

LEISURE VILLAGE WEST
ASSOCIATION, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

LEISURE VILLAGE WEST ASSOCIATION, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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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, 2010 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, 2010, 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.

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, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 19 through 24 is presented for purposes of additional analysis and is not a required part of the basic 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 except for the portions marked "unaudited", on which we express no opinion, 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.

A handwritten signature in cursive script, reading "Wilkin & Guttenplan", written over a horizontal line.

WILKIN & GUTTENPLAN, P.C.
Certified Public Accountants

LEISURE VILLAGE WEST ASSOCIATION, INC.

BALANCE SHEET

SEPTEMBER 30, 2010

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
ASSETS					
1. Cash	\$ 340,075	\$ 110,636	\$ 176,736	\$ 52,703	\$ -
2. Investments	4,363,571	132,003	485,000	-	3,746,568
3. Accrued investment income receivable	10,481	-	-	-	10,481
4. Assessments receivable	183,567	183,567	-	-	-
5. Other receivables	83,494	83,494	-	-	-
6. Prepaid insurance	204,653	204,653	-	-	-
7. Other prepaid expenses	21,180	21,180	-	-	-
8. Property and equipment, net	365,766	-	365,766	-	-
9. Interfund balances	-	37,905	3,899	1	(41,805)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 5,572,787</u></u>	<u><u>\$ 773,438</u></u>	<u><u>\$ 1,031,401</u></u>	<u><u>\$ 52,704</u></u>	<u><u>\$ 3,715,244</u></u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
10. Accounts payable and accrued expenses	\$ 193,466	\$ 193,466	\$ -	\$ -	\$ -
11. Federal income taxes payable	16,475	16,475	-	-	-
12. Assessments received in advance	313,984	313,984	-	-	-
13. Payroll, payroll taxes and employee benefits payable	265,722	265,722	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	789,647	789,647	-	-	-
COMMITMENTS					
14. FUND BALANCES	<u>4,783,140</u>	<u>(16,209)</u>	<u>1,031,401</u>	<u>52,704</u>	<u>3,715,244</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 5,572,787</u></u>	<u><u>\$ 773,438</u></u>	<u><u>\$ 1,031,401</u></u>	<u><u>\$ 52,704</u></u>	<u><u>\$ 3,715,244</u></u>

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, 2010

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
TOTAL REVENUES	\$ 7,585,908	\$ 6,464,072	\$ 165,642	\$ 159,955	\$ 796,239
EXPENSES:					
1. Payroll, payroll taxes and employee benefits	3,732,009	3,732,009	-	-	-
2. Other operating fund expenses	2,745,532	2,745,532	-	-	-
3. Federal income taxes	65,693	38,235	8,203	-	19,255
4. Charges to the replacement fund	401,312	-	-	-	401,312
5. Charges to the deferred maintenance fund	154,099	-	-	154,099	-
6. Operating contingency	27,350	27,350	-	-	-
7. TOTAL EXPENSES AND CHARGES BEFORE DEPRECIATION	<u>7,125,995</u>	<u>6,543,126</u>	<u>8,203</u>	<u>154,099</u>	<u>420,567</u>
8. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	459,913	(79,054)	157,439	5,856	375,672
9. DEPRECIATION EXPENSE	<u>138,674</u>	<u>-</u>	<u>138,674</u>	<u>-</u>	<u>-</u>
10. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	321,239	(79,054)	18,765	5,856	375,672
11. FUND BALANCES - BEGINNING OF YEAR	<u>4,461,901</u>	<u>62,845</u>	<u>1,012,636</u>	<u>46,848</u>	<u>3,339,572</u>
12. FUND BALANCES - END OF YEAR	<u>\$ 4,783,140</u>	<u>\$ (16,209)</u>	<u>\$ 1,031,401</u>	<u>\$ 52,704</u>	<u>\$ 3,715,244</u>

