

**LEISURE VILLAGE WEST**

**ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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# Wilkin & Guttenplan, P.C.

Certified Public Accountants & Consultants

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## **INDEPENDENT AUDITORS' REPORT**

### **TO THE BOARD OF TRUSTEES AND UNIT OWNERS OF LEISURE VILLAGE WEST ASSOCIATION, INC.**

We have audited the accompanying balance sheet of Leisure Village West Association, Inc. (the "Association") as of September 30, 2009 and the related statements of revenues and expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's board of trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information on Future Major Repairs and Replacements on page 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of the board regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown on pages 18 through 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been summarized from Association records and, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



WILKIN & GUTTENPLAN, P.C.  
Certified Public Accountants

East Brunswick, New Jersey

November 30, 2009

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**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**BALANCE SHEET**

**SEPTEMBER 30, 2009**

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
<b>ASSETS</b>					
1. Cash	\$ 338,459	\$ 80,230	\$ 211,377	\$ 46,852	\$ -
2. Investments	4,015,209	177,951	500,000	-	3,337,258
3. Accrued investment income receivable	20,344	-	-	-	20,344
4. Assessments receivable	165,832	165,832	-	-	-
5. Other receivables	21,485	21,485	-	-	-
6. Prepaid insurance	141,199	141,199	-	-	-
7. Prepaid Federal income taxes	15,718	15,718	-	-	-
8. Other prepaid expenses	19,488	19,488	-	-	-
9. Property and equipment, net	313,839	-	313,839	-	-
10. Interfund balances	-	30,614	(12,580)	(4)	(18,030)
<b>TOTAL ASSETS</b>	<b><u>\$ 5,051,573</u></b>	<b><u>\$ 652,517</u></b>	<b><u>\$ 1,012,636</u></b>	<b><u>\$ 46,848</u></b>	<b><u>\$ 3,339,572</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
11. Accounts payable and accrued expenses	\$ 67,147	\$ 67,147	\$ -	\$ -	\$ -
12. Assessments received in advance	250,449	250,449	-	-	-
13. Payroll, payroll taxes and employee benefits payable	272,076	272,076	-	-	-
<b>TOTAL LIABILITIES</b>	<b>589,672</b>	<b>589,672</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMMITMENTS</b>					
14. FUND BALANCES	4,461,901	62,845	1,012,636	46,848	3,339,572
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 5,051,573</u></b>	<b><u>\$ 652,517</u></b>	<b><u>\$ 1,012,636</u></b>	<b><u>\$ 46,848</u></b>	<b><u>\$ 3,339,572</u></b>

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**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
<b>TOTAL REVENUES</b>	<b>\$ 7,346,563</b>	<b>\$ 6,271,594</b>	<b>\$ 144,656</b>	<b>\$ 159,958</b>	<b>\$ 770,355</b>
<b>EXPENSES:</b>					
1. Payroll, payroll taxes and employee benefits	3,586,905	3,586,905	-	-	-
2. Other operating expenses	2,642,619	2,642,619	-	-	-
3. Federal income taxes	48,198	17,582	2,672	1	27,943
4. Charges to the replacement fund, net of recycling club contribution	627,667	-	-	-	627,667
5. Charges to the deferred maintenance fund	149,274	-	-	149,274	-
6. <b>TOTAL EXPENSES AND CHARGES BEFORE DEPRECIATION</b>	<b>7,054,663</b>	<b>6,247,106</b>	<b>2,672</b>	<b>149,275</b>	<b>655,610</b>
7. <b>EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION</b>	<b>291,900</b>	<b>24,488</b>	<b>141,984</b>	<b>10,683</b>	<b>114,745</b>
8. <b>DEPRECIATION EXPENSE</b>	<b>150,058</b>	<b>-</b>	<b>150,058</b>	<b>-</b>	<b>-</b>
9. <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>141,842</b>	<b>24,488</b>	<b>(8,074)</b>	<b>10,683</b>	<b>114,745</b>
10. <b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>4,320,059</b>	<b>38,357</b>	<b>1,020,710</b>	<b>36,165</b>	<b>3,224,827</b>
11. <b>FUND BALANCES - END OF YEAR</b>	<b>\$ 4,461,901</b>	<b>\$ 62,845</b>	<b>\$ 1,012,636</b>	<b>\$ 46,848</b>	<b>\$ 3,339,572</b>

The accompanying notes are an integral part of these financial statements.

