

LEISURE KNOLL AT MANCHESTER ASSOCIATION

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2021

AND

INDEPENDENT AUDITORS' REPORT

LEISURE KNOLL AT MANCHESTER ASSOCIATION
FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021

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FOUNDED IN 1926 BY SIDNEY MOHEL

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INDEPENDENT AUDITOR'S REPORT

*To the Board of Trustees and Unit Owners of
Leisure Knoll at Manchester Association*

We have audited the accompanying financial statements of Leisure Knoll at Manchester Association which comprise the balance sheet as of September 30, 2021, 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.

The Board of Trustees' Responsibility for the Financial Statements

The Board of Trustees' (the "Board") is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leisure Knoll at Manchester Association as of September 30, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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 12 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.

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 13 - 18 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 Accountant

December 22, 2021
Toms River, New Jersey

LEISURE KNOLL AT MANCHESTER ASSOCIATION

BALANCE SHEET
SEPTEMBER 30, 2021

	Operating Fund	Optional Lawn and Snow Fund	Fixed Asset Fund	Replacement Fund	Total
ASSETS					
Cash and cash equivalents - Note 2	\$ 789,271	\$ 793,106	\$ -	\$ 1,143,692	\$ 2,726,069
Investments, at cost - Note 3				700,000	700,000
Assessments receivable, less adjustment for probable uncollectible accounts of \$179,078 - Note 2	35,059			53	35,059
Accrued interest receivable					53
Accounts receivable - other	22,734				22,734
Prepaid expenses - Note 5	30,952				30,952
Prepaid federal income taxes - Note 7	8,378				8,378
Property and equipment, net - Notes 2 and 6			68,113		68,113
Interfund balances - Note 2	423,710	(479,697)		55,987	-
Total assets	\$ 1,310,104	\$ 313,409	\$ 68,113	\$ 1,899,732	\$ 3,591,358
LIABILITIES AND FUND BALANCES					
Accounts payable and accrued expenses	\$ 83,049	\$ -	\$ -	\$ -	\$ 83,049
Payroll and payroll taxes payable	12,375				12,375
Insurance recovery	17,086				17,086
Assessments received in advance	239,873				239,873
Deferred revenue - Note 2	380,590	128,580			509,170
Total liabilities	732,973	128,580	-	-	861,553
Fund balances - Notes 2 and 8	577,131	184,829	68,113	1,899,732	2,729,805
Total liabilities and fund balances	\$ 1,310,104	\$ 313,409	\$ 68,113	\$ 1,899,732	\$ 3,591,358

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

LEISURE KNOLL AT MANCHESTER ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2021