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, 2010

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Excess (deficiency) of revenues over expenses	\$ 321,239	\$ (79,054)	\$ 18,765	\$ 5,856	\$ 375,672
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:					
Depreciation	138,674	-	138,674	-	-
Bad debt expense	10,641	10,641	-	-	-
Changes in assets and liabilities:					
Accrued investment income receivable	9,863	-	-	-	9,863
Assessments receivable	(28,376)	(28,376)	-	-	-
Other receivables	(62,009)	(62,009)	-	-	-
Prepaid insurance	(63,454)	(63,454)	-	-	-
Other prepaid expenses	(1,692)	(1,692)	-	-	-
Prepaid Federal income taxes	15,718	15,718	-	-	-
Accounts payable and accrued expenses	126,319	126,319	-	-	-
Federal income taxes payable	16,475	16,475	-	-	-
Assessments received in advance	63,535	63,535	-	-	-
Payroll, payroll taxes and employee benefits payable	(6,354)	(6,354)	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>540,579</u>	<u>(8,251)</u>	<u>157,439</u>	<u>5,856</u>	<u>385,535</u>

(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, 2010

	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>PROPERTIES FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>REPLACEMENT FUND</u>
(CONTINUED)					
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property and equipment	(190,601)	-	(190,601)	-	-
Purchases of investments	(2,245,119)	(58)	-	-	(2,245,061)
Maturities/redemptions of investments	<u>1,896,757</u>	<u>46,006</u>	<u>15,000</u>	<u>-</u>	<u>1,835,751</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	 <u>(538,963)</u>	 <u>45,948</u>	 <u>(175,601)</u>	 <u>-</u>	 <u>(409,310)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:					
Change in interfund balances	<u>-</u>	<u>(7,291)</u>	<u>(16,479)</u>	<u>(5)</u>	<u>23,775</u>
 NET INCREASE (DECREASE) IN CASH	 1,616	 30,406	 (34,641)	 5,851	 -
 CASH - BEGINNING OF YEAR	 <u>338,459</u>	 <u>80,230</u>	 <u>211,377</u>	 <u>46,852</u>	 <u>-</u>
 CASH - END OF YEAR	 <u><u>\$ 340,075</u></u>	 <u><u>\$ 110,636</u></u>	 <u><u>\$ 176,736</u></u>	 <u><u>\$ 52,703</u></u>	 <u><u>\$ -</u></u>
 SUPPLEMENTAL DISCLOSURE:					
CASH PAID DURING THE YEAR FOR:					
Federal income taxes	<u><u>\$ 33,500</u></u>				

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

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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 of the 2,692 condominium units in the Association and provide for the preservation of the values and amenities in the community and maintenance of the common facilities. 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.

(CONTINUED)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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

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 powerwashing, which occur less frequently than annually.

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.

(CONTINUED)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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

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.

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, 2010.

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

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.

NOTE 3 - INVESTMENTS:

At September 30, 2010, investments consist of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Value</u>
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	2.000%	07/15/12	47,639
Federal National Mortgage Assn	4.660%	02/01/19	39,658
Certificate of Deposit	3.750%	08/06/19	96,000

(CONTINUED)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 3 - INVESTMENTS (CONTINUED):

	<u>Interest</u>	<u>Maturity</u>	<u>Carrying</u>
	<u>Rate</u>	<u>Date</u>	<u>Value</u>
(Continued)			
Federal Home Loan Mortgage Note	4.200%	10/15/24	25,000
Federal Home Loan Mortgage Note	4.000%	03/24/25	298,875
Federal National Mortgage Assn	4.000%	07/14/25	700,000
Federal Farm Credit Bond	4.880%	03/27/28	256,646
Federal Farm Credit Bond	4.920%	09/18/28	271,993
Federal Home Loan Mortgage Note	4.250%	02/15/29	150,000
Federal National Mortgage Assn	5.000%	10/19/29	10,000
Federal Farm Credit Bond	5.120%	12/28/29	500,000
Federal Home Loan Mortgage Note	4.550%	03/15/30	194,887
Ginnie Mae Series	5.000%	04/16/34	136,094
Federal National Mortgage Assn	5.000%	05/19/34	223,000
Federal National Mortgage Assn	5.350%	02/12/38	25,000
GNMA	5.000%	11/20/38	213,000
GNMA	5.000%	11/15/39	<u>127,542</u>
TOTAL INVESTMENTS HELD TO MATURITY			<u>\$3,840,134</u>
Approximate market value			<u>\$3,911,860</u>
Gross unrealized holding gain			<u>\$ 71,726</u>
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 approximates market value at September 30, 2010.			
Total investments held to maturity			\$3,840,134
Total investments available for sale			<u>523,437</u>
TOTAL INVESTMENTS			<u>\$4,363,571</u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 4 - PROPERTY AND EQUIPMENT, NET:

