

FINANCIAL COMMENTS REPORT AS OF JULY 31, 2023

Owners, we forecast, after 9 months of operation, a loss of \$12,413.00 and we are working to make sure that we minimize that forecast without negatively impacting the maintenance of our site and its reputation.

Sorry, more bad news on the insurance front, one more insurance company went bankrupt, and the State approved a rate increase for Citizens for early December 2023. The commercial, our side, will face a minimum increase of 9.2% and you, the owners, on personal insurance coverage will have to accept a minimum rate increase of 12%. On top Citizens may not agree to cover us and our owners unless the private sector is over 20% of the base price of Citizens. This means that the commercial sector can increase by 9.2% plus 20%, before being accepted by Citizens, this is the worst-case scenario. The re-insurance companies also announced rate increases of between 30 to 40% and the situation created by fire damage like in California and Hawaii and the hurricane damage on the west coast, Greece and others in Europe will not help either, we all pay our share for these events.

Unless there is substantial modification to existing laws in Florida, insurance costs will simply continue to go up. For our owners that are on fixed retirement income or close to it, it will be a financial nightmare to manage.

Since November 1st 2022, we have had 40 units sold or transferred within the family. Last year's total was 37 and the previous record of 39 was established in 1996/1997. This made 105 units sold in 33 months. There is demand for Waterside, the name has been respected since 1988. It is a lot of new owners. We need to make sure they feel welcome at Waterside. You should read the positive notes we get from new owners or long-standing owners; these comments are greatly appreciated by our staff and by your Board of Directors members.

So far no impact for Waterside from the hurricane season, a lot of activities in the Atlantic and in the Pacific, you can check the evolution of each Tropical storm on www.unkebe.com, on www.nhoa.com and on the APP Max Tracker that does provide a lot of details.

On the **REVENUE** side, compared to a previous forecast, we have an increase in revenue of \$2,125.00 due to the increase in account 104 "Transfer Fee", related to the number of units sold and account 107 "Screening Fee", related to the increase in number of guest/leases. We are considering a revision to our documents to make sure they match the Florida Statutes on this aspect, a separate memo will be issued on this subject shortly.

We are left with 14 owners who have not paid the special assessment of \$450.00 and 3 more have made partial payments. This does delay the reimbursement of the loan payable and the Association investment in short-term deposits from the reimbursement of the Working Capital Reserve used to pay the insurance premium. The current interest rate, for a 3-year term is just below 5% fully FDIC insured, we did one \$100,000.00 by getting back the maximum we were able to get out of existing CD and Annuity that were at a lower rate and investing over \$30,800

from our reserve bank account to reach \$100,000.00. We should be able to do one more \$100,000.00 during the first week of September. The next one will be in November and one more in December. It does require a lot of time to manage and review the marketplace. Many banks are under scrutiny from the authorities, currently there is over 20 of them, we have no risk as we are all covered by FDIC. Next year we have \$800,000.00 that will come to maturity, plus new investments provided by our contribution to fund our reserve. We hope to invest all of them at a higher interest rate than the current rate.

In the Utility section, the total increase over the previous forecast is \$5,800.00, mainly due to an increase in electricity (#200) by \$3,000.00 and in water and sewage (#201) by \$4,000.00. To our residents, please remember that water consumption and the resulting sewage of the water is costly in the City of Boynton Beach and in all of Palm Beach County. The number of residents present at Waterside during the summer months was greater than previous years' experience, this is also a contributing factor.

Following the insurance situation, the website design, lately the ACH fee debate, the special assessment receivable and now the insurance claim for the water damage sustained on December 24, 2022, all of these required a high level of attention and time, only now can we devote time to the INTERNET project. Director Michael Shane joined President Andre Mongrain and Stacey for a series of presentations from 3 different suppliers. Michael visited different sites that use their service, at least one of their customers. Michael and Stacey conducted a site visit from each of the possible interested providers to Waterside and President Andre Mongrain joined them via Facetime. The objective is to obtain explanations on how they intend to run their fiber to each building and to each unit. We are expecting a preliminary design from each one.

