

LEISURE VILLAGE WEST ASSOCIATION, INC.

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2024

AND

INDEPENDENT AUDITOR'S REPORT

LEISURE VILLAGE WEST ASSOCIATION, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2024

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MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

FOUNDED IN 1926 BY SIDNEY MOHEL

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

*To the Board of Trustees and Unit Owners of
Leisure Village West Association, Inc.*

Opinion

We have audited the accompanying financial statements of Leisure Village West Association, Inc., which comprise the balance sheet as of September 30, 2024, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leisure Village West Association, Inc. as of September 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leisure Village West Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Trustees for the Financial Statements

The Board of Trustees (the "Board") is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

MOHEL ELLIOTT BAUER & GASS
A P R O F E S S I O N A L A S S O C I A T I O N
C E R T I F I E D P U B L I C A C C O U N T A N T S

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Leisure Village West Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Leisure Village West Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on page 19 – 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MoHEL Elliott Bauer & Gass

MOHEL ELLIOTT BAUER & GASS, P.A.

Certified Public Accountants

December 11, 2024

Toms River, New Jersey

LEISURE VILLAGE WEST ASSOCIATION, INC.
BALANCE SHEET
SEPTEMBER 30, 2024

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Emergency Fund	Replacement Fund
Cash	\$ 881,970	\$ 443,159	\$ 200,786	\$ 90,984	\$ 147,041	\$ -
Investments	2,599,906					2,599,906
Accrued investment income receivable	11,089					11,089
Assessments receivable, less adjustment for probable uncollectible accounts of \$29,547	267,014	267,014				
Township subsidy receivable	50,360	50,360				
Other receivable	122,401	122,401				
Prepaid insurance	262,193	262,193				
Prepaid federal income tax	8,820	8,820				
Other prepaid expenses	18,302	18,302				
Operating right-of-use asset	264,804	264,804				
Property and equipment, net	1,002,031		1,002,031			
Interfund balances	-					
Total assets	\$ 5,488,890	\$ 1,437,053	\$ 1,202,817	\$ 90,984	\$ 147,041	\$ 2,610,995

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable and accrued expenses	\$ 196,395	\$ 196,395	\$ -	\$ -	\$ -	\$ -
Payroll, payroll taxes and employee benefits payable	274,695	274,695				
Assessments received in advance	672,163	672,163				
Security deposits	9,682	9,682				
Operating lease liability	264,804	264,804				
Total liabilities	1,417,739	1,417,739	-	-	-	-
Fund balances	4,071,151	19,314	1,202,817	90,984	147,041	2,610,995
Total liabilities and fund balances	\$ 5,488,890	\$ 1,437,053	\$ 1,202,817	\$ 90,984	\$ 147,041	\$ 2,610,995

The accompanying notes are an integral part of these financial statements

LEISURE VILLAGE WEST ASSOCIATION, INC.

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2024

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Emergency Fund	Replacement Fund
TOTAL REVENUES	\$ 12,360,004	\$ 10,080,984	\$ 290,696	\$ 54,786	\$ 9,595	\$ 1,923,943
EXPENSES						
Payroll, payroll taxes and employee benefits	4,885,903	4,885,903				
Other operating fund expenses	5,016,693	5,016,693				
Charges to the replacement fund	2,705,319					2,705,319
Charges to the deferred maintenance fund	23,072			23,072		
Total expenses and charges before depreciation	<u>12,630,987</u>	<u>9,902,596</u>	<u>-</u>	<u>23,072</u>	<u>-</u>	<u>2,705,319</u>
Excess (deficiency) of revenues over expenses before depreciation	(270,983)	178,388	290,696	31,714	9,595	(781,376)
Depreciation expense	<u>313,462</u>		<u>313,462</u>			
Excess (deficiency) of revenues over expenses after depreciation	(584,445)	178,388	(22,766)	31,714	9,595	(781,376)
Fund Balances - Beginning of year	<u>4,655,596</u>	<u>(159,074)</u>	<u>1,225,583</u>	<u>59,270</u>	<u>137,446</u>	<u>3,392,371</u>
Fund Balances - End of year	<u>\$ 4,071,151</u>	<u>\$ 19,314</u>	<u>\$ 1,202,817</u>	<u>\$ 90,984</u>	<u>\$ 147,041</u>	<u>\$ 2,610,995</u>