At September 30, 2010, property and equipment consists of the following:

Machinery and equipment - maintenance	\$ 754,466
Motor vehicles	457,792
Building - 3 Buckingham Drive (former Association office)	215,400
Machinery and equipment - recreation	180,338
Furniture and fixtures	176,963
Computer equipment	24,226
Golf course equipment	<u>19,211</u>
 TOTAL PROPERTY AND EQUIPMENT	 1,828,396
 Less: Accumulated depreciation	 (<u>1,462,630</u>)
 PROPERTY AND EQUIPMENT, NET	 <u>\$ 365,766</u>

NOTE 5 - 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.

For the year ended September 30, 2010, the Association expects to be taxed as a regular corporation and therefore not taxed as a condominium management association. Income taxes of \$65,693 have been provided based on the excess of non-membership income over non-membership expenses. The Association adopted the new accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The prior three years federal tax returns as filed remain open for examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association believes that they are appropriate based on current facts and circumstances. Income tax expense has been allocated as follows:

Operating fund	\$38,235
Replacement fund	19,255
Properties fund	<u>8,203</u>
 Total	 <u>\$65,693</u>

(CONTINUED)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 5 - INCOME TAXES (CONTINUED):

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 prepare, and annually revise, a schedule of estimated remaining useful lives and 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 the then current replacement costs, considering amounts previously accumulated in the replacement fund. In addition, investment income of \$71,574 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 THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 6 - REPLACEMENT FUND (CONTINUED):

The activity in the replacement fund for the year ended September 30, 2010 has been summarized as follows:

<u>Components</u>	<u>Components of Fund Balance at 10/01/09</u>	<u>Actual 2009/2010 Funding Contributions</u>	<u>Investment Income, Net of Bank Fees</u>	<u>Federal Other Income</u>	<u>Expenditures</u>	<u>Income Tax Expense</u>	<u>Components of Fund Balance at 09/30/10</u>
Roofs	\$ 732,409	\$ 400,000	\$ 28,764	\$ -	\$(220,924)	\$ (6,096)	\$ 934,153
Roads	1,718,836	114,590	52,541	-	(27,240)	(11,135)	1,847,592
Common buildings	321,269	80,000	3,732	1,987	(57,328)	(791)	348,869
Well motors	10,718	25,000	(12)	-	(19,073)	-	16,633
Exterior	3,306	15,000	(11)	-	-	-	18,295
Retaining wall	339,011	48,000	992	-	(63,009)	(211)	324,783
Concrete	<u>214,023</u>	<u>20,833</u>	<u>4,823</u>	<u>-</u>	<u>(13,738)</u>	<u>(1,022)</u>	<u>224,919</u>
	<u>\$3,339,572</u>	<u>\$ 703,423</u>	<u>\$ 90,829</u>	<u>\$ 1,987</u>	<u>\$ 401,312</u>	<u>\$ (19,255)</u>	<u>\$3,715,244</u>

NOTE 7 - PROPERTIES FUND:

The activity in the properties fund for the year ended September 30, 2010 has been summarized as follows:

PROPERTIES FUND BALANCE AT OCTOBER 1, 2009	\$1,012,636
2009-2010 Funding and contributions	\$127,000
Investment income, net of bank fees	<u>38,642</u>
TOTAL FUNDING FOR SEPTEMBER 30, 2010	165,642
Depreciation expense	(138,674)
Federal income tax expense	<u>(8,203)</u>
PROPERTIES FUND BALANCE AT SEPTEMBER 30, 2010	<u>\$1,031,401</u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 8 - DEFERRED MAINTENANCE FUND:

The activity in the deferred maintenance fund for the year ended September 30, 2010 has been summarized as follows:

DEFERRED MAINTENANCE FUND BALANCE AT OCTOBER 1, 2009		\$ 46,848
2009-2010 Funding and contributions	\$160,000	
Investment income, net of bank fees	<u>(45)</u>	
TOTAL FUNDING FOR SEPTEMBER 30, 2010		159,955
Powerwashing and painting		<u>(154,099)</u>
DEFERRED MAINTENANCE FUND BALANCE AT SEPTEMBER 30, 2010		<u>\$ 52,704</u>

NOTE 9 - TOTAL REVENUES:

At September 30, 2010, total revenues consisted of the following:

Residential assessments	\$6,050,067
Residential assessments - allocated to funds	990,423
Investment income, net of bank fees - allocated to funds	129,426
Administrative fees	106,765
Rental income	81,712
Township reimbursement	72,992
Other income	57,756
Investment income, net of expenses - operating	37,733
Late fees	23,416
Lease fee income	16,525
Unit services	13,428
Printing reimbursement	2,764
Other income, net - allocated to funds	1,987
Vending machine	914
Newspaper income, net of expenses of \$13,000	-
Club donations, net of expenses (See Note 13)	<u>-</u>
TOTAL REVENUES	<u>\$7,585,908</u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 10 - RESIDENTIAL ASSESSMENTS - ALLOCATIONS TO FUNDS:

At September 30, 2010, residential assessments - allocations to funds consisted of the following:

Assessments allocated to the replacement fund	\$ 703,423
Assessments allocated to the deferred maintenance fund	160,000
Assessments allocated to the properties fund	<u>127,000</u>
TOTAL RESIDENTIAL ASSESSMENTS - OTHER	<u>\$ 990,423</u>

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. 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 \$106,765 during the year ended September 30, 2010 and have been recorded as revenue in the accompanying financial statements.

NOTE 12 - TOWNSHIP REIMBURSEMENT:

The Township has reimbursed the Association \$72,992 for a portion of its street lighting, snow clearing and leaf pick-up expenditures. This amount consists of \$19,412 for snow clearing costs incurred for the period July 2009 through June 2010. 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 \$46,575 for street lighting costs incurred during the 2009 calendar year and \$7,005 for fall of 2009 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, 2010 will be recorded as revenue when it is received.

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 13 - CLUB DONATIONS:

The following summarizes the club donations and related expenses for the year ended September 30, 2010:

DONATIONS:	
Service Club	\$ 2,094
Garden Club	826
Recycling Club	<u>3,479</u>
 TOTAL DONATIONS	 <u>\$ 6,399</u>
EXPENSES:	
Monthly Riso lease (donated by Service Club)	\$ 860
Follow spotlight for Willow Hall (donated by Service Club)	1,234
Two (2) Benches (donated by Garden Club)	826
Stage Curtains - Willow Hall (donated by Recycling Club)	<u>3,479</u>
 TOTAL EXPENSES	 <u>\$ 6,399</u>

Club donations are recorded as an offset to the related expense in the accompanying financial statements and appear on Page 19 of the accompanying financial statements.

NOTE 14 - COMMITMENTS:

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

Year ending <u>September 30,</u>	
2011	\$ 47,337
2012	34,026
2013	35,727
2014	<u>37,514</u>
 TOTAL	 <u>\$154,604</u>

(CONTINUED)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 14 - COMMITMENTS (CONTINUED):

Total rental income under all operating leases totaled \$81,712 for the year ended September 30, 2010.