	<u>Operating Fund</u>	<u>Optional Lawn and Snow Fund</u>	<u>Fixed Asset Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUES					
Membership Assessments					
Membership assessments - Note 2	\$ 2,409,212	\$ -	\$ -	\$ 819,504	\$ 3,228,716
Adjustment for probable uncollectible accounts	(38,311)				(38,311)
Net Membership Assessments	<u>2,370,901</u>			<u>819,504</u>	<u>3,190,405</u>
Other Revenues					
Deferred revenue applied on current years budget - Note 2	123,937	128,085			252,022
Optional lawn and snow revenues - Note 2		717,493			717,493
Advertising income	20,400				20,400
Late/lien fee income/Compliance fees	15,546				15,546
Membership fee - Note 4	60,300			134,000	194,300
Township reimbursement - Note 10	22,734				22,734
Other income	42,649				42,649
Interest income - Note 2	314	74		1,111	1,499
Total Other Revenues	<u>285,880</u>	<u>845,652</u>		<u>135,111</u>	<u>1,266,643</u>
Total Revenues	<u>2,656,781</u>	<u>845,652</u>		<u>954,615</u>	<u>4,457,048</u>
EXPENSES					
Payroll	547,344				547,344
Benefits and taxes	188,128				188,128
Services	1,321,759				1,321,759
Utilities	125,620				125,620
Snow removal	76,764				76,764
Lawn maintenance	14,478				14,478
Landscaping services	62,358				62,358
Road repair and maintenance	1,575				1,575
Truck and equipment	8,871				8,871
Professional fees	32,346				32,346
Office expense	84,858				84,858
Administrative	3,022				3,022
Recreational	89,635				89,635
Community buildings	42,107				42,107
Federal Taxes/Doubtful accounts/Real estate tax/Use tax	4,927				4,927
Depreciation - Notes 2 and 6		732,076	44,767		776,843
Optional lawn and snow expenses - Note 2				438,584	438,584
Replacement fund expenditures - Note 9		732,076	44,767	438,584	1,215,427
Total Expenses	<u>2,603,792</u>	<u>732,076</u>	<u>44,767</u>	<u>438,584</u>	<u>3,819,219</u>
Excess (deficiency) of revenues over expenses before deferred revenue	52,989	113,576	(44,767)	516,031	637,829
Deferred revenue applied on subsequent years budget - Note 2	(380,590)	(128,580)			(509,170)
Excess (deficiency) of revenues over expenses after deferred revenue	(327,601)	(15,004)	(44,767)	516,031	128,659
Fund balance - beginning of year	904,732	199,833	112,880	1,383,701	2,601,146
Fund balance - end of year	577,131	184,829	68,113	1,899,732	2,729,805

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

LEISURE KNOLL AT MANCHESTER ASSOCIATION

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

	Operating Fund	Optional Lawn and Snow Fund	Fixed Asset Fund	Replacement Fund	Total
Cash flows from operating activities:					
Excess (deficiency) of revenues over expenses after deferred revenue	\$ (327,601)	\$ (15,004)	\$ (44,767)	\$ 516,031	\$ 128,659
Adjustment to reconcile excess (deficiency) of revenues over expenses after deferred revenue to net cash provided by (used by) operating activities:					
Depreciation	3,817		44,767		44,767
Adjustment for probable uncollectible accounts	(55,587)	105,931		(50,344)	3,817
Interfund balance					-
(Increase) decrease in:					
Assessment receivable	(6,323)				(6,323)
Accrued interest receivable				2,124	2,124
Accounts receivable - other	37,954				37,954
Prepaid expenses	11,655				11,655
Increase (decrease) in:					
Accounts payable and accrued expenses	10,686			(51,148)	(40,462)
Payroll and payroll taxes payable	676				676
Insurance recovery	17,086				17,086
Assessments received in advance	33,177				33,177
Deferred revenue	256,653	495			257,148
Net cash provided by (used by) operating activities	<u>(17,807)</u>	<u>91,422</u>	<u>-</u>	<u>416,663</u>	<u>490,278</u>
Cash flows from investing activities:					
Purchase of property and equipment				(700,000)	(700,000)
Purchase of investments				600,000	600,000
Sale/maturity of investments				(100,000)	(100,000)
Net cash used by investing activities				316,663	390,278
Net increase (decrease) in cash and cash equivalents	(17,807)	91,422	-		
Cash and cash equivalents at beginning of year	807,078	701,684	-	827,029	2,335,791
Cash and cash equivalents at end of year	<u>\$ 789,271</u>	<u>\$ 793,106</u>	<u>\$ -</u>	<u>\$ 1,143,692</u>	<u>\$ 2,726,069</u>
Supplementary disclosure:					
Income taxes paid					\$ -

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

LEISURE KNOLL AT MANCHESTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 - ORGANIZATION

Leisure Knoll at Manchester Association (the "Association"), located in Manchester Township, New Jersey, is an incorporated Association pursuant to the Corporations and Associations Not For Profit Act of the State of New Jersey under Title 15A. The purpose of the Association is to provide for the preservation of the values and amenities in the community and for the maintenance of the common facilities. The Association consists of 1,626 residential units in an area of approximately 442 acres. Recreational facilities include clubhouses, swimming pool and tennis courts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting - The Association's legal documents (i.e., Certificate of Incorporation, Declaration of Covenants and Restrictions 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.

