Letter to Harborside Owners – 2007 Year-end Financial Performance

January 28, 2008

References:

1. **Letter to Harborside Homeowners – 2006 Year-end Financial Performance, dated January 16, 2007**

2. **Letter to Harborside Owners – July 2007 Annual Owners Meeting, dated July 28, 2007**

3. **Letter to Harborside Homeowners – 2007 Financial Projections and 2008 Budget, dated November 4, 2007**

Dear Harborside Homeowner:

The purpose of this letter is to provide you with information regarding the financial status of the Harborside Condominium Trust, specifically the 2007 year-end financial performance. The above references reflect previous financial updates associated with this year's performance.

For 2007, we again achieved a balanced budget and fully funded reserve contribution while following the policy of utilizing reserves to cover unexpected operating expenditures. To this end, $15,000 was transferred from reserves to the operating account. This transfer was driven by unexpected overruns in maintenance and repair ($11,031.59), landscaping/sprinkler maintenance ($2,387) water sewer ($2,417.75), legal ($3,034) and insurance ($6,629).

These unexpected overruns were offset, to some extent, by underruns in office expense ($482.18), pest control ($600), heating/fire systems maintenance ($3,500), snow removal ($3,641.04) and natural gas ($361.31). All other expenditures tracked to budget.

The net result of 2007 operations of the Harborside Condominium Trust is a carry forward of $105 in the operating account and $5,577.82 in the reserve account.

Continuing into 2008, we anticipate the operating budget will be sufficient to cover operational expenditures, unless we are faced with future unexpected expenses. Our November communication to you indicated a 2008 Budget increase of 4% and its substantiation. This 4% increase compares favorably with the 11% increase in 2007, 17% increase in 2006 and 16% increase in 2005.

The Building D Capital Reserve Project for structural repair and drainage upgrade is underway. We plan to borrow $160,000 from Marblehead Savings Bank, and pay that back over two years using a Special Assessment.

The other potential Capital Reserve Project for repair/replacement of the north retaining wall between Harborside and the Boston Yacht Club will continue to be deferred. As soon as we determine the best course of action you will be updated.

In summary, the continuing goal of the Trustees is to create reasonable operating and reserve Budgets that do not require Special Assessments to pay for operational expenditures, while at the same time being mindful of long term infrastructure needs at the Harborside property.

Thank you,

Harborside Board of Trustees

Attachments: 2008 Performance to Budget
2008 Budget