The accompanying notes are an integral part of these financial statements

LEISURE VILLAGE WEST ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2024

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Emergency Fund	Replacement Fund
Cash flows from operating activities:						
Excess (deficiency) of revenues over expenses after depreciation and interfund transfer	\$ (584,445)	\$ 178,388	\$ (22,766)	\$ 31,714	\$ 9,595	\$ (781,376)
Adjustments to reconcile excess of revenues (deficiency) over expenses after depreciation and interfund transfer to net cash provided by (used in) operating activities:						
Depreciation	313,462		313,462			
Adjustment for probable uncollectible accounts	5,657	5,657				
Changes in assets and liabilities						
(Increase) decrease in assets:						
Accrued investment income receivable	18,022					18,022
Assessments receivable	52,428	52,428				
Township subsidy receivable	(50,360)	(50,360)				
Other receivable	162,188	5,209	156,979			
Prepaid insurance	(17,507)	(17,507)				
Other prepaid expenses	(1,225)	(1,225)				
Operating right-of-use assets	102,619	102,619				
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	89,451	89,451				
Payroll, payroll taxes and employee benefits payable	(2,362)	(2,362)				
Assessments received in advance	102,446	102,446				
Prepaid recreation income	(8,800)	(8,800)				
Security deposits	(3,422)	(3,422)				
Operating lease liability	(102,619)	(102,619)				
Net cash provided by (used in) operating activities	75,533	349,903	447,675	31,714	9,595	(763,354)

The accompanying notes are an integral part of these financial statements

LEISURE VILLAGE WEST ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2024

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Emergency Fund	Replacement Fund
Cash flows from investing activities:						
Acquisition of property and equipment	\$ (302,934)	\$	\$ (302,934)			
Purchase of investments	-					
Sale/maturity of investments	763,354					763,354
Net cash provided by (used in) investing activities	<u>460,420</u>	<u>-</u>	<u>(302,934)</u>	<u>-</u>	<u>-</u>	<u>763,354</u>
Cash flows from financing activities						
Change in interfund balances	-					
Net increase (decrease) in cash	<u>535,953</u>	<u>349,903</u>	<u>144,741</u>	<u>31,714</u>	<u>9,595</u>	<u>-</u>
Cash - beginning of year	<u>346,017</u>	<u>93,256</u>	<u>56,045</u>	<u>59,270</u>	<u>137,446</u>	<u>-</u>
Cash - end of year	<u>\$ 881,970</u>	<u>\$ 443,159</u>	<u>\$ 200,786</u>	<u>\$ 90,984</u>	<u>\$ 147,041</u>	<u>\$ -</u>
Supplemental Disclosure						
Cash paid during the year for federal income tax	<u>\$ -</u>					

The accompanying notes are an integral part of these financial statements

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 - NATURE OF ORGANIZATION

Leisure Village West Association, Inc. (the "Association"), located in Manchester, New Jersey is a New Jersey corporation and is subject to the provisions of the Condominium Act of the State of New Jersey. The purposes of the Association are to provide condominium management services for the owners and provide for the preservation of the values and amenities in the community and for the maintenance of the common facilities. The Association is an age restricted community and consists of 2,692 residential units. Recreational facilities include three recreation buildings, two pools, two golf courses and other various recreational facilities. In addition, there is an Association office located at 959 Buckingham Drive, and a building located at 3 Buckingham Drive which was received from the Sponsor and is rented as commercial units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting - The Association's legal documents (i.e., Master Deed and By-laws) provide certain guidelines to govern the Association's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association by such documents, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balances of the Association are reported in the following fund groups:

Operating Fund - This fund represents the portion of expendable funds that is available for the general operations of the Association.

Properties Fund - This fund represents all activities associated with the purchase, depreciation and sale of the Association's tangible personal property and the building located at 3 Buckingham Drive, which are recorded as fixed assets in the accompanying financial statements.

Deferred Maintenance Fund - The purpose of this fund is to accumulate sufficient amounts which will allow the Association to have the necessary resources to perform maintenance services including, but not limited to painting and power washing, which occur less frequently than annually.

Emergency Fund - The purpose of this fund is to accumulate funds so that the Association will have the necessary resources to pay for extraordinary expenses (i.e. snow removal) in excess of budgeted amounts.

Replacement Fund - The purpose of the replacement fund is to accumulate funds for future major repairs and replacements of the Association's common property as determined by the board.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents, except those held for long term investments in the replacement fund.