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 are available for the general operations of the Association.

Optional Lawn and Snow Fund - The purpose of this fund is to segregate the revenues and expenses relating to the optional lawn and snow services which are provided to residents that choose to participate.

Fixed Assets Fund - This fund represents tangible personal property not an integral part of the existing facilities.

Replacement Fund - The purpose of the replacement fund is to accumulate funds over the lives of assets which are part of the common elements so that at the time of their replacement sufficient amounts have been accumulated.

Property and Equipment - Depreciation is computed on a straight-line basis over the estimated lives of the assets. 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 replacement fund if provided for therein.

Financial Instruments with Off-Balance Sheet Risk - The Association, in its normal course of business, maintains cash balances which, at times, may exceed federally insured limits. At September 30, 2021, the uninsured cash balances totaled \$432,607.

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.

Optional Lawn and Snow Service - Optional lawn and snow services are provided to residents. These services include the following:

- Lawn cuttings & trimmings minimum (24) to a maximum of (28) and edging (12-14),
- Fertilization (3), treatments (5), liming of lawn (1),
- and clearing of snow from driveways and walkways to front door (as needed).

(Continued)

LEISURE KNOLL AT MANCHESTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
(Continued)
SEPTEMBER 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Assets - The Association's property and common elements (other than that described above) are owned by the Association to the extent that they are not part of the fee simple ownership of the individual units as described in the Association documents. The Association's common elements consist of sidewalks, roads, recreational facilities and open areas.

The Association received the common elements referred to above in a nonmonetary transaction with the developer of the community. The use and disposition of these properties are restricted or governed by the Association's legal documents. Accordingly, no amounts have been reflected on the accompanying balance sheet for the common elements owned by the Association.

Interest Earned - The Association's policy is to allocate to the appropriate funds interest earned on each fund's interest bearing cash accounts.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Board/management 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 reported period. Actual results could differ from those estimates.

Deferred Revenue - The Association derives its revenue principally from membership assessments. Excess of revenues over expenses has been deferred and used to reduce the following year's assessments and perform special projects.

Interfund balances - Represents future Interfund cash transfers required to balance funds.

Membership Assessments and Assessments Receivable - Association members are subject to monthly assessments based upon the annual budget. The purpose of membership assessments is to provide funds for operating expenses and funding for reserves for future major repairs and replacements. Monthly membership 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. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for membership 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.

Membership 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 of September 30, 2021, the Association had assessments receivable of \$214,137. Forty-eight units had receivables in excess of \$1,000 totaling \$179,078. The board has recorded an adjustment for probable uncollectible accounts in the amount of \$179,078. The Association treats uncollectible membership 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 22, 2021, 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.

(Continued)

LEISURE KNOLL AT MANCHESTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 2021

NOTE 3 - INVESTMENTS

At September 30, 2021, investments consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Value</u>
Certificate of Deposit	0.05%	12/22/2021	200,000
Certificate of Deposit	0.05%	2/2/2022	60,000
Certificate of Deposit	0.10%	2/28/2022	240,000
Certificate of Deposit	0.10%	3/30/2022	200,000
Total			\$ <u>700,000</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.

NOTE 4 - MEMBERSHIP FEES

Upon the acquisition of title to a unit, each member of the Association must contribute a one-time, non-refundable working capital contribution in the amount of \$1,450, of which \$1,000 is being allocated to the replacement fund and \$ 450 is to the operating fund.