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Excess (deficiency) of revenues over expenses	\$ 141,842	\$ 24,488	\$ (8,074)	\$ 10,683	\$ 114,745
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:					
Accretion of investments	(165)	-	-	-	(165)
Change in interfund balances	-	21,289	6,707	(32)	(27,964)
Depreciation	150,058	-	150,058	-	-
Changes in assets and liabilities:					
Accrued investment income receivable	2,570	-	5,944	-	(3,374)
Assessments receivable	(65,066)	(65,066)	-	-	-
Other receivables	(2,728)	(2,728)	-	-	-
Prepaid insurance	52,469	52,469	-	-	-
Prepaid Federal income taxes	(15,718)	(15,718)	-	-	-
Other prepaid expenses	4,984	4,984	-	-	-
Accounts payable and accrued expenses	(42,662)	(26,831)	-	-	(15,831)
Assessments received in advance	(56,656)	(56,656)	-	-	-
Payroll, payroll taxes and employee benefits payable	23,277	23,277	-	-	-
Federal income taxes payable	(10,084)	(10,084)	-	-	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>182,121</b>	<b>(50,576)</b>	<b>154,635</b>	<b>10,651</b>	<b>67,411</b>

(CONTINUED)

The accompanying notes are an integral part of these financial statements.

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
(CONTINUED)					
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Acquisition of property and equipment	(30,011)	-	(30,011)	-	-
Purchase of investments	(1,589,054)	(881)	(500,000)	-	(1,088,173)
Maturity of investments	1,716,716	73,000	586,753	36,201	1,020,762
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>97,651</u>	<u>72,119</u>	<u>56,742</u>	<u>36,201</u>	<u>(67,411)</u>
<b>NET INCREASE IN CASH</b>	279,772	21,543	211,377	46,852	-
<b>CASH - BEGINNING OF YEAR</b>	<u>58,687</u>	<u>58,687</u>	-	-	-
<b>CASH - END OF YEAR</b>	<u>\$ 338,459</u>	<u>\$ 80,230</u>	<u>\$ 211,377</u>	<u>\$ 46,852</u>	<u>\$ -</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>					
<b>CASH PAID DURING THE YEAR FOR:</b>					
Federal income taxes	<u>\$ 74,000</u>				

The accompanying notes are an integral part of these financial statements.



**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 1 - NATURE OF ORGANIZATION:**

Leisure Village West Association, Inc. (the "Association"), located in Manchester, New Jersey is an incorporated association pursuant to the Condominium Act of the State of New Jersey. The purposes of the Association are to provide condominium management services for the owners of the 2,692 condominium units in the Association and to provide for the preservation and maintenance of the common elements in the condominiums and the remainder of the common areas and facilities in the Association. Recreational facilities include three recreation buildings, two pools, two golf courses and other various recreational facilities.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**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.

**Fund Accounting** - The Association's legal documents (i.e., Public Offering Statement, 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 was received from the Sponsor.

**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, which occur less frequently than annually.

(CONTINUED)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**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.

**Cash** - Cash is held in bank deposit accounts which, at times, may exceed federally insured limits.

**Investments** - The Association has classified securities as held to maturity and available for sale. Securities classified as held to maturity are stated at cost and 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 are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold.

**Property and Equipment** - Property and equipment are stated at cost. Depreciation is computed on a 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

**Maintenance Assessments and Assessments Receivable** - The Association's members are subject to monthly assessments based upon the annual budget and as determined by the board. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods, or as otherwise specified by the Association's governing documents. A portion of the monthly assessments to owners are allocated to the replacement fund, deferred maintenance fund and properties fund.

(CONTINUED)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

On a periodic basis, the board and management evaluate the assessments receivable and estimate an allowance for doubtful accounts, based on history of past write-offs and collections and the current legal status of past due accounts. No allowance was deemed necessary as of September 30, 2009.

**Investment Income Earned** - The board's policy is to retain the various funds investment income earned on the investments.

**Subsequent Events** - The board has evaluated subsequent activity through the date of the auditors' report, which is the date the financial statements were available to be issued.

**Reclassifications** - Certain amounts in the September 30, 2008 financial statements have been reclassified to conform to the September 30, 2009 financial statement presentation.