Investments - The Association has classified securities as held to maturity and available for sale. Securities classified as held to maturity are stated at cost, adjusted for amortization of premiums and accretion of discounts. The Association has the positive intent and ability to hold these securities to maturity. Securities classified as available for sale may be sold in response to changes in interest rates, liquidity needs and for other purposes. Available for sale securities are carried at fair value and include all debt and equity securities not classified as held to maturity. Any resulting unrealized gains and losses are reflected as comprehensive income. Realized gains and losses for securities classified as either available for sale or held to maturity that are sold are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold. Fair value is measured on a recurring basis based on quoted prices in an active market (all Level 1 measurements).

Property and Equipment - Property and equipment are stated at cost. Depreciation is computed using the straight-line or accelerated basis over the estimated useful life of the assets: 3-31.5 years. Tangible personal property not an integral part of existing facilities is capitalized, all other costs of repair and replacement are expensed as incurred or charged to the operating, deferred maintenance, properties or replacement fund, if provided for therein.

Recognition of Assets - The Association's property and other common elements, other than that described above, are owned by the unit owners in condominium form pursuant to the Master Deed wherein each of the individual unit owners hold legal title to an undivided interest in property constituting the common elements. The use and disposition of these properties are restricted or governed by the Association's legal documents. Accordingly, no amounts related to these common elements are included on the accompanying balance sheet of the Association. The common elements generally consist of sidewalks, roadways, recreational facilities and open areas, and portions of the buildings not comprising the individual units.

Investment Income Earned - The board's policy is to retain investment income earned on interest bearing cash accounts and investments in the respective fund that the investment income is earned.

Financial Instruments with Off-Balance Sheet Risk - The Association, in its normal course of business, maintains cash balances which, at times, may exceed FDIC federally insured limits. At September 30, 2024, balances in excess of the \$250,000 are fully protected with a Surety Bond with FCB Premium Reserve Products.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Residential Assessments and Assessments Receivable - Association members are subject to monthly assessments based upon the annual budget. The purpose of residential assessments is to provide funds for operating expenses and funding for reserves for future major repairs and replacements. The Association has adopted ASC 606 and has recognized it does have a customer relationship. Monthly residential assessments represent multiple performance obligations, which, on a standalone basis are not considered separate and distinct and therefore have been deemed to be a single performance obligation. Therefore, revenue relating to both is recognized when assessed as was done under legacy U.S. GAAP and the Association does not defer the recognition of any portion of revenue as a Contract Liability. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for residential assessments is satisfied over time on a daily pro-rata basis using the input method. The Association retains excess funds at the end of the period, if any, for use in future periods or as otherwise specified by the Association's governing documents.

Residential assessments receivable at the balance sheet date is stated at the amounts expected to be collected from unit owners. The Association's policy is to retain legal counsel and place liens on the units of owners who are delinquent based on the collection policy. It is the opinion of the board that not all of the receivables will be fully collectible. As September 30, 2024, the Association had assessments receivable of \$296,561. Forty-one units had receivables in excess of \$1,000 totaling \$207,580. The board has recorded an adjustment for probable uncollectible accounts in the amount of \$29,547. The Association treats uncollectible Residential assessments as variable consideration since the Association estimate of variable consideration is constrained to include consideration of past experience and susceptibility to factors outside the Association's control.

Subsequent Events - The Association has evaluated subsequent activity through December 11, 2024, the date the financial statements were available to be issued. Based upon this evaluation, the Association determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.

NOTE 3 - INCOME TAXES

Under the Internal Revenue Code, associations may be taxed as a condominium management association or as a regular corporation, which is based on an annual election. The Association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and the Association is free to select either method in future years.

The Association regularly reviews and evaluates its uncertain tax positions taken in previously filed tax returns. The Association believes that in the event of an examination by taxing authorities, the organization's positions would prevail based upon the technical merits of such positions. Therefore, the Association has concluded that no tax benefits or liabilities are to be recognized.

For the year ended September 30, 2024, the Association expects to be taxed as a condominium management association and therefore not taxed as a regular corporation. Income taxes of \$0 have been provided based on the excess of non-membership expenses over non-membership income. The Association evaluates its tax provisions and accruals and believes that they are appropriate based on current facts and circumstances.

Income tax expense has been allocated as follows:

Operating fund	\$	-
Replacement fund		<u>-</u>
Total	\$	<u><u>-</u></u>

The Association is incorporated pursuant to Title 15A of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax. The Association is subject to New Jersey sales and use tax.