The ADMINISTRATIVE section now records as forecasted an insurance cost of \$787,879.00. A budget overrun of \$170,579.00. The actual cost at the end of July is \$758,062.00. In July, after 7 months, the Association did receive an offer for its claim:

Joe Taylor Inc. Mitigation:	\$ 6,773.71
Damages:	\$17,871.86
Contents:	\$ 4,855.19
Gross Claim:	\$29,500.76
Less Deductible:	\$(5,000.00)
Less Depreciation:	\$(2,378.16)
Net Claim:	\$22,122.60

One check for \$15,348.89 was cashed in July and one more for \$6,779.71 that we managed to cash just in August as it required 2 endorsements. We got a total amount of \$22,122.60 net of a deductible of \$5,000.00 and a depreciation deduction of \$2,378.16.

We do expect an overrun of about \$5,000.00 as indicated under office flood account #561, equivalent to the deductible. Now the insurer is asking for a copy of the invoices supporting our claim, we delayed the work to be done until reception of the funds from the insurance company and the final drive on our new insurance policies. We will now commit to ordering replacements for damaged furniture and execute the office wall and ceiling repairs, one more priority.

In the MAINTENANCE section we increased the forecast by \$19,640.00. Please review each of the following accounts: account #401 sprinkler, account #402 pest control, account #403.2 hedge trimming, account #407 security gate expense, account #411 pool supplies and account #412 street maintenance, all those forecasts went up. A full review of all accounts was done to come up with these new forecasts. On the building painting, the current year program is close to an end, Stacey will do the last inspection on building 8 and 9 before releasing the last payment.

In the RESERVE section we reviewed the Annuity and CD where we did not receive the interest due. New support documents were forwarded to the provider. We remain conservative with account #2544 INTEREST REVENUE RESERVE at \$32,500.00, this has no impact on the profit and loss statement. We cannot project at this stage the reserve requirement for the coming year, we know that due to inflation at least the roof contribution will need to go up.

France Laroche, Treasurer

Andre Mongrain, President

July 21, 2023

WATERSIDE FINANCIAL RESULT
AS OF JULY,31,2023

	<u>YTD</u>	<u>YTD</u>	<u>PREVIOUS</u>	<u>TOTAL YEAR</u>	<u>2022/2023</u>	
<u>DESCRIPTION</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FORECAST</u>	<u>FORECAST</u>	<u>BUDGET</u>	<u>VARIANCE</u>
<u>REVENUES</u>						
100 NSF FEE	400	0	375	400	0	400
101 ASSESSMENTS	1,664,550	1,664,550	2,219,400	2,219,400	2,219,400	0
102 LATE FEE INCOME	1,585	900	2,000	2,000	1,200	800
103 INTEREST INCOME	26,968	18,750	32,500	32,500	25,000	7,500
104 TRANSFER FEE	7,500	2,250	7,250	8,250	3,000	5,250
106 ACCESS/GATE CARDS	2,050	300	2,000	2,100	400	1,700
107 SCREENING FEE	19,850	17,250	25,000	26,000	23,000	3,000
108 MISCELLANEOUS INCOME	300	750	300	300	1,000	-700
115 INSURANCE SPECIAL ASSESSM	184,950	0	184,950	184,950		
FEE TRANSFER TO RESERVE	-141,375	-141,375	-188,500	-188,500	-188,500	0
INTEREST REV. TO RESERVE	-26,968	-18,750	-32,500	-32,500	-25,000	-7,500
TOTAL REVENUES	1,739,810	1,544,625	2,252,775	2,254,900	2,059,500	10,450

EXPENSES

UTILITIES

200 ELECTRIC	46,678	42,750	63,000	63,000	57,000	6,000
201 WATER & SEWER	164,783	161,250	215,000	219,000	215,000	4,000
202 GARBAGE & RECYCLING	69,635	65,250	90,000	92,800	87,000	5,800
203 PROPANE GAS	270	188	300	300	250	50
204 CABLE T.V.	76,022	78,000	102,000	102,000	104,000	-2,000
205 TELEPHONE	3,718	5,775	7,000	6,000	7,700	-1,700
205. WIFI	3,014	3,000	4,200	4,200	4,000	200
	364,120	356,213	481,500	487,300	474,950	12,350