**NOTE 3 - INVESTMENTS:**

At September 30, 2009, investments consist of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Value</u>
Certificate of Deposit	3.220%	07/15/10	\$ 47,580
Federal Home Loan Mortgage Note	4.750%	12/08/10	450,800
Certificate of Deposit	2.550%	01/24/11	74,000
Certificate of Deposit	3.000%	02/06/12	100,000
Certificate of Deposit	3.050%	04/30/12	25,000
Certificate of Deposit	3.250%	05/29/12	30,000
Federal Home Loan Mortgage Note	2.500%	02/15/13	100,000
Certificate of Deposit	3.250%	05/13/13	95,000
Federal Farm Credit Bond	5.120%	01/11/18	800,000
Certificate of Deposit	3.750%	08/06/19	96,000
Federal Farm Credit Bond	4.375%	01/23/24	225,000
Federal Home Loan Bank Bond	4.750%	01/29/24	300,000
Federal National Mortgage Assn	5.250%	02/26/24	700,000
Federal National Mortgage Assn	5.500%	06/25/24	500,000
GNMA	6.500%	08/15/38	103,679
GNMA	6.000%	12/15/38	20,440
GNMA	7.000%	02/20/39	<u>21,274</u>
TOTAL INVESTMENTS HELD TO MATURITY			<u>\$3,688,773</u>
Approximate market value			<u>\$3,694,695</u>
Gross unrealized holding gain			<u>\$ 5,922</u>

(CONTINUED)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 3 - INVESTMENTS (CONTINUED):**

Investments classified as available for sale consists of Western Asset Government Money Market Funds, Dreyfus Treasury and Agency, JP Morgan Chase, and Merrill Lynch money market mutual funds. The cost is equivalent to the market value of \$326,436.

Total investments held to maturity	\$3,688,773
Total investments available for sale	<u>326,436</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$4,015,209</u></b>

**NOTE 4 - PROPERTY AND EQUIPMENT, NET:**

At September 30, 2009, property and equipment consists of the following:

Machinery and equipment - maintenance	\$ 677,601
Motor vehicles	407,331
Building - 3 Buckingham Drive (former Association office)	215,400
Machinery and equipment - recreation	169,330
Furniture and fixtures	150,218
Computer equipment	19,600
Golf course equipment	<u>19,211</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>1,658,691</b>
Less: Accumulated depreciation	<u>(1,344,852)</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b><u>\$ 313,839</u></b>

**NOTE 5 - INCOME TAXES:**

Under the Internal Revenue Code, associations may be taxed as a condominium management association, 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.

(CONTINUED)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 5 - INCOME TAXES (CONTINUED):**

For the year ended September 30, 2009, the Association expects to be taxed as a regular corporation and therefore not taxed as a condominium management association. Income taxes of \$48,198 have been provided based on the excess of non-membership income over non-membership expenses. The prior three years federal tax returns as filed remain open for examination by the Internal Revenue Service. Income tax expense has been allocated as follows:

Replacement fund	\$27,943
Operating fund	17,582
Properties fund	2,672
Deferred maintenance fund	<u>1</u>
Total	<u>\$48,198</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.

**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 prepares and annually revises a schedule of estimated remaining useful lives and the replacement costs of the common property components. The estimates were obtained from various sources and were coordinated by the Association's staff. 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 current replacement costs, considering amounts previously accumulated in the replacement fund. Investment income of \$123,579 net of bank fees and federal income taxes have been allocated to all the replacement fund components based upon investments allocated to each component.

(CONTINUED)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 6 - REPLACEMENT FUND (CONTINUED):**

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.

The activity in the replacement fund for the year ended September 30, 2009 has been summarized as follows:

<u>Components</u>	<u>Components of Fund Balance at 10/01/08</u>	<u>Actual 2008/2009 Funding Contributions</u>	<u>Investment Income, Net of Bank Fees</u>	<u>Expenditures</u>	<u>Federal Income Tax Expense</u>	<u>Components of Fund Balance at 9/30/09</u>
Roofs	\$ 664,258	\$ 340,000	\$ 43,438	\$ (307,316)	\$ (7,971)	\$ 732,409
Roads	1,746,900	80,000	74,844	(169,089)	(13,819)	1,718,836
Common buildings	301,430	100,000	11,651	(89,652)	(2,160)	321,269
Well motors	8,003	15,000	(9)	(12,276)	-	10,718
Exterior	16,819	15,000	(4)	(28,509)	-	3,306
Retaining wall	296,761	48,000	12,555	(15,980)	(2,325)	339,011
Concrete	190,656	20,833	9,047	(4,845)	(1,668)	214,023
	<u>\$3,224,827</u>	<u>\$ 618,833</u>	<u>\$ 151,522</u>	<u>\$ (627,667)</u>	<u>\$ (27,943)</u>	<u>\$3,339,572</u>