The Association is a party to a noncancellable agreement for cable television which expires on October 1, 2018. Future minimum amounts due under this agreement are as follows:

<u>Year ending</u> <u>September 30,</u>	
2011	\$ 59,439
2012	59,439
2013	59,439
2014	59,439
2015	59,439
Thereafter	<u>178,318</u>
TOTAL	<u>\$ 475,513</u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

SCHEDULE OF INFORMATION ON FUTURE

MAJOR REPAIRS AND REPLACEMENTS

SEPTEMBER 30, 2010

UNAUDITED

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 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 study and presents significant information about the components of common property.

<u>COMPONENTS</u>	<u>AS OF 2010 STUDY</u>		
	<u>ESTIMATED REMAINING USEFUL LIVES (YEARS)</u>	<u>ESTIMATED REPLACEMENT COSTS</u>	<u>2009-2010 FUNDING</u>
Roofs	1-25	\$ 10,043,737	\$ 400,000
Roads	1-18	4,223,689	114,590
Common buildings	1-42	1,875,682	80,000
Well motors	5	102,000	25,000
Retaining wall	1-10	311,132	48,000
Concrete	0-30	1,683,000	20,833
Exterior *		<u>-</u>	<u>15,000</u>
TOTAL		<u>\$ 18,239,240</u>	<u>\$ 703,423</u>
Replacement fund balance as of September 30, 2010		<u>\$ 3,715,244</u>	

* 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.

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, 2010 AND 2009

	2010		2009
	ACTUAL	(UNAUDITED) BUDGET	ACTUAL
REVENUES:			
Residential assessments	\$ 6,050,067	\$ 6,071,979	\$ 5,948,286
Residential assessments - allocated to funds	990,423	990,423	905,833
Investment income, net of bank fees - allocated to funds	129,426	168,800	165,162
Administrative fees	106,765	124,000	93,815
Rental income	81,712	83,000	79,454
Township reimbursement	72,992	67,600	67,537
Other income	57,756	7,200	12,011
Investment income, net of expenses - operating	37,733	6,300	2,691
Late fees	23,416	17,000	24,871
Lease fee income	16,525	18,100	24,430
Unit services	13,428	17,400	14,180
Printing reimbursement	2,764	2,000	3,285
Other income, net - allocated to funds	1,987	-	3,973
Vending machine	914	-	-
Prior year surplus	-	42,363	-
Newspaper income, net of expenses of \$13,000	-	-	1,000
Village Fair income, net of expenses	-	-	35
Club donations, net of expenses (see Note 13)	-	-	-
SUBTOTAL	7,585,908	7,616,165	7,346,563

(CONTINUED)

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, 2010 AND 2009

	2010		2009
	ACTUAL	(UNAUDITED) BUDGET	ACTUAL
(CONTINUED)			
TRANSFERS:			
Residential assessments allocated to the replacement	703,423	703,423	618,833
Residential assessments allocated to the deferred maintenance fund	160,000	160,000	160,000
Residential assessments allocated to the properties fund	127,000	127,000	127,000
Investment income, net of bank fees, allocated to:			
Replacement fund	90,829	168,800	151,522
Properties fund	38,642	-	13,683
Deferred maintenance fund	(45)	-	(42)
Other income, net allocated to the replacement fund	1,987	-	-
Other income, net allocated to the properties fund	-	-	3,973
TOTAL REVENUES, NET OF TRANSFERS TO REPLACEMENT, DEFERRED MAINTENANCE AND PROPERTIES FUNDS	6,464,072	6,456,942	6,271,594

(CONTINUED)

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, 2010 AND 2009

	<u>2010</u>		<u>2009</u>
	<u>ACTUAL</u>	<u>(UNAUDITED) BUDGET</u>	<u>ACTUAL</u>
(CONTINUED)			
OPERATING EXPENSES:			
Payroll, payroll taxes and employee benefits	3,732,009	3,711,600	3,586,905
Other operating fund expenses	2,745,532	2,688,000	2,642,619
Federal income taxes	38,235	12,900	17,582
TOTAL OPERATING EXPENSES	<u>6,515,776</u>	<u>6,412,500</u>	<u>6,247,106</u>
OPERATING CONTINGENCY	<u>27,350</u>	<u>44,442</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER OPERATING EXPENSES	<u>\$ (79,054)</u>	<u>\$ -</u>	<u>\$ 24,488</u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

