Letter to Harborside Owners – August 4, 2009 Annual Owners Meeting

July 15, 2009

Dear Harborside Owners:

The purpose of this letter is to provide you information regarding the financial status of the Harborside Condominium Trust, specifically the 2009 budget projections based on our financial statements as of June 30, 2009 and the proposed budget for 2010. We also provide a status report on the Dock Accounts and Capital Reserve Projects. For reference, we invite your attention to the January 15, 2009 Trustee's letter to Harborside owners, which summarized our financial performance for 2008.

2009 Budget Status and Year-end Projection – Based on revenue and expenses as of June 30th, we are projecting 2% overrun of the Operating Account for fiscal year 2009. If an operating overrun does occur, we expect to cover it from the Reserve Account.

Our assessment of the **Operating Account** is as follows:

1. The January 1, 2009 beginning Operating Account balance was $41.42. This was the carry over from the 2008 fiscal year. Projected revenues are consistent with the 2009 Budget at $159,480.
2. Based on expenditures to date:
   a. We are projecting a $500 overrun in Cleaning this year.
   b. We will also overrun in Snow Removal, as we are over our $5,000 budget by $3,320 and expect some additional expenses this coming December.
   c. All other expense lines are tracking to budget or projecting an underrun.

Our assessment of the **Reserve Account** is as follows:

1. The January 1, 2009 beginning Reserve Account balance was $237.28.
2. During the first six months of 2009, the Reserve Account was funded at $12,500.
3. Out of a Reserve Account, we paid the following:
   a. Insulation reimbursement - $3,058.
   b. Structural repairs – Buildings A, B, C - $9,870
   c. As of 30 June, the Reserve Account balance was $85.84.We expect to fully fund the Reserve for the final six months, adding $12,500.
4. We also will be paying off the D Building foundation/drainage project loan earlier than anticipated. This will reduce originally assessed amounts for all homeowners. Further information will be presented at the August 2009 Annual Meeting, but we expect to conclude Special Assessment payments in August. Owners who prepaid their Special Assessments will be repaid appropriately. Details of the loan to date follow:
   a. Total Loan: $160,000.
   b. Total Closing Costs: $1,270.
   c. Engineering: $13,145.
   d. Contractor: $95,256.
   e. Projected Interest: $9,200.
   f. Projected Project Underrun: $41,000 (paid to principal, reducing term of the loan).

Proposed 2010 Budget (see attached) – We are proposing a 2010 Budget of $164,350, a $4,870 or 3% increase over this year in Common Element Fees (Condo Fees). In the Operating Account, Cleaning will be increased by $2,000, Maintenance/Repair by $2,000 and Landscaping by $870. All other expenses remain the same as 2009, unless we encounter some unexpected issues. The Reserve Contribution will remain at $25,000. For comparison, we raised Condo Fees by 4.5% in 2009 4% in 2008, 11% in 2007, and 17% in 2006.

Status of the Dock Accounts – As of June 30, 2009, the status of the HDC finances is as follows: Currently we have $12,377.07 in the HDC Operating Account and $6,485.85 in the HDC Reserve Account for a total of $18,862.92. We anticipate additional funds from one seasonal kayak renter and some temporary face renters. We do not expect these to be substantial. Additionally, we will be receiving the annual contribution of $5,400 from the Harborside Condominium Trust in December. Those monies will be deposited in the Reserve Account.

Anticipated expenses for the rest of the year are as follows:

1. Replacement of chains; north and south floats:	$4,500.00
2. Haul of both floats:	$2,200.00
3. Storage of floats:	$2,000.00
4. Harbor float fee:	$ 122.00
Total anticipated expenses:	$8,822.00

This would leave us with $3,555.07 in the Operating Account and $6,485.85 in the Reserve Account, if there are no further repairs or maintenance issues this year. The HDC finances are sound, and we are well on our way to building a solid Reserve for future capital improvements.