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 7 - DEFERRED MAINTENANCE FUND:**

The activity in the deferred maintenance fund for the year ended September 30, 2009 has been summarized as follows:

DEFERRED MAINTENANCE FUND BALANCE AT OCTOBER 1, 2008		\$ 36,165
2008-2009 Funding and contributions	\$160,000	
Investment income, net of bank fees	<u>(42)</u>	
TOTAL FUNDING FOR SEPTEMBER 30, 2009		159,958
Powerwashing and painting		(149,274)
Federal income tax expense		<u>(1)</u>
DEFERRED MAINTENANCE FUND BALANCE AT SEPTEMBER 30, 2009		<u>\$ 46,848</u>

**NOTE 8 - PROPERTIES FUND:**

The activity in the properties fund for the year ended September 30, 2009 has been summarized as follows:

PROPERTIES FUND BALANCE AT OCTOBER 1, 2008		\$1,020,710
2008-2009 Funding and contributions	\$127,000	
Investment income, net of bank fees	13,683	
Other income	<u>3,973</u>	
TOTAL FUNDING FOR SEPTEMBER 30, 2009		144,656
Depreciation expense		(150,058)
Federal income tax expense		<u>(2,672)</u>
PROPERTIES FUND BALANCE AT SEPTEMBER 30, 2009		<u>\$1,012,636</u>

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 9 - TOTAL REVENUES:**

At September 30, 2009, total revenues consisted of the following:

Residential assessments	\$5,948,286
Residential assessments - allocated to funds	905,833
Investment income, net of bank fees - allocated to funds	165,162
Administrative fees	93,815
Rental income	79,454
Township reimbursement	67,537
Late fees	24,871
Lease fee income	24,430
Unit services	14,180
Other income	12,011
Other income, net – allocated to funds	3,973
Printing reimbursement	3,285
Investment income, net of expenses - operating	2,691
Newspaper income, net of expenses of \$12,000	1,000
Village Fair income, net of expenses	35
Club donations, net of expenses (See Note 14)	<u>-</u>
<b>TOTAL REVENUES</b>	<b><u>\$7,346,563</u></b>

**NOTE 10 - RESIDENTIAL ASSESSMENTS - ALLOCATIONS TO FUNDS:**

At September 30, 2009, residential assessments - allocations to funds consisted of the following:

Assessments allocated to the replacement fund	\$ 618,833
Assessments allocated to the deferred maintenance fund	160,000
Assessments allocated to the properties fund	<u>127,000</u>
<b>TOTAL RESIDENTIAL ASSESSMENTS - OTHER</b>	<b><u>\$ 905,833</u></b>

**NOTE 11 - 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 \$1,000. These contributions totaled \$93,815 during the year ended September 30, 2009 and have been recorded as revenue in the accompanying financial statements.



**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 12 - TOWNSHIP REIMBURSEMENT:**

The Township has reimbursed the Association \$67,537 for a portion of its street lighting, snow clearing and leaf pick-up expenditures. This amount consists of \$16,872 for snow clearing costs incurred for the period July 2008 through June 2009. 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 \$43,856 for street lighting costs incurred during the 2008 calendar year and \$6,809 for fall of 2008 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, 2009 will be recorded as revenue when it is received.

**NOTE 13 - OPERATING FUND BALANCE:**

The Association retains excess operating funds at the end of the operating year for use in future operating periods.