SCHEDULES OF PAYROLL, PAYROLL TAXES AND EMPLOYEE BENEFITS

AS COMPARED TO BUDGET AND PRIOR YEAR

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>		<u>2009</u>
	<u>ACTUAL</u>	<u>(UNAUDITED) BUDGET</u>	<u>ACTUAL</u>
PAYROLL, PAYROLL TAXES AND EMPLOYEE BENEFITS:			
Grounds maintenance payroll - 44 employees budgeted	\$ 926,318	\$ 825,300	\$ 839,143
Fringe benefits	769,050	827,000	745,529
Administrative payroll - 8 employees budgeted	484,293	480,200	476,870
Building maintenance payroll - 12 employees budgeted	406,529	444,100	419,610
Payroll taxes	319,059	295,700	289,587
Clerical payroll - 9 employees budgeted	254,646	266,900	259,678
Lead/mechanic payroll - 5 employees budgeted	185,052	192,800	184,631
Janitor payroll - 6 employees budgeted	178,356	180,500	176,584
Appliance mechanic - 3.5 employees budgeted	134,332	135,200	123,820
Golf course payroll - 2 employees budgeted	74,374	63,900	71,453
TOTAL PAYROLL, PAYROLL TAXES AND EMPLOYEE BENEFITS	<u>\$ 3,732,009</u>	<u>\$ 3,711,600</u>	<u>\$ 3,586,905</u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

SCHEDULES OF OTHER OPERATING FUND EXPENSES

AS COMPARED TO BUDGET AND PRIOR YEAR

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010		
	ACTUAL	(UNAUDITED) BUDGET	2009 ACTUAL
OTHER OPERATING FUND EXPENSES:			
Insurance	\$ 587,856	\$ 576,100	\$ 591,245
Lawn maintenance	315,144	319,200	296,359
Building maintenance	219,321	211,600	203,022
Sanitation contract	193,705	255,000	270,883
Outdoor lighting and wells	164,158	150,700	151,921
Security services contract	155,296	169,900	162,002
Building electric	135,429	131,600	131,292
Community buildings maintenance and repair	133,468	128,400	128,592
Snow clearing	105,368	30,000	24,910
Auto and truck expense	91,558	91,300	96,499
Appliance maintenance	90,152	68,400	68,354
Office expense	87,356	88,400	85,425
Bus expense	84,835	103,400	92,558
Building heating	79,147	76,200	68,684
Exterminating	68,037	67,700	68,037
Community TV service	67,170	67,700	66,688
Professional fees	48,103	28,900	25,073
Golf course maintenance	24,850	27,900	25,610
Concrete repairs	18,203	16,500	19,028
Bookkeeping and computer services	17,537	15,900	17,430
Recreation expense, net of income	15,379	24,200	20,464
Building water and sewer	13,782	14,000	12,499
Bad debt expense	10,641	10,000	-
Insurance claim expense, net of proceeds	9,936	-	952
Road maintenance	9,094	15,000	15,092
Village Fair expenses, net of income	7	-	-
TOTAL OTHER OPERATING FUND EXPENSES	<u><u>\$ 2,745,532</u></u>	<u><u>\$ 2,688,000</u></u>	<u><u>\$ 2,642,619</u></u>

LEISURE VILLAGE WEST ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

SCHEDULE OF DEFERRED MAINTENANCE FUND AND

REPLACEMENT FUND EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2010

DEFERRED MAINTENANCE FUND EXPENDITURES:

Powerwashing and painting	\$ 154,099
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REPLACEMENT FUND EXPENDITURES:

Roof replacement - units	\$ 220,924
Retaining wall	63,009
Common buildings	57,328
Roads	27,240
Well motors	19,073
Concrete	13,738

TOTAL REPLACEMENT FUND EXPENDITURES	\$ 401,312
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