NOTE 5 - PREPAID EXPENSES

	<u>2021</u>
Prepaid liability insurance	\$ 26,301
Prepaid workers' compensation	4,331
Prepaid gate system maintenance	<u>320</u>
	\$ <u>30,952</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost and consist of the following:

	<u>2021</u>	<u>Useful Lives (Years)</u>
Motor vehicles	\$ 252,845	3 - 5
Maintenance equipment	160,082	4 - 10
Furniture and fixtures	213,537	3 - 5
	<u>626,464</u>	
Less: accumulated depreciation	558,351	
	\$ <u>68,113</u>	

(Continued)

LEISURE KNOLL AT MANCHESTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 2021

NOTE 7 - INCOME TAXES

Under the Internal Revenue Code, associations may be taxed as a Homeowners Association at their election, or as a regular corporation. 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. By filing as a regular corporation, the Association is generally taxed at a lower rate than by filing as a Homeowners Association.

For the year ended September 30, 2021, the Association has elected to be taxed as a Homeowners Association, no income taxes have been provided based on the excess of non-exempt expenses over non-exempt income.

The Association is incorporated pursuant to Title 15 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 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 required to be recognized.

The Association's federal information returns are generally subject to examination by the Internal Revenue Service for three years, including the years ended September 30, 2021, 2020 and 2019.

NOTE 8 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

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.

FWH Associates, professional engineering consultants, conducted a update with on-site review study effective October 1, 2016 to estimate the remaining useful lives and the replacement costs of the components of common property. The 2017 study includes those components with an estimated remaining useful life within the determined useful life guidelines for inclusion in the replacement schedule for purposes of determining annual funding. 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 2017 study.

During the year ended September 30, 2021 the Board funded for major repairs and replacements over the remaining useful lives of the components based on the 2017 study's estimates of the then current replacement costs, considering amounts previously accumulated in the replacement fund and utilizing the threshold methodology. Threshold funding, based upon a 30 year cash flow analysis, sets a replacement funding goal of keeping the replacement fund balance above a specified dollar amount at its lowest accumulated amount, as specified by the Board, but below the full funding determined level. The threshold level included in the 2017 study is \$763,262 which is approximately 10% of the estimated replacement cost of the common property included in the study. In addition, investment income earned on replacement fund monies and membership fees were contributed to the replacement fund.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacement of common property components. Actual expenditures may vary from the estimated amounts, and the variations may be material. 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 repairs and replacements until funds are available, if possible.

(continued)

LEISURE KNOLL AT MANCHESTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
(Continued)
SEPTEMBER 30, 2021

NOTE 9 - MAJOR REPAIRS AND REPLACEMENTS

	<u>2021</u>
Replace curbing sidewalks & aprons	\$ 186,172
Repairs & replacement - recreation	137,807
Community buildings - interior work	73,422
Clubhouse expansion project	29,886
Road paving/infrastructure	<u>11,297</u>
	<u>\$ 438,584</u>

NOTE 10 - TOWNSHIP REIMBURSEMENT

The Association under the Municipal Services Act has entered into an agreement with the Township for snow clearing and lighting electricity reimbursement. The reimbursement recorded in the accompanying financial statements represents reimbursement of expenses for calendar year 2020. Any reimbursement related to 2021 expenditures will be recorded when, and if, received.

NOTE 11 - RETIREMENT PLANS

The Association has a Union Retirement Plan and a 401 (k) Retirement Plan. The plans cover substantially all employees. The Association's contributions for the fiscal year ended September 30, 2021 was \$44,445.

NOTE 12 - UNION AGREEMENT

Approximately 77% of the Association's employees are covered by a collectively bargained union agreement. The union agreement which is in effect is for the period October 1, 2018 through September 30, 2021.