**NOTE 14 - CLUB DONATIONS:**

The following summarizes the club donations and related expenses for the year ended September 30, 2009:

<b>DONATIONS:</b>	
Service Club	\$ 937
Bocce Club	1,000
Westernaires of LVW	300
RV Club	500
Recycling Club	<u>1,348</u>
Total Donations	<u>\$ 4,085</u>
<b>EXPENSES:</b>	
Monthly Riso lease (donated by Service Club)	\$ 937
Surveillance cameras for bocce courts (donated by Bocce Club)	1,000
Television for Association boardroom (donated by Recycling Club)	848
Repair to Steinway Piano at Willow Hall (donated by Westernaires of LVW)	300
Parking lot camera at Encore (donated by RV Club)	500
Parking lot camera at Encore (donated by Recycling Club)	<u>500</u>
Total Expenses	<u>\$ 4,085</u>

Club donations are recorded as an offset to the related expense in the accompanying financial statements and appear on Page 18 of the accompanying financial statements.

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**NOTE 15 - COMMITMENTS:**

The Association derives income from its leases for the commercial units under noncancellable operating agreements expiring on various dates through September 30, 2014. The agreements call for base rents. Future minimum rents to be received over the next five years and in the aggregate are as follows:

Year ending <u>September 30,</u>	
2010	\$ 72,459
2011	47,337
2012	34,026
2013	35,727
2014	37,514
Thereafter	<u>          -</u>
TOTAL	<u>\$227,063</u>

Total rental income under all operating leases totaled \$79,454 for the year ended September 30, 2009.

The Association is a party to various cancellable agreements for cable television, trash removal, security and termite exterminating which expire on various dates through May 31, 2011. Future minimum amounts due under these agreements are as follows:

Year ending <u>September 30,</u>	
2010	\$ 480,446
2011	333,124
2012	106,839
2013	59,439
2014	59,439
Thereafter	<u>237,757</u>
TOTAL	<u>\$1,277,044</u>

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF INFORMATION ON FUTURE**

**MAJOR REPAIRS AND REPLACEMENTS**

**SEPTEMBER 30, 2009**

**UNAUDITED**

The board and management prepare and annually revise a schedule to estimate the remaining useful lives and the replacement costs of the components of the common property. The estimates were obtained from various sources and were coordinated by Leisure Village West Association, Inc.'s staff. The estimates were based on current

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

<u>COMPONENTS</u>	<u>AS OF 2009 STUDY</u>		
	<u>ESTIMATED REMAINING USEFUL LIVES (YEARS)</u>	<u>ESTIMATED REPLACEMENT COSTS</u>	<u>2008-2009 FUNDING</u>
Roofs	1-25	\$ 8,060,505	\$ 340,000
Roads	1-18	4,000,351	80,000
Common buildings	1-42	1,851,382	100,000
Well motors	5	102,000	15,000
Retaining wall	1-10	388,508	48,000
Concrete	0-30	1,683,000	20,833
Exterior *		-	15,000
TOTAL		<u>\$ 16,085,746</u>	<u>\$ 618,833</u>
Replacement fund balance as of September 30, 2009		<u>\$ 3,339,572</u>	

\* The board is funding for exterior elements of the units based on average expenditures incurred for these components in prior years. The board has not done extensive research on the remaining useful lives or replacement costs of these components.

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION**

**SCHEDULES OF REVENUES, TRANSFERS AND OPERATING EXPENSES**

**AS COMPARED TO BUDGET AND PRIOR YEAR**

**FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	2009		2008
	ACTUAL	(UNAUDITED) BUDGET	ACTUAL
<b>REVENUES:</b>			
Residential assessments	\$ 5,948,286	\$ 5,962,745	\$ 5,842,967
Residential assessments - allocated to funds	905,833	905,833	819,000
Investment income, net of bank fees - allocated to funds	165,162	-	183,930
Administrative fees	93,815	146,000	92,295
Rental income	79,454	79,700	78,042
Township reimbursement	67,537	79,100	79,023
Late fees	24,871	17,000	24,557
Lease fee income	24,430	15,700	21,830
Unit services	14,180	16,700	17,000
Other income	12,011	9,700	18,470
Other income, net - allocated to funds	3,973	-	20,206
Printing reimbursement	3,285	2,000	2,881
Investment income, net of expenses - operating	2,691	9,900	10,762
Newspaper income, net of expenses of \$12,000	1,000	-	1,000
Village Fair income, net of expenses	35	-	479
Prior year surplus	-	74,497	-
Vending machine	-	-	687
Club donations, net of expenses (see Note 14)	-	-	-
<b>SUBTOTAL</b>	<b>7,346,563</b>	<b>7,318,875</b>	<b>7,213,129</b>

(CONTINUED)

