HARBORSIDE CONDOMINIUM TRUST

Letter to Harborside Owners – 2012 Year-end Financial Performance and 2013 Budget

March 8, 2013

References:

1. **Letter to Harborside Owners – 2011 Year-end Financial Performance, date February 20, 2012.**
2. **Letter to Harborside Owners – August 2012 Annual Owners Meeting, date July 26, 2012.**
3. **Letter to Harborside Owners – Insurance, date November 18, 2012.**
4. **Letter to Harborside Owners – 2012 Financial Projections and 2013 Budget, date December 8, 2012.**

Dear Harborside Homeowner:

The purpose of this letter is to provide you with the information regarding the financial status of the Harborside Condominium Trust, specifically the 2012 year-end financial performance. The above references reflect previous financial updates associated with last year's performance.

For 2012, we had an overrun in operating expenditures.
Overruns were experienced in Master Insurance Policy ($6,800); Flood Insurance ($8,606); Electricity ($343), Water & Sewer ($2,272), Landscaping ($239), and Telephone Conference Line ($1,060).

These overruns were offset by the underruns in Legal/Professional ($1,776), Office Expense ($1,435), Snow Removal ($5,825), Exterminating ($653), Cable TV ($516), Natural Gas ($421), Cleaning ($73), and Maintenance & Repair ($21,208).

The Operating Account contributed $35,650 to the Reserve Account, meeting budget.

Based on the above accounting, the net 2012 Operating Account under run was $12,587 and was carried over to 2013.

In 2012, we also were able to save our entire Reserve Account of $35,650. These savings are being applied to the 2013 Flood Insurance premium, as explained below.

In our November 18, 2012 and December 5, 2012 letters to Harborside owners, the necessary increase in insurance premiums for both the Master Policy and Flood Insurance Policy was reviewed in detail. The BOT elected to offset the $40,000 increase in Flood Insurance by applying the full Reserve Account savings of $35,650 from 2012.

Continuing into 2013, we anticipate the operating budget of $210,075 will be sufficient, unless we are again faced with unexpected expenditures. Our December 8, 2012 letter to owners indicated a 2013 budget increase of 17 % primarily due to the increase in our Master Insurance Policy premium.

In 2013, we will continue the Special Assessment loan payments which were initiated in December 2011 and will complete in January 2014.

We continue to defer the repair/replacement of the north retaining wall between Harborside and the Boston Yacht Club. Other deferred projects include: Building B roof replacement; D-1/D-2/D-3 total deck refurbishment; repair of low areas in the parking lot; seal coating and lining of parking lot; composite refurbishment of the north dock; addition of blue stone at the C Building entry; and, replacement of Building B rear foundation flashing.

In summary, 2012 was financially positive; however the insurance premiums will require significant budget increases going forward. The Board's continued goal is to manage reasonable Operating and Reserve budgets, while at the same time being mindful of the long-term infrastructure needs and required insurance coverage for the Harborside property.

Thank you,

Harborside Board of Trustees

Attachments: 2013 Budget

Harborside Condominium Trust

			2013 Projected
REVENUES			
A.	Condominium Fees	$	210,075
B.	Special Assessment (Loan)		58,080
TOTAL INCOME		$	268,155
EXPENSES			
A.	Administrative		
	1. Insurance Expense - Master Policy	$	55,000
	Insurance Expense - Flood ($40,000 partially offset by $35,650 from 2012		
	2. Reserve Savings)		4,350
	3. Management Services		9,300
	4. Tax & Tax Preparation		150
	5. Office Expense		2,000
	6. Legal		4,000
	TOTAL	$	74,800
B.	Utilities		
	1. Electricity	$	3,100
	2. Water & Sewer		7,500
	3. Cable TV		5,300
	4. Telephone Conference		1,100
	5. Gas		1,000
	TOTAL	$	18,000
C.	Common Services		
	1. Rubbish Removal	$	5,100
	2. Snow Removal		7,000
	3. Exterminating		1,500
	4. Landscaping		8,500
	5. Cleaning & Bulbs		5,000
	6. Fire System		500
	7. Heating Systems		1,000
	TOTAL	$	28,600
D.	Docks		
	1. Fee	$	5,400
	2. Insurance		2,625
		$	8,025
E.	LOAN		
	1. Loan Payments	$	58,080
	TOTAL	$	58,080
F.	Maintenance/Repair		
	1. Labor & Materials	$	45,000
	TOTAL	$	45,000
G.	Operational Reserves		
	1. Reserve Contribution	$	35,650
	TOTAL	$	35,650
TOTAL EXPENSES AND RESERVE CONTRIBUTIONS		$	268,155