Letter to Harborside Owners – 2010 Year-end Financial Performance

27 January 2011

References:

1. **Letter to Harborside Owners – 2009 Year-end Financial Performance, dated January 22, 2010.**
2. **Letter to Harborside Owners – August 2010 Annual Owners Meeting, dated July 13, 2010.**
3. **Letter to Harborside Owners – 2010 Financial Projections and 2011 Budget, dated November 15, 2010.**

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 2010 year-end financial performance. The above references reflect previous financial updates associated with this year's performance.

For 2010, we had an overrun in operating expenditures of $34,052. Overruns were experienced in Fire System Maintenance ($200); Landscaping ($629); Snow Removal ($530) and Maintenance/Repair ($32,693).

These overruns were partially offset by under runs in Insurance ($946); Legal ($4,000); Office Expense ($1,452); Tax Preparation ($25); Cleaning ($2,639); Dock Fee ($5,400); Dock Insurance ($2,500); Dock Utilities ($2,000); Exterminating ($1,250); Heating Systems ($2,000); Rubbish Removal ($425); Electricity ($230); Gas ($372) and Water/Sewer ($565) for a total of $23,804. All other operational expenditures tracked to budget.

The net 2010 Operating Account overrun was $10,248.

The Trust is also carrying forward into 2011 unpaid operating invoices for water leak repair and general maintenance totaling $50,525. The following will be paid from the $45,000 Marblehead Bank Loan (Special Assessment):

- Osgood Construction - $34,135
- HDC 2010 Contribution - $5,400
- 2010 Maintenance (RJL Co/Bartlett- Steadman) - $5,465

Additional 2010 unpaid invoices totaling $5,525 will be paid with 2011 funds.

The 2010 Reserve Account contribution was funded at $22,917 ($2,083 less than projected) with $12,577 carried forward from 2009 and 2010 interest of $39 for a total of $35,533. From this amount, we authorized payments of $35,020 for leak and rot repairs.

Continuing into 2011, we anticipate the operating budget will be sufficient to cover all operational expenditures, unless we are again faced with unexpected expenses. Our November letter to you indicated a 2011 budget increase of 2% for the Reserve Account and its substantiation. This 2% increase compares favorably with the 3% increase in 2010; 4.5% increase in 2009; 4% increase in 2008 and 11% increase in 2007.

The Harborside Dock Committee reports 2010 year-end balances of $4,550.00 in the HDC Operating Account and $7,043 in the HDC Reserve Account. The Reserve Account balance does not reflect the Harborside Condominium 2010 contribution of $5,400. This will be deposited in January 2011, bringing the balance to $12,443.

We continue to defer the repair/replacement of the north retaining wall between Harborside and the Boston Yacht Club. Other deferred projects include the B building roof replacement, repair of low areas in parking lot, seal coating and lining of parking lot, refurbishment of the north dock and bluestone at the C building entry.

In summary, 2011 has presented unexpected maintenance/financial challenges for the Harborside property and we greatly appreciate your patience and cooperation during this time.

The Board’s continued goal for 2011 is the prudent management of Reserve and Operating budgets and, at the same time, being mindful of the long-term infrastructure needs of our property.

Thank you,

Harborside Board of Trustees

Attachments: 2011 Budget

HARBORSIDE CONDOMINIUM TRUST

		2009 BUDGET	2010 PROJECTED
REVENUES			
A.	Condominium Fees	$159,480	$164,350
TOTAL INCOME		$159,480	$164,350
EXPENSES			
A.	Administrative		
	1. Insurance	$30,000	$30,000
	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	$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	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	7,630	8,500
	5. Cleaning & Bulbs	4,000	6,000
	6. Fire System	500	500
	7. Docks		
	Fee	5,400	5,400
	Insurance	2,500	2,500
	Utilities	2,000	2,000
	8. Heating Systems	2,000	2,000
	TOTAL	$35,630	$38,500
D.	Maintenance/Repair		
	1. Labor & Materials	$40,000	$42,000
	TOTAL	$40,000	$42,000
E.	Operational Reserves		
	1. Reserve Contribution	$25,000	$25,000
	TOTAL	$25,000	$25,000
TOTAL EXPENSES AND RESERVE CONTRIBUTIONS		$159,480	$164,350