Status of Capital Reserve Projects - In addition to the above financial information, we would like to update you on current and pending Capital Reserve Projects, which we first presented at the 2003 Annual Meeting and have updated at subsequent Annual Meetings. These major infrastructure projects resulted from follow-up inspections stemming from the Goddard Report on the state of the Harborside infrastructure and on-going engineering site reports from Bergman & Associates. These projects are summarized below:

1. B Building crawl space moisture control is completed.
2. Structural repair work to Buildings A, B, & C is completed.
3. D Building structural repairs are completed.
4. A refurbished drainage system under and around Building D, including moisture control and improved ventilation, is completed.
5. We have again this year deferred the repair or replacement of the north retaining wall between Harborside and the Boston Yacht Club. We will continue to monitor the site conditions.

In conclusion, the Trustees' goal continues to be the establishment of a reasonable Annual Budget and to execute responsibly to that Budget. We also continue to close the gap between years of infrastructure neglect and the demand of owners to keep pace with increasing property values. We have a unique and beautiful place to live, and we believe these expenditures are prudent and will serve us well in the years to come.

Thank you,

The Trustees

Attachment: Proposed 2010 Budget

	HARBORSIDE CONDOMINIUM TRUST				
	2009 PERFORMANCE				
		ACTUAL	**2009 BUDGET**	**VARIANCE ACTUAL VS BUDGET**	**RESERVE ACCOUNT**
	Balance January 1, 2009	41.42			237.28
REVENUE					
4000	Condominium Fee Income	161,966.13	159,480.00	(2,486.13)	0.00
4060	Laundry Income	10.61	0.00	(10.61)	0.00
4100	Late Charge	625.00	0.00	(625.00)	0.00
4120	NSF Fees	20.00	0.00	(20.00)	0.00
4160	Interest Income	0.00	0.00	0.00	17.81
4990	Other Income	1,000.00	0.00	(1,000.00)	0.00
4990	Transfer to Reserve	0.00	0.00	0.00	24,999.98
	SUB-TOTAL REVENUE	163,621.74	159,480.00		25,017.79
	TOTAL REVENUE	163,663.16	159,480.00		25,255.07
EXPENSES					
5010	Management Fees	9,130.05	9,300.00	169.95	0.00
5110	Office Expense	2,341.70	2,000.00	(341.70)	19.71
5200	Maintenance & Repair	40,513.51	40,000.00	(513.51)	12,658.00
5230	Cleaning & Bulbs	3,657.69	4,000.00	342.31	0.00
5240	Landscaping	8,954.00	7,630.00	(1,324.00)	0.00
5285	Extermination	350.00	1,500.00	1,150.00	0.00
5300	Electricity	2,059.02	2,700.00	640.98	0.00
5305	Heating Systems	0.00	2,000.00	2,000.00	0.00
5310	Water & Sanitation	5,257.50	4,900.00	(357.50)	0.00
5315	Fire System	634.14	500.00	(134.14)	0.00
5320	Trash Collection	5,205.10	5,100.00	(105.10)	0.00
5325	Snow Removal	8,401.00	5,000.00	(3,401.00)	0.00
5330	Natural Gas	578.89	1,000.00	421.11	0.00
5340	Cable TV	5,199.61	4,800.00	(399.61)	0.00
5440	Legal / Consulting	498.00	4,000.00	3,502.00	0.00
5510	Dock:				
	Fee	5,400.00	5,400.00	0.00	0.00
	Insurance	2,500.00	2,500.00	0.00	0.00
	Utilities	0.00	2,000.00	2,000.00	0.00
5520	Insurance	33,857.85	30,000.00	(3,857.85)	0.00
5550	Taxes & Tax Preparation	125.00	150.00	25.00	0.00
9020	Reserve Contribution	24,999.98	25,000.00	0.02	0.00
	TOTAL OPERATING EXP.	159,663.04	159,480.00	(183.04)	12,677.71
	Balance December 31, 2009	4,000.12			12,577.36