The Association's prior three years federal tax returns as filed remain open for examination by the Internal Revenue Service.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 4 - INVESTMENTS

At September 30, 2024, investments consist of the following:

	<u>Interest Rate</u>	<u>Yield to Maturity</u>	<u>Maturity Date</u>	<u>Carrying Value</u>
FFCB	2.44%	2.51%	02/12/25	103,968
Certificate of deposit	3.15%	4.43%	05/09/25	22,000
FHLB	2.38%	2.48%	03/13/26	37,136
FNMA	2.13%	2.24%	04/24/26	105,000
Certificate of deposit	3.55%	3.87%	06/30/26	15,000
Certificate of deposit	1.00%	3.84%	08/18/26	240,000
Certificate of deposit	0.65%	3.60%	08/14/28	190,000
FFCB	2.65%	3.63%	11/27/28	53,683
FHLMC	1.10%	1.29%	02/12/29	211,213
FFCB	2.93%	3.70%	04/22/30	386,995
Certificate of deposit	1.60%	3.65%	04/30/30	80,000
FHLMC	1.30%	1.59%	07/22/30	126,000
FNMA	1.10%	1.35%	08/12/30	211,137
Certificate of deposit	0.85%	3.24%	09/25/30	90,000
Certificate of deposit	1.80%	3.70%	11/28/31	80,000
Certificate of deposit	2.40%	3.76%	03/30/32	35,000
FFCB	2.82%	3.40%	01/03/35	76,093
FFCB	3.12%	4.15%	11/20/35	<u>202,766</u>
Total investments held to maturity				\$ <u>2,265,991</u>

The Association reports its investments under the provision of Financial Accounting Standards Board ASC 320-10 Investments - Debt and Equity Securities. In accordance with this statement the Association has classified securities as held to maturity.

Securities classified as held to maturity are stated at cost adjusted for amortization of premiums and accretion of discounts. The Association has the positive intent and ability to hold these securities to maturity. Realized gains and losses for securities classified as held to maturity are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold.

Investments classified as available for sale consists of money market mutual funds with First Citizens Bank, Morgan Stanley Smith Barney and Raymond James The cost approximates fair value at September 30, 2024.

Total investments held to maturity	\$ 2,265,991
Total investments available for sale	<u>333,915</u>
Total investments	\$ <u>2,599,906</u>

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5 - PROPERTY AND EQUIPMENT, NET

At September 30, 2024, property and equipment consists of the following:

Machinery and equipment - maintenance	\$ 1,386,555
Motor vehicles	1,240,166
Building - 3 Buckingham Drive	215,400
Machinery and equipment - recreation	328,620
Furniture and fixtures	251,746
Computer equipment	77,643
Golf course equipment	<u>14,980</u>
Total property and equipment	3,515,110
Less: Accumulated depreciation	<u>2,513,079</u>
Property and equipment - net	<u>\$ 1,002,031</u>

NOTE 6 - REPLACEMENT FUND

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations.

The board and management prepare, and annually revise, a schedule to estimate the remaining useful lives and replacement costs of the components of the common property. The schedule includes those components with an estimated remaining useful life within the board determined useful guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were obtained from various sources and were compiled by the Association's staff. The estimates were based on the then current estimated replacement costs. The table included in the unaudited supplementary information on future major repairs and replacements is based on the estimates.

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the schedule's estimates of the then current replacement costs, considering amounts previously accumulated in the replacement fund. In addition, investment income net of bank fees and federal income taxes has been allocated to all the replacement fund components based upon investments allocated to each component.

Funds are being accumulated in the replacement fund based upon the estimates of future needs for repairs and replacement of common property components. Actual expenditures may vary from the estimated amounts, and the variations may be material. Additionally, replacement fund cash and investment balances may, at times, be less than or more than the fund balance, resulting in an interfund balance. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available, if possible.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 - REPLACEMENT FUND (Continued)

The activity in the replacement fund for the year ended September 30, 2024 has been summarized as follows:

