

Letter to Harborside Owners – 2008 Year-end Financial Performance

January 15, 2009

References:

- 1. Letter to Harborside Homeowners – 2007 Year-end Financial Performance, dated January 28, 2008**
- 2. Letter to Harborside Owners – August 2008 Annual Owners Meeting, dated July 12, 2008**
- 3. Letter to Harborside Homeowners – 2008 Financial Projections and 2009 Budget, dated November 26, 2008**

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 2008 year-end financial performance. The above references reflect previous financial updates associated with this year's performance.

For 2008, we had a 7% overrun in operating expenses. Thus, we did not realize our goal of achieving a third straight balanced budget. Although the Reserve Account of \$25,000 was fully funded, it was necessary to transfer \$10,700 from the Reserve to cover unexpected operating expenditures. This transfer was driven by unexpected overruns in maintenance & repairs (\$5,879), cleaning (\$301), landscaping (\$249), snow removal (\$346), and insurance (\$5,939).

These unexpected overruns were offset, to some extent, by under runs in office expense (\$151), exterminating (\$925), electricity (\$351), heating systems (\$1,383), water & sewer (\$72), fire system inspection (\$500), natural gas (\$402), cable TV (\$785), legal (\$953), tax prep (\$22).

The net result of 2008 operations of the Harborside Condominium Trust is a carry forward to 2009 of \$112 in the Operating Account and \$237 in the Reserve Account.

		HARBORSIDE CONDOMINIUM TRUST			
		2008 PERFORMANCE			
		AS OF:	DECEMBER 31, 2008		
		OPERATING		VARIANCE	
		ACCOUNT	2008	ACTUAL	
		ACTUAL	BUDGET	VS	RESERVE
				BUDGET	ACCOUNT
	Balance January 1, 2008	112.30			5,632.39
REVENUE					
4000	Condominium Fee Income	151,599.00	152,580.00	981.00	0.00
4010	Assessment Income	84,147.00	0.00	0.00	86,994.00
4060	Laundry Income	0.00	0.00	0.00	0.00
4070	Insurance Claim Income	0.00	0.00	0.00	9,460.45
4100	Late Charge	276.00	0.00	(276.00)	0.00
4120	NSF Fees	10.00	0.00	(10.00)	0.00
4160	Interest Income	0.00	0.00	0.00	118.64
4990	Transfer from Reserve	10,700.00	0.00	0.00	0.00
	Transfer to Reserve	0.00	0.00	0.00	27,083.33
	Loan From Bank	0.00	0.00	0.00	160,000.00
	SUB-TOTAL REVENUE	246,732.00	152,580.00		283,656.42
	TOTAL REVENUE	246,844.30	152,580.00		289,288.81
EXPENSES					
5010	Management Fees	8,400.00	8,400.00	0.00	0.00
5110	Office Expense	1,848.12	2,000.00	151.88	45.00
5200	Maintenance & Repair	45,879.45	40,000.00	(5,879.45)	144,900.38
5230	Cleaning & Bulbs	4,801.61	4,500.00	(301.61)	0.00
5240	Landscaping	7,879.00	7,630.00	(249.00)	1,920.00
5285	Extermination	575.00	1,500.00	925.00	0.00
5300	Electricity	2,348.76	2,700.00	351.24	0.00
5305	Heating Systems	1,616.03	3,000.00	1,383.97	0.00
5310	Water & Sanitation	4,827.25	4,900.00	72.75	0.00
5315	Fire System	0.00	500.00	500.00	0.00
5320	Trash Collection	5,161.00	5,100.00	(61.00)	0.00
5325	Snow Removal	5,346.50	5,000.00	(346.50)	0.00
5330	Natural Gas	597.40	1,000.00	402.60	0.00
5340	Cable TV	4,015.00	4,800.00	785.00	0.00
5420	Interest Expense	0.00	0.00	0.00	9,128.57
5440	Legal / Consulting	3,047.00	4,000.00	953.00	1,270.00
5510	Dock Fees	5,400.00	5,400.00	0.00	0.00
5520	Insurance	32,939.56	27,000.00	(5,939.56)	0.00
5550	Taxes & Tax Preparation	127.21	150.00	22.79	0.00
9020	Reserve Contribution	24,999.99	25,000.00	0.01	0.00
	Transfer to Reserve/Operating	86,994.00	0.00	0.00	10,700.00
	Payment Of Loan	0.00	0.00	0.00	109,088.81
	TOTAL OPERATING EXP.	246,802.88	152,580.00	(7,228.88)	277,052.76
	Balance December 31, 2008	41.42			12,236.05

HARBORSIDE CONDOMINIUM TRUST

<u>REVENUES</u>		2008	2009
		<u>BUDGET</u>	<u>PROPOSED</u>
A.	Condominium Fees	\$152,580	\$156,480
B.	Laundry	<u>0</u>	<u>0</u>
TOTAL INCOME		\$152,580	\$156,480
<u>EXPENSES</u>			
A.	Administrative		
1.	Insurance	\$27,000	\$30,000
2.	Management Services	8,400	9,300
3.	Tax & Tax Preparation	150	150
4.	Office Expense	2,000	2,000
5.	Legal	<u>4,000</u>	<u>4,000</u>
	TOTAL	\$41,550	\$45,450
B.	Utilities		
1.	Electricity	\$ 2,700	\$ 2,700
2.	Water & Sewer	4,900	4,900
3.	Cable TV	4,800	4,800
4.	Gas	<u>1,000</u>	<u>1,000</u>
	TOTAL	\$13,400	\$13,400
C.	Common Services		
1.	Rubbish Removal	\$ 5,100	\$ 5,100
2.	Snow Removal	5,000	5,000
3.	Exterminating	1,500	1,500
4.	Landscaping	7,630	7,630
5.	Cleaning & Bulbs	4,500	4,500
6.	Fire System	500	500
7.	Dock Fee	5,400	5,400
8.	Heating Systems	<u>3,000</u>	<u>3,000</u>
	TOTAL	\$32,630	\$32,630
D.	Maintenance/Repair		
1.	Labor & Materials	<u>\$40,000</u>	<u>\$40,000</u>
	TOTAL	\$40,000	\$40,000
E.	Operational Reserves		
1.	Reserve Contribution	<u>\$25,000</u>	<u>\$25,000</u>
	TOTAL	\$25,000	\$25,000
TOTAL EXPENSES AND RESERVE CONTRIBUTIONS		<u>\$152,580</u>	<u>\$156,480</u>