0	2,025	640	5,175	1,270	9,110	3,745
REGULAR	11	<u>0</u>	1,490	660	2,015	1,610	5,775	0
	18	<u>2,400</u>	<u>6,215</u>	<u>2,430</u>	<u>23,955</u>	<u>4,320</u>	<u>39,320</u>	<u>14,290</u>
	#	4	9					

AS OF JUNE 30, 2008

		<u>\$600.00 assessment</u>	<u>\$675.00 assessment</u>	<u>late fee</u>	<u>regular assessment</u>	<u>shutter</u>	<u>total</u>	<u>RESERVE BAD DEBT</u>
LEGAL	4	2,400	2,700	1,255	17,835	1,530	25,720	11,120
4CLOSURE	3	0	2,025	715	5,300	1,450	9,490	4,540
REGULAR	14	<u>0</u>	1,490	985	2,234	2,150	6,859	0
	21	<u>2,400</u>	<u>6,215</u>	<u>2,955</u>	<u>25,369</u>	<u>5,130</u>	<u>42,069</u>	<u>15,660</u>
	#	4	9					