	Components of Fund Balance at 9/30/2023	Funding Contributions Other Income & Transfers	Investment Income, Net of Bank Fees	Expenditures	Income Tax Expense	Components of Fund Balance at 9/30/2024
Roofs	\$ 513,813	\$ 750,000	\$ 6,387	\$ (890,935)	\$ -	\$ 379,265
Roads/Buckingham bridge	1,387,594	199,100	10,269	(639,951)	-	957,012
Common buildings	768,606	367,848	4,700	(581,639)	-	559,515
Well motors	181,228	30,000	4,015	(11,189)	-	204,054
Unit Infrastructure	219,470	42,470	3,770	(115,093)	-	150,617
Concrete Driveway Replacemen	63,208	34,550	1,193	(12,671)	-	86,280
PVC trim project	122,573	352,334	(578)	(373,154)	-	101,175
Cedar Shake	135,879	117,118	767	(80,687)	-	173,077
	<u>\$ 3,392,371</u>	<u>\$ 1,893,420</u>	<u>\$ 30,523</u>	<u>\$ (2,705,319)</u>	<u>\$ -</u>	<u>\$ 2,610,995</u>

Funding contributions, other income and transfers consist of the following, residential assessments of \$1,673,470 and resale administrative fees of \$219,950.

NOTE 7 - PROPERTIES FUND

The activity in the properties fund for the year ended September 30, 2024 has been summarized as follows:

Properties Fund Balance at September 30, 2023	\$ 1,225,583
Assessments allocated to the properties fund	\$ 290,000
Investment income, net of bank fees	696
Total funding for September 30, 2024	290,696
Depreciation expense	<u>(313,462)</u>
Properties Fund Balance at September 30, 2024	<u>\$ 1,202,817</u>

NOTE 8 - DEFERRED MAINTENANCE FUND

The activity in the deferred maintenance fund for the year ended September 30, 2024 has been summarized as follows:

Deferred maintenance fund balance at September 30, 2023	\$ 59,270
Assessments allocated to the deferred maintenance fund	\$ 50,000
Administrative fees allocated to the deferred maintenance fund	4,550
Investment income, net of bank fees	<u>236</u>
Total funding for September 30, 2024	54,786
Painting/siding project	<u>(23,072)</u>
Deferred maintenance fund balance at September 30, 2024	<u>\$ 90,984</u>

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 - EMERGENCY FUND

The activity in the emergency fund for the year ended September 30, 2024 has been summarized as follows:

Emergency fund balance at September 30, 2023		\$	137,446
Administrative fees allocated to emergency fund	\$		9,100
Investment income, net of bank fees			<u>495</u>
Total funding for September 30, 2024			9,595
Emergency fund expenditures			<u>-</u>
Emergency fund balance at September 30, 2024		\$	<u><u>147,041</u></u>

NOTE 10 - ADMINISTRATIVE FEES

Upon acquisition of title of a unit, each new member of the Association must contribute a one-time, non-refundable administrative fee of \$2,150, which includes an administrative fee for the operating fund of \$1,000 and replacement fund of \$1,150. Beginning with unit sales contracts signed on October 1, 2023, the administrative fee increased to \$2,300, which includes an administrative fee for the operating fund of \$1,000 and allocations to other funds of \$1,300. If a member leases a unit and subsequently purchases a unit, the member is only required to pay the difference between the administrative fee and the lease fee that they had previously paid. Administrative fees totaled \$415,600 during the year ended September 30, 2024 and \$182,000 has been recorded as revenue in the operating fund, \$219,950 has been recorded as revenue in the replacement fund, \$4,550 has been recorded as revenue in the deferred maintenance fund and \$9,100 has been recorded as revenue in the emergency reserve fund.

NOTE 11 - TOTAL REVENUES

At September 30, 2024, total revenues consisted of the following:

Residential assessments - operating		\$	9,552,232
Residential assessments - allocated to funds			2,013,470
Adjustment for probable uncollectible accounts			<u>5,244</u>
Net residential assessments			11,570,946
Other revenues:			
Investment income, net of bank fees - allocated to funds			31,950
Administrative fees			415,600
Rental income			81,350
Township reimbursement			50,360
Late fee income			21,040
Other income			129,432
Unit services			30,221
Lease fee income			16,300
Advertising income			561
Printing reimbursement			1,585
Magazine income, net of expenses			9,600
Investment income			<u>1,059</u>
		\$	<u><u>12,360,004</u></u>

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 12 - RESIDENTIAL ASSESSMENTS - ALLOCATIONS TO FUNDS

At September 30, 2024, residential assessments - allocations to funds consisted of the following:

Assessments allocated to the replacement fund	\$ 1,673,470
Assessments allocated to the deferred maintenance fund	50,000
Assessments allocated to the properties fund	<u>290,000</u>
	<u>\$ 2,013,470</u>