(continued)

LEISURE KNOLL AT MANCHESTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
(Continued)
SEPTEMBER 30, 2021

NOTE 13 - OPERATING LEASES

The Association is a party to a no-cancellable agreement for bulk cable television which expires on September 30, 2030. Service fee for bulk cable television service may be increased by the Company and such increases shall not exceed 5% per year. Future minimum amounts due at the current rate under this agreement are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2022	\$ 722,802
2023	722,802
2024	722,802
2025	722,802
2026	722,802
2027	722,802
2028	722,802
2029	722,802
2030	<u>722,802</u>
Total	\$ <u>6,505,218</u>

NOTE 14 - OTHER MATTER

In late 2019, a novel strain of coronavirus, COVID-19, emerged globally. As the impact of the spread of the COVID-19 coronavirus continues to spread in the United States and around the world, the Association may experience disruptions that could impact its ability to carry out its activities. As of the date of the issuance of these financial statements, the Association cannot reasonably estimate the impact to the Association's future activities, revenues, financial condition or results of operations; however, such impact could be significantly negative.

SUPPLEMENTARY INFORMATION

LEISURE KNOLL AT MANCHESTER ASSOCIATION
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
(Unaudited)
SEPTEMBER 30, 2021

FWH Associates, conducted a update with on-site review study effective October 1, 2016, to estimate the useful lives and estimated replacement costs of components of common property. Replacement costs were based on the costs to repair and replace the common property components at the end of their useful lives assuming an inflation rate of 2.5 percent and a interest rate of 1 percent. A funding threshold of of \$763,262 which is approximately 10% of the estimated replacement cost is being estimated.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years) As of 2017 study</u>	<u>Estimated Current Replacement Cost As of 2017 study</u>
Site work		
Paved surfaces	1 - 20	\$ 3,803,086
Concrete surfaces	1 - 30	1,387,725
Irrigation	2 - 24	180,335
Boathouse and lake amenities	2 - 11	53,545
Illumination	2 - 22	38,948
Front entrance sign	20	4,729
Lakeside Lodge		
Exterior	20 - 40	41,550
Interior	7 - 36	179,624
Mechanical/electrical	14 - 16	48,765
Timberland Hall		
Exterior	20 - 40	59,448
Interior	2 - 23	282,868
Mechanical/electrical	2 - 21	100,273
PAC Center		
Exterior	16 - 40	62,557
Interior	2 - 29	325,401
Mechanical/electrical	2 - 13	92,739
Offices/Commercial		
Exterior	5 - 20	18,171
Office renovation	2 - 9	46,953
Mechanical/electrical	15	7,038
New office	1	403,650
Equipment	2 - 9	93,689
Vehicles	2 - 9	206,644
Gatehouse		
Exterior	12 - 17	2,550
Mechanical/electrical	15 - 21	14,223
Recreational Facilities		
Swimming Pool	7 - 20	285,612
Tennis courts	3 - 18	140,580
Bocce courts	10 - 11	64,069
Shuffleboard courts	2	28,560
Miscellaneous	10 - 14	62,934
		<u>\$ 8,036,266</u>
Replacement fund balance as of September 30, 2021		<u>\$ 1,899,732</u>

The schedule of future major repairs and replacements indicates a 10% threshold funding requirement of \$819,504 for 2016-2017 and \$840,995 per annum thereafter.

