Letter to Harborside Owners – August 3, 2010 Annual Owners Meeting

July13, 2010

Dear Harborside Owners,

The purpose of this letter is to provide you information regarding the financial status of the Harborside Condominium Trust, specifically the 2010 budget projections based on our financial statements as of June 30, 2010 and the proposed budget for 2011. We also provide a status report on the Dock Accounts and Capital Reserve Projects. For reference, we invite your attention to the January 22, 2010 *Trustee's letter to Harborside owners,* which summarized our financial performance for 2009.

2010 Budget Status and Year-end Projection: Based on revenue and expenses as of June 30th, we are projecting a 3% under run of the Operating Account for fiscal year 2010.

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

1. The January 1, 2010 beginning Operating Account balance was $4000.12 This was the carry-over from the 2009 fiscal year. Projected revenues are consistent with the 2010 Budget at $164,400.
2. Based on expenditures to date:
   a. We are projecting a $1,500 overrun in insurance this year and the possibility of a similar overrun in snow removal.
   b. All other expense lines are tracking to budget or projecting an under run.

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

1. The January 1, 2010 beginning Reserve Account balance was $12,577.36.
2. During the first six months of 2010, the Reserve Account was funded at $12,500.
3. Out of a Reserve Account, we paid the following:
   a. Painting/leak repairs - $12,200.
   b. We also anticipate payment of an additional $10,000 - $15,000 for leak and rot repairs this year.
   c. As of 30 June, the Reserve Account balance was $12,908.51. We expect to fully fund the Reserve for the final six months, adding $12,500.

Proposed 2011 Budget (see attached): We are proposing a 2011 Budget of $167,650. This represents a 2% increase over the 2010 Budget. The total increase of $3,300 will be contributed to Reserves yielding a Total Annual Reserve Contribution of $28,300. Also, the following adjustments will be made to the 2011 Budget:

- Insurance will be increased by $2,000.
- Dock utilities ($2,000) will be removed from the Budget.

For comparison, we raised common element fees 3% in 2010, 4.5% in 2009 and 4% in 2008.

Status of Dock Accounts: As of June 30, 2010, the Operating Account balance is $8,003.30. The Reserve Account balance is $10,655.85. We anticipate additional funds from one seasonal kayak renter and temporary face renters. Also, we will be receiving the $5,400.00 annual contribution from the Harborside Condominium Trust in December. The Trust's contribution will be deposited into the Reserve Account.

Anticipated expenses for the balance of 2010 are as follows:

1. Float haul in the fall	$2,353.00
2. Float storage fee	$2,000.00
3. Harbor float fee	$ 122.00
4. South float electrical work	$2,300.00
Total	$6,775.00

After anticipated expenses, assuming no further repairs or maintenance issues this year, the Operating Account will have a balance of $1,228.00. Following the Harborside Condominium Trust contribution in December, assuming no unforeseen emergencies, the Reserve Account will have a balance of $16,055.85. The Harborside Dock Committee finances are sound and we are well on our way toward building a solid Reserve for future capital improvements.

Status of Capital Reserve Projects: We have again this year deferred the repair or replacement of the failing 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 2011 Budget

HARBORSIDE CONDOMINIUM TRUST

		2010 BUDGET	2011 PROJECTED
REVENUES			
A.	Condominium Fees	$164,350	$167,650
TOTAL INCOME		$164,350	$167,650
EXPENSES			
A.	Administrative		
	1. Insurance	$30,000	$32,000
	2. Management Services	9,300	9,300
	3. Tax & Tax Preparation	150	150
	4. Office Expense	2,000	2,000
	5. Legal	4,000	4,000
	TOTAL	$45,450	47,450
B.	Utilities		
	1. Electricity	$2,700	$2,700
	2. Water & Sewer	4,900	4,900
	3. Cable TV	4,800	4,800
	4. Gas	1,000	1,000
	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	8,500	8,500
	5. Cleaning & Bulbs	6,000	6,000
	6. Fire System	500	500
	7. Docks		
	Fee	5,400	5,400
	Insurance	2,500	2,500
	Utilities	2,000	0
	8. Heating Systems	2,000	2,000
	TOTAL	$38,500	$36,500
D.	Maintenance/Repair		
	1. Labor & Materials	$42,000	$42,000
	TOTAL	$42,000	$42,000
E.	Operational Reserves		
	1. Reserve Contribution	$25,000	$28,300
	TOTAL	$25,000	$28,300
TOTAL EXPENSES AND RESERVE CONTRIBUTIONS		$164,350	$167,650