NOTE 13 - TOWNSHIP REIMBURSEMENT

The Township has reimbursed the Association \$50,360 for a portion of its street lighting, snow clearing and leaf pick-up expenditures. This amount consists of \$6,102 for snow clearing costs incurred for the period incurred for the period July 2023 through June 2024. The snow clearing reimbursement is based on 120% of the Township's actual cost per mile using a five year average. The balance of the reimbursement consists of \$32,548 for street lighting costs incurred during the 2023 calendar year and \$11,710 for fall of 2023 leaf pick up. The street lighting and leaf pick up reimbursement are based on the Association's actual costs. These amounts have been recorded as revenue on the accompanying financial statements. The remainder of township reimbursement relating to the year ended September 30, 2024 will be recorded as revenue when it is received.

NOTE 14 - UNION AGREEMENT

Approximately 70% of the Association's employees are covered by a collectively bargained union agreement. None of these employees are covered by a multiemployer defined benefit pension plan; however they are covered by the Association's 401k plan (see Note 16). Additionally, under the union agreement, the Association makes a monthly contribution to a union sponsored health plan for those union employees who have completed two months of employment with the Association. The union agreement which is in effect is for the period October 1, 2023 through September 30, 2027.

NOTE 15 - RETIREMENT BENEFIT PLAN

The Association offers a 401K plan to all eligible employees, with open enrollment on January 1 and July 1. The Association contributes \$.37 an hour for each hour worked for each eligible employee prior to January 1, 2024. Effective January 1, 2024 the Association contributes \$.42 an hour for each hour worked for each eligible employee. For the year ended September 30, 2024, the contribution was approximately \$47,519.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 16 - CONTRACTURAL AGREEMENT

The Association is a party to a no-cancellable agreement for bulk cable television which expires on October 2, 2025. Future minimum amounts due under this agreement are as follows:

<u>Year Ending September 30,</u>	
2025	\$ <u>\$ 1,121,828</u>

The expense under all contractual agreements totaled \$1,074,020 for the year ended September 30, 2024.

NOTE 17 - RENTAL INCOME

The Association derives income from occupancy leases for the commercial units under no-cancellable operating agreements expiring on various dates through September 2025. The agreements call for fixed rents. Future minimum rents to be received are as follows:

<u>Year Ending September 30,</u>	
2025	\$ 51,000
2026	12,000
2027	<u>9,000</u>
	\$ <u>72,000</u>

Total rental income under all operating leases totaled \$81,350 for the year ended September 30, 2024.

NOTE 18 - OPERATING LEASES

Leisure Village West Association, Inc. leases its solar equipment under a long-term operating lease agreements. The leases are for the terms of seven years expiring May, 2024, April, 2026, May, 2026 and September, 2028. We include in the determination right-of-use assets and liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is being based on the discount rate implicit in the lease. We have elected the option to use the risk-free rate determined using a period comparable to the lease terms as discount rate for leases where the implicit rate is not readily determinable. We have applied the risk-free rate option to the office equipment class of assets.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 18 - OPERATING LEASES (Continued)

The right-of-use assets and lease liabilities at September 30, 2024 is as follows:

	<u>2024</u>
Operating right-of-use assets	\$ <u>264,804</u>
	\$ <u><u>264,804</u></u>
	<u>2024</u>
Operating lease liabilities	\$ <u>264,804</u>
	\$ <u><u>264,804</u></u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	<u>2024</u>
Weighted-average remaining lease term in years:	
Operating lease	3.26
Weighted-average incremental borrowing rate:	
Operating lease	1.89%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of September 30, 2024:

<u>September 30,</u>	<u>Operating</u>
2025	\$ 92,291
2026	75,644
2027	51,458
2028	<u>51,458</u>
Total lease payments	270,851
Less interest	<u>(6,047)</u>
Present value of lease liabilities	\$ <u><u>264,804</u></u>

SUPPLEMENTARY INFORMATION

LEISURE VILLAGE WEST ASSOCIATION, INC.

**SCHEDULE OF INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(Unaudited)
SEPTEMBER 30, 2024**

The board and management prepare, and annually revise, a schedule to estimate the remaining useful lives and replacement costs of the components of the common property. The schedule includes those components with an estimated remaining useful life within the board determined useful guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were obtained from various sources and were coordinated by the Association's staff. The estimates were based on the then current estimated replacement costs.

The following table is based on the schedule and presents significant information about the components of common property.