See auditor's report

LEISURE KNOLL AT MANCHESTER ASSOCIATION

**SCHEDULE OF OPERATING REVENUES
AND EXPENSES AS COMPARED TO BUDGET**

**YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Actual	(Unaudited) Budget	Variance- Favorable (Unfavorable)	Memo Total Actual
REVENUES				
Membership Assessments				
Membership Assessments	\$ 2,409,212	\$ 2,380,464	\$ 28,748	\$ 2,411,016
Adjustment for probable uncollectible accounts	<u>(38,311)</u>	<u>(25,000)</u>	<u>(13,311)</u>	<u>8,943</u>
Net Membership Assessments	2,370,901	2,355,464	15,437	2,419,959
Other Revenues				
Membership fee	60,300	54,000	6,300	59,400
Advertising income	20,400	20,400	-	20,400
Miscellaneous income	10,125	1,000	9,125	2,719
Compliance fees	2,818	2,500	318	-
Late/Lien fee income	12,728	5,000	7,728	2,053
Real estate tax reimbursement	-	4,623	(4,623)	-
Café income	-	-	-	610
Rent income (Bank & Realty offices)	-	-	-	4,500
Admin fee income opt lawn/snow	-	17,500	(17,500)	36,000
Town reimbursement street lights	18,819	22,000	(3,181)	18,735
Town reimbursement snow	3,915	7,127	(3,212)	5,527
Interest income	314	6,175	(5,861)	360
Document request income	32,524	20,000	12,524	27,337
Deferred revenue applied to current years budget	<u>123,937</u>	<u>123,937</u>	<u>-</u>	<u>133,935</u>
Total Other Revenues	<u>285,880</u>	<u>284,262</u>	<u>1,618</u>	<u>311,576</u>
Total Revenues	<u>2,656,781</u>	<u>2,639,726</u>	<u>17,055</u>	<u>2,731,535</u>
EXPENSES				
Payroll				
Community manager	98,299	100,198	1,899	93,284
Office & administrative	129,149	145,443	16,294	123,425
Buildings, grounds & janitorial	295,681	291,217	(4,464)	277,782
Office temp salary	<u>24,215</u>	<u>-</u>	<u>(24,215)</u>	<u>15,535</u>
Total payroll	<u>547,344</u>	<u>536,858</u>	<u>(10,486)</u>	<u>510,026</u>
Benefits and Taxes				
FICA	39,082	43,081	3,999	39,035
SUI	6,051	20,000	13,949	7,592
FUI	420	120	(300)	406
Life & health insurance	70,623	70,000	(623)	79,529
Workmen's comp	27,507	33,780	6,273	27,999
Pension plan/Union required benefits	<u>44,445</u>	<u>52,060</u>	<u>7,615</u>	<u>37,323</u>
Total benefits and taxes	<u>188,128</u>	<u>219,041</u>	<u>30,913</u>	<u>191,884</u>

(Continued)

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LEISURE KNOLL AT MANCHESTER ASSOCIATION

SCHEDULE OF OPERATING REVENUES
AND EXPENSES AS COMPARED TO BUDGET

(Continued)

YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Actual	(Unaudited) Budget	Variance- Favorable (Unfavorable)	Memo Total Actual
EXPENSES (Continued)				
Services				
Exterminator	\$ 3,738	\$ 3,500	\$ (238)	\$ 2,292
HVAC contract/repairs	6,655	7,000	345	4,778
Goose patrol	18,200	20,000	1,800	21,000
Bus service	89,758	86,100	(3,658)	84,184
Gatehouse security	181,252	170,217	(11,035)	170,242
Refuse removal	166,648	166,600	(48)	164,757
Insurance	154,954	175,000	20,046	148,708
TV Service contract	700,554	675,115	(25,439)	668,536
Total services	<u>1,321,759</u>	<u>1,303,532</u>	<u>(18,227)</u>	<u>1,264,497</u>
Utilities				
Street Lighting	54,949	60,000	5,051	50,992
Gas	16,524	20,000	3,476	15,356
Electric	50,679	65,000	14,321	58,340
Water & sewer	3,468	4,000	532	3,380
Total utilities	<u>125,620</u>	<u>149,000</u>	<u>23,380</u>	<u>128,068</u>
Snow Removal				
Salt/Sand	2,214	10,000	7,786	-
Road plowing	32,941	25,000	(7,941)	-
Aprons	41,609	25,000	(16,609)	-
Total snow removal	<u>76,764</u>	<u>60,000</u>	<u>(16,764)</u>	<u>-</u>
Lawn Maintenance				
Lawn/snow equipment repair & maintenance	3,685	5,000	1,315	6,057
Island restoration	-	-	-	41,757
Front entrance restoration	-	-	-	-
In-house grounds maintenance	2,987	2,000	(987)	3,227
Holiday lighting	6,851	5,000	(1,851)	4,958
In-house irrigation repair	955	750	(205)	1,165
Total lawn maintenance	<u>14,478</u>	<u>12,750</u>	<u>(1,728)</u>	<u>57,164</u>
Landscaping Services				
Removal/replacement of trees	40,893	55,200	14,307	45,481
Irrigation system	1,000	1,000	-	950
Common landscaping services	20,465	18,000	(2,465)	23,799
Total landscaping services	<u>62,358</u>	<u>74,200</u>	<u>11,842</u>	<u>70,230</u>