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>PREVIOUS</u> <u>FORECAST</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2022/2023</u> <u>BUDGET</u>	<u>VARIANCE</u>
ADMINISTRATIVE						
300 PAYROLL-ADMINISTRATIVE	105,566	101,250	140,000	140,000	135,000	5,000
301 PAYROLL-MAINTENANCE	55,274	72,000	74,600	75,050	96,000	-20,950
302 PAYROLL TAXES	17,130	14,625	22,500	22,500	19,500	3,000
302.1 EMPLOYEE BENEFITS	6,457	5,250	6,457	6,457	7,000	-543
304 SECURITY GUARDS	39,109	49,500	62,500	58,500	66,000	-7,500
305 ACCOUNTING	18,475	19,500	25,500	25,000	26,000	-1,000
305.1 BANK FEES	222	150	1,800	250	200	50
305.2 BAD DEBT	81	7,500	10,000	4,000	10,000	-6,000
305.3 COLLECTION COST	225	1,875	2,500	1,500	2,500	-1,000
306 AUDITING	5,800	4,875	5,800	5,800	6,500	-700
307 LEGAL	7,722	1,875	6,500	8,500	2,500	6,000
308 PROPERTY TAX	5,270	3,563	5,270	5,270	4,750	520
309 INCOME TAX	0	0	0	0	0	0
310 INSURANCE	758,062	452,250	787,879	787,879	603,000	184,879
310.1 INSURANCE CASH SHORT	0	0	0	0	0	0
311 OFFICE SUPPLIES	800	900	1,200	1,200	1,200	0
312 POSTAGE & SHIPPING	557	638	850	800	850	-50
313 LICENSES	2,523	1,875	2,523	2,523	2,500	23
314 TRAVEL & MILEAGE	272	225	500	450	300	150
315 MEETINGS & EDUCATION	0	225	300	300	300	0
316 SCREENING	4,750	5,250	5,500	6,000	7,000	-1,000
317 ALARM SYSTEM	259	450	600	500	600	-100
318 COMPUTER REPAIR/SERVICE	292	1,500	2,000	2,000	2,000	0
319 COPIER	3,130	2,850	3,800	4,200	3,800	400
320 MISCELLANEOUS ADMIN.EXP.	4,243	5,625	7,000	6,000	7,500	-1,500
320.1 WEBSITE IMPROVEMENT	990	2,250	3,000	3,000	3,000	0
323 SOCIAL FACILITIES	5,528	4,500	6,000	6,000	6,000	0
	1,042,735	760,500	1,184,579	1,173,679	1,014,000	159,679