<u>Components</u>	As of 2024 Schedule		
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	2023-2024 Funding
Roofs	1 - 25	\$ 16,816,004	750,000
Roads/Buckingham bridge	1 - 30	6,404,587	190,000
Common buildings	1 - 50	5,781,273	250,000
Well motors	5 - 40	433,500	30,000
Concrete driveway replacements	0 - 30	1,735,000	30,000
PVC trim project	1 - 30	3,497,733	291,000
Cedar shake project	1 - 50	610,968	90,000
Unit Infrastructure*	0 - 40	3,792,768	42,470
		\$ 39,071,833	\$ 1,673,470
Replacement fund balance as of September 30, 2024		\$ 2,610,995	

* The board is funding for miscellaneous exterior elements and various repairs and maintenance of the units based on average expenditures incurred for these components in prior years.

**SCHEDULE OF REVENUES, TRANSFERS AND OPERATING EXPENSES
AS COMPARED TO BUDGET AND PRIOR YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	2024			2023
	Actual	(Unaudited) Budget	Variance Favorable (Unfavorable)	Memo Total Actual
REVENUES				
Residential Assessments				
Residential assessments	\$ 9,552,232	\$ 9,506,601	\$ 45,631	\$ 9,032,269
Residential assessments - allocated to funds	2,013,470	2,013,470	-	1,865,496
Adjustment for probable uncollectible accounts	5,244	(28,000)	33,244	33,057
Net Residential Assessments	11,570,946	11,492,071	78,875	10,930,822
Other Revenues				
Investment income, net of bank fees - allocated to funds	31,950	61,100	(29,150)	9,534
Administrative fees	415,600	243,000	172,600	492,950
Rental income	81,350	84,000	(2,650)	84,000
Township reimbursement	50,360	45,000	5,360	47,626
Late fee income	21,040	22,000	(960)	20,778
Other income	129,432	89,400	40,032	38,255
Unit services	30,221	35,700	(5,479)	30,642
Lease fee income	16,300	20,600	(4,300)	20,000
Advertising income	561	1,300	(739)	984
Printing reimbursement	1,585	700	885	1,055
Magazine income, net of expenses	9,600	9,600	-	9,600
Investment income	1,059	600	459	630
Other income, net - allocated to funds	-	-	-	10,894
Total Other Revenues	789,058	613,000	176,058	766,948
Total Revenues	12,360,004	12,105,071	254,933	11,697,770
TRANSFERS				
Residential assessments allocated to the replacement fund	1,673,470	1,673,470	-	1,517,166
Residential assessments allocated to the capital improvement fund	-	-	-	8,330
Residential assessments allocated to the emergency fund	-	-	-	-
Residential assessments allocated to the deferred maintenance fund	50,000	50,000	-	50,000
Residential assessments allocated to the properties fund	290,000	290,000	-	290,000
Investment income, net of bank fees, allocated to:				
Replacement fund	30,523	61,100	30,577	9,178
Capital improvement fund	-	-	-	86
Properties fund	696	-	(696)	(289)
Deferred maintenance fund	236	-	(236)	179
Emergency fund	495	-	(495)	380
Administrative fees allocated to the replacement fund	219,950	-	(219,950)	218,150
Administrative fees allocated to the deferred maintenance fund	4,550	-	(4,550)	-
Administrative fees allocated to the emergency reserve fund	9,100	-	(9,100)	45,800
Other income allocated to replacement fund	-	-	-	10,894
Total revenues, net of transfers to replacement, deferred maintenance properties fund and emergency fund	10,080,984	10,030,501	50,483	9,547,896

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.
SCHEDULE OF REVENUES, TRANSFERS AND OPERATING EXPENSES
AS COMPARED TO BUDGET AND PRIOR YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024		Variance Favorable (Unfavorable)	2023
	Actual	(Unaudited) Budget		Memo Total Actual
OPERATING EXPENSES				
Payroll, payroll taxes and employee benefits	4,885,903	5,105,300	219,397	5,024,020
Other operating fund expenses	5,016,693	4,854,400	(162,293)	4,732,441
Federal income taxes	-	500	500	-
Total operating expenses	<u>9,902,596</u>	<u>9,960,200</u>	<u>57,604</u>	<u>9,756,461</u>
Operating contingency (transfer to common buildings, replacement fund)	-	96,912	96,912	-
Excess (deficiency) of revenues over transfers and operating expenses	\$ <u>178,388</u>	(26,611)	\$ <u>204,999</u>	\$ <u>(208,565)</u>
Budgeted Surplus Carryover		<u>26,611</u>		
Excess of revenues over expenses after budgeted surplus carryover		\$ <u><u>-</u></u>		