(Continued)

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LEISURE KNOLL AT MANCHESTER ASSOCIATION

SCHEDULE OF OPERATING REVENUES
AND EXPENSES AS COMPARED TO BUDGET

(Continued)

YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARITIVE TOTALS FOR 2020)

	2021		Variance- Favorable (Unfavorable)	2020
	Actual	(Unaudited) Budget		Memo Total Actual
EXPENSES (Continued)				
Road Repair & Maintenance				
In-house minor repairs	\$ 1,575	\$ 2,500	\$.925	\$ 353
Total road repair & maintenance	<u>1,575</u>	<u>2,500</u>	<u>925</u>	<u>353</u>
Truck & Equipment				
Vehicle repairs & maintenance	2,672	1,500	(1,172)	2,967
Fuel & lubrication	5,590	3,000	(2,590)	3,608
Registration/license	609	700	91	382
Total truck & equipment	<u>8,871</u>	<u>5,200</u>	<u>(3,671)</u>	<u>6,957</u>
Professional Fees				
Attorney fees	13,583	30,000	16,417	37,942
Auditor	12,907	15,000	2,093	11,265
Engineering	-	15,000	15,000	910
ADP payroll accounting	5,856	5,000	(856)	5,669
Return check fee	-	1,275	1,275	1,380
Total professional fees	<u>32,346</u>	<u>66,275</u>	<u>32,654</u>	<u>57,166</u>
Office Expense				
Bank fees	353	350	(3)	404
Office supplies	11,683	10,000	(1,683)	10,366
Postage	2,902	4,000	1,098	3,662
Telephone	26,803	20,000	(6,803)	24,807
Office equipment lease	12,331	10,000	(2,331)	9,434
Computer maintenance & software	30,786	20,000	(10,786)	24,644
Total office expense	<u>84,858</u>	<u>64,350</u>	<u>(20,508)</u>	<u>73,317</u>
Administrative				
Assessment coupon books	757	5,000	4,243	6,810
Miscellaneous badges/fobs etc.	-	1,100	1,100	-
Education	890	3,000	2,110	608
Misc. expense/administrative	1,182	3,000	1,818	8,164
Committee expenses	193	-	(193)	-
Total administrative expense	<u>3,022</u>	<u>12,100</u>	<u>9,271</u>	<u>15,582</u>
Recreational				
Lake maintenance	1,178	1,500	322	2,599
Equipment repairs	18,935	7,500	(11,435)	13,579
Pool management contract	59,655	71,120	11,465	28,974
Pool repair/supplies	9,867	7,000	(2,867)	2,377
Total recreational	<u>89,635</u>	<u>87,120</u>	<u>(2,515)</u>	<u>47,529</u>

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LEISURE KNOLL AT MANCHESTER ASSOCIATION

SCHEDULE OF OPERATING REVENUES
AND EXPENSES AS COMPARED TO BUDGET
(Continued)
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARITIVE TOTALS FOR 2020)