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>PREVIOUS</u> <u>FORECAST</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2022/2023</u> <u>BUDGET</u>	<u>VARIANCE</u>
400 GASOLINE	971	825	1,200	1,200	1,100	100
401 SPRINKLERS	24,954	6,000	30,000	32,000	8,000	24,000
402 PEST CONTROL	30,398	13,125	30,000	34,000	17,500	16,500
402.6 MISC. MAINT.EXP.	1,988	1,500	2,500	2,500	2,000	500
403 GRASS CUTTING	71,995	76,230	101,640	101,640	101,640	0
403.1 FERTILIZATION-WEED-BUGS	14,912	20,250	20,000	20,000	27,000	-7,000
403.2 HEDGE TRIMMING	43,847	32,670	43,560	47,000	43,560	3,440
404 TREE TRIMMING	16,544	24,000	20,000	20,000	32,000	-12,000
404.2 NEW TREES-PLANTS-FLOWER	15,269	26,250	20,000	20,000	35,000	-15,000
405 BUILDING MAINTENANCE	79,942	63,750	100,000	100,000	85,000	15,000
406 FENCE,SIDEWALK,SIGNS	16,984	9,750	19,000	19,000	13,000	6,000
406.1 DIRT.SODS & MULCH	-129	11,250	10,000	10,000	15,000	-5,000
407 SECURITY GATE EXPENSE	14,645	3,750	14,000	16,000	5,000	11,000
407.1 MAJOR GATE REPAIRS	0	0	0	0	0	0
408 CAMERA & VIDEO EXP.	2,010	3,750	2,500	2,500	5,000	-2,500
409 PLUMBING EXP.	4,514	1,500	6,000	5,500	2,000	3,500
410 ELECTRICAL EXP.	3,855	2,250	5,500	5,000	3,000	2,000
411 POOL SUPPLIES & REPAIR	26,722	18,750	22,000	30,000	25,000	5,000
411.1 POOL MAJOR REPAIRS	0	0	0	0	0	0
412 STREET MAINTENANCE	12,939	7,500	13,000	14,000	10,000	4,000
413 UNIFORMS	0	225	300	300	300	0
414 GOLF CARTS	1,638	1,125	2,000	2,000	1,500	500
415 LOCKSMITH	1,519	225	2,000	2,000	300	1,700
416 FIRE SAFETY	5,388	4,125	5,500	5,500	5,500	0
417 JANITORIAL SUPPLIES	1,363	1,875	2,000	2,000	2,500	-500
418 AWNINGS REPAIRS	1,200	7,500	10,000	10,000	10,000	0
420 PAINTING PROGRAM	58,200	56,250	73,000	73,000	75,000	-2,000
421 STREET LIGHT	0	375	600	600	500	100
422 SHUFFLEBOARD CANOPY	0	0	0	0	0	0
424 TENNIS COURTS RESURFACE	24	0	100	100	0	100
425 POOL CHAIRS/TABLES	813	1,875	2,500	2,500	2,500	0
427 RESTROOMS UPGRADE ADA	0	0	0	0	0	0
428.1 INFRASTRUCTURE	0	3,750	5,200	5,200	5,000	200
429 BENCHES REPLACEMENT	0	375	500	500	500	0
434 PETANQUE CANOPY	0	0	0	0	0	0
477 PERGOLA	0	0	0	0	0	0
479 LIGHTS RETENTION POUND	0	0	0	0	0	0
	452,504	400,800	564,600	584,040	534,400	49,640

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>PREVIOUS</u> <u>FORECAST</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2022/2023</u> <u>BUDGET</u>	<u>VARIANCE</u>
326 DEMOCRATIC PROCESS	7,794	0	7794	7794	0	7,794
435 NEW FOUNTAIN	9,407		9500	9500		
450 CONTINGENCY		27,113	0	0	36,150	-36,150
561 OFFICE FLOOD	-5,298		10,050	5,000		
	11,903	27,113	27,344	22,294	36,150	-28,356
TOTAL EXPENSES	1,871,262	1,544,625	2,258,023	2,267,313	2,059,500	193,313
REVENUES OVER EXPENSES	-131,452	0	-5,248	-12,413	0	-182,863

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>PREVIOUS</u> <u>FORECAST</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2022/2023</u> <u>BUDGET</u>	<u>VARIANCE</u>
RESERVES						
2510 ROOFS	43,500	43,500	58,000	58,000	58,000	0
2515 PAINTING	0	0	0	0	0	0
2530 ASPHALT	45,750	45,750	61,000	61,000	61,000	0
2542 POOLS	3,750	3,750	5,000	5,000	5,000	0
2543 AWNINGS	0	0	0	0	0	0
2544 INTEREST REV. RESERVE	26,968	18,750	32,500	32,500	25,000	7,500
2545 WORKING CAPITAL	33,750	33,750	45,000	45,000	45,000	0
2546 SPRINKLERS	3,375	3,375	4,500	4,500	4,500	0
2547 TV CABLE INFRASTRUCTURE	3,750	3,750	5,000	5,000	5,000	0
2549 INSURANCE STABILISATION	0	0	0	0	0	0
2550 INFRASTRUCTURE	7,500	7,500	10,000	10,000	10,000	0
	168,343	160,125	221,000	221,000	213,500	7,500

France Laroche

Treasurer

Andre Mongrain

President

August, 21, 2023