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULE OF PAYROLL, PAYROLL TAXES AND EMPLOYEE BENEFITS
AS COMPARED TO BUDGET AND PRIOR YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024			2023
	Actual	(Unaudited) Budget	Variance Favorable (Unfavorable)	Memo Total Actual
PAYROLL, PAYROLL TAXES AND EMPLOYEE BENEFITS				
Grounds maintenance payroll	\$ 1,212,195	\$ 1,380,300	\$ 168,105	\$ 1,216,836
Administrative payroll	571,344	544,700	(26,644)	572,145
Building maintenance payroll	460,912	490,400	29,488	485,205
Clerical payroll	345,418	296,600	(48,818)	313,315
Lead/mechanic payroll	240,741	235,300	(5,441)	253,704
Janitor payroll	188,962	193,700	4,738	204,333
Appliance mechanic	171,841	166,900	(4,941)	173,701
Golf course payroll	67,756	81,500	13,744	89,697
Payroll taxes	395,111	337,300	(57,811)	382,426
Fringe benefits	1,231,623	1,378,600	146,977	1,332,658
Total payroll, payroll taxes and employee benefits	\$ 4,885,903	\$ 5,105,300	\$ 219,397	\$ 5,024,020

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULES OF OTHER OPERATING FUND EXPENSES
AS COMPARED TO BUDGET AND PRIOR YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>2024</u>			<u>2023</u>
	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Memo Total Actual</u>
OTHER OPERATING FUND EXPENSES				
Insurance	\$ 1,594,785	\$ 1,575,100	\$ (19,685)	\$ 1,474,855
Community TV service	1,074,020	1,122,900	48,880	1,069,352
Lawn maintenance	533,941	490,900	(43,041)	532,994
Building maintenance	169,394	179,800	10,406	207,580
Sanitation non-contract	74,573	76,800	2,227	80,129
Gatehouse entry contract	243,851	242,000	(1,851)	225,030
Outdoor lighting and wells	130,680	110,200	(20,480)	119,464
Community buildings maintenance and repair	283,795	228,500	(55,295)	272,614
Building electric	93,390	76,700	(16,690)	85,381
Snow clearing	29,024	25,300	(3,724)	22,481
Auto and truck expense	55,086	42,500	(12,586)	42,931
Office expense	157,689	148,300	(9,389)	137,817
Bus expense	91,777	98,400	6,623	96,179
Appliance maintenance	81,984	77,800	(4,184)	89,883
Building heating	52,802	49,200	(3,602)	59,883
Exterminating	29,855	29,900	45	29,855
Professional fees	200,913	132,700	(68,213)	133,837
Bookkeeping and computer services, net of homewise doc income	-	-	-	(32,392)
Bookkeeping and computer services,	61,562	65,400	3,838	-
Golf course maintenance	18,548	20,000	1,452	16,060
Concrete repairs	22,649	18,700	(3,949)	15,279
Building water and sewer	12,263	15,900	3,637	14,702
Recreation expense, net of income	3,183	21,400	18,217	16,225
Road maintenance	929	6,000	5,071	431
Insurance claim expense, net of proceeds	-	-	-	21,871
Total other operating fund expenses	\$ <u>5,016,693</u>	\$ <u>4,854,400</u>	\$ <u>(162,293)</u>	\$ <u>4,732,441</u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULES OF DEFERRED MAINTENANCE FUND, EMERGENCY RESERVE FUND AND
REPLACEMENT FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Deferred Maintenance Fund Expenditures

Painting/Siding project	\$ <u>23,072</u>
Total deferred maintenance fund expenditures	\$ <u><u>23,072</u></u>

Emergency Reserve Fund Expenditures

No expenditures	\$ <u>-</u>
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Capital Improvement Fund Expenditures

No expenditures	\$ <u>-</u>
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Replacement Fund Expenditures

Roof replacement - units	\$ 890,934
Roads	639,954
Common buildings	581,641
PVC trim project	373,152
Unit infrastructure	115,093
Cedar shake replacements	80,687
Concrete Driveway Replacements	12,669
Well motors	<u>11,189</u>
Total replacement fund expenditures	\$ <u><u>2,705,319</u></u>