	2021		Variance- Favorable (Unfavorable)	2020
	Actual	(Unaudited) Budget		Memo Total Actual
EXPENSES (Continued)				
Community Buildings				
Building repair/supplies	\$ 18,741	\$ 15,000	\$ (3,741)	\$ 27,902
Janitorial supplies	7,323	15,000	7,677	7,080
Swimming pool furniture & fixtures	-	500	500	-
Gate repair	15,754	10,000	(5,754)	10,740
Café	289	-	(289)	-
Total community buildings	<u>42,107</u>	<u>40,500</u>	<u>(1,318)</u>	<u>45,722</u>
Federal Taxes/Doubtful accounts				
Real Estate/Use Taxes				
Estimated federal taxes	-	3,800	3,800	2,622
Real estate taxes	4,927	2,500	(2,427)	5,186
Total federal taxes/Doubtful accounts/real estate/use taxes	<u>4,927</u>	<u>6,300</u>	<u>1,373</u>	<u>7,808</u>
Contingency				
Contingency - (No expenses for 2021 or 2020)	-	-	-	-
Total contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,603,792</u>	<u>2,639,726</u>	<u>35,141</u>	<u>2,476,303</u>
Excess (deficiency) of revenues over expenses before deferred revenue	52,989	-	52,196	255,232
Deferred revenue applied on subsequent years budget	<u>(380,590)</u>	-	<u>(380,590)</u>	<u>(123,937)</u>
Excess (deficiency) of revenues over expenses after deferred revenue	<u>\$ (327,601)</u>	<u>\$ -</u>	<u>\$ (328,394)</u>	<u>\$ 131,295</u>

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LEISURE KNOLL AT MANCHESTER ASSOCIATION

SCHEDULE OF OPTIONAL LAWN AND SNOW
OPERATING REVENUES AND EXPENSES
AS COMPARED TO BUDGET

YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARITIVE TOTALS FOR 2020)

	2021			2020
	Actual	(Unaudited) Budget	Variance- Favorable (Unfavorable)	Memo Total Actual
REVENUES				
Optional lawn and snow revenues	\$ 717,493	\$ 753,360	\$ (35,867)	\$ 731,860
Interest income	74	703	(629)	218
Deferred revenue applied to current years budget	<u>128,085</u>	<u>128,085</u>	<u>-</u>	<u>180,348</u>
Total Revenues	<u>845,652</u>	<u>882,148</u>	<u>(36,496)</u>	<u>912,426</u>
EXPENSES				
Cutting, trimming, edging and chemicals	670,436	682,148	11,712	676,593
Snow removal driveways	61,640	150,000	88,360	-
Administration fee	-	-	-	36,000
Contingency	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total expenses	<u>732,076</u>	<u>882,148</u>	<u>150,072</u>	<u>712,593</u>
Excess (deficiency) of revenues over expenses before deferred revenue	113,576	-	113,576	199,833
Deferred revenue applied on subsequent years budget	<u>(128,580)</u>	<u>-</u>	<u>(128,580)</u>	<u>(128,085)</u>
Excess (deficiency) of revenues over expenses after deferred revenue	<u>\$ (15,004)</u>	<u>\$ -</u>	<u>\$ (15,004)</u>	<u>\$ 71,748</u>

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LEISURE KNOLL AT MANCHESTER ASSOCIATION

SCHEDULE OF REPLACEMENT FUND
REVENUES AND EXPENSES
AS COMPARED TO BUDGET

YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARITIVE TOTALS FOR 2020)

	2021			2020
	Actual	(Unaudited) Budget	Variance- Favorable (Unfavorable)	Memo Total Actual
REVENUES				
Monthly Assessments	\$ 819,504	\$ 819,504	\$ -	\$ 819,504
Membership fee	134,000	120,000	14,000	132,000
Interest income	1,111	7,500	(6,389)	10,029
Total revenues	<u>954,615</u>	<u>947,004</u>	<u>7,611</u>	<u>961,533</u>
EXPENSES				
Replacement fund repairs and replacement expenditures	438,584	1,401,430	962,846	729,889
Purchase of fixed assets	-	-	-	10,307
Total expenses	<u>438,584</u>	<u>1,401,430</u>	<u>962,846</u>	<u>740,196</u>
Excess (deficiency) of revenues over expenses	<u>\$ 516,031</u>	<u>\$ (454,426)</u>	<u>\$ 970,457</u>	<u>\$ 221,337</u>

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