

**LEISURE KNOLL AT MANCHESTER ASSOCIATION**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2024**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**LEISURE KNOLL AT MANCHESTER ASSOCIATION**  
**FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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

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

### Basis for Opinion

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

### Responsibilities of the Board of Trustees for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

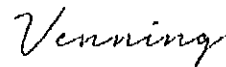
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of revenues, expenses and allocations as compared to budget on pages 15 – 20 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.



**VENNING & COMPANY, LLC**  
*Certified Public Accountants*

**January 24, 2025**  
Toms River, New Jersey

LEISURE KNOLL AT MANCHESTER ASSOCIATION

BALANCE SHEET

SEPTEMBER 30, 2024

	Operating Fund	Optional Lawn and Snow Fund	Fixed Asset Fund	Replacement Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents - Note 2	\$ 483,435	\$ 379,764	\$	\$ 412,896	\$ 1,276,095
Investments, at cost - Note 3		200,000		1,800,000	2,000,000
Assessments receivable, less adjustment for probable uncollectible accounts of \$128,719 - Note 2	31,156				31,156
Accrued interest receivable		3,107		20,076	23,183
Accounts receivable - other	34,678				34,678
Prepaid expenses - Note 5	85,203				85,203
Operating right-of-use assets - Note 15	26,288		11,302		26,288
Property and equipment, net - Notes 2 and 6	114,274	(24,847)		(89,427)	11,302
Interfund balances - Note 2					-
<b>Total assets</b>	<b>\$ 775,034</b>	<b>\$ 558,024</b>	<b>\$ 11,302</b>	<b>\$ 2,143,545</b>	<b>\$ 3,487,905</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued expenses	\$ 60,550	\$ 67,464	\$	\$ 1,286	\$ 129,300
Payroll and payroll taxes payable	27,914				27,914
Federal income taxes payable - Note 7	8,701				8,701
Assessments received in advance	255,119				255,119
Operating lease liability - Note 15	26,288				26,288
Deferred revenue - Note 2	83,438	181,100			264,538
<b>Total liabilities</b>	<b>462,010</b>	<b>248,564</b>	<b>-</b>	<b>1,286</b>	<b>711,860</b>
Fund balances - Notes 2 and 8	313,024	309,460	11,302	2,142,259	2,776,045
<b>Total liabilities and fund balances</b>	<b>\$ 775,034</b>	<b>\$ 558,024</b>	<b>\$ 11,302</b>	<b>\$ 2,143,545</b>	<b>\$ 3,487,905</b>

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, 2024**

					Fixed Asset Fund	Replacement Fund	Total
	Operating Fund	Optional Lawn and Snow Fund					
<b>REVENUES</b>							
<b>Membership Assessments</b>							
Membership assessments - Note 2	\$ 2,558,864	\$	\$		\$ 819,504	\$	\$ 3,378,368
Adjustment for probable uncollectible accounts	13,021						13,021
<b>Net Membership Assessments</b>	<u>2,571,885</u>	<u>-</u>	<u>-</u>		<u>819,504</u>		<u>3,391,389</u>
<b>Other Revenues</b>							
Deferred revenue applied on current years budget - Note 2	163,361	181,200					344,561
Optional lawn and snow revenues - Note 2		814,801					814,801
Advertising income	20,400						20,400
Late/lien fee income/Compliance fees	31,390						31,390
Membership fee - Note 4	114,450				85,500		199,950
Township reimbursement - Note 11	25,024						25,024
Other income	48,451						48,451
Interest income - Note 2	391	3,486			85,157		89,034
<b>Total Other Revenues</b>	<u>403,467</u>	<u>999,487</u>			<u>170,657</u>		<u>1,573,611</u>
<b>Total Revenues</b>	<u>2,975,352</u>	<u>999,487</u>			<u>990,161</u>		<u>4,965,000</u>
<b>EXPENSES</b>							
Payroll	574,458						574,458
Benefits and taxes	184,645						184,645
Services	1,601,892						1,601,892
Utilities	163,809						163,809
Snow removal	4,792						4,792
Lawn maintenance	19,987						19,987
Landscaping services	64,584						64,584
Road repair and maintenance	1,799						1,799
Truck and equipment	13,972						13,972
Professional fees	34,383						34,383
Office expense	98,644				200		98,844
Administrative	24,537						24,537
Recreational	14,996						14,996
Community buildings	58,553						58,553
Federal income taxes	24,701			6,350			24,701
Depreciation - Notes 2 and 6							6,350
Optional lawn and snow expenses - Note 2		686,079					686,079
Replacement fund expenditures - Note 9							
<b>Total Expenses</b>	<u>2,885,752</u>	<u>686,079</u>		<u>6,350</u>	<u>1,146,889</u>		<u>4,725,070</u>
<b>Excess (deficiency) of revenues over expenses before transfer &amp; deferred revenue</b>	89,600	313,408		(6,350)	(156,728)		239,930
Transfer equipment expenditures to Fixed Asset Fund - Note 10	(4,005)			4,005			-
<b>Deferred revenue applied on subsequent years budget - Note 2</b>	<u>(83,438)</u>	<u>(181,100)</u>					<u>(264,538)</u>
<b>Excess (deficiency) of revenues over expenses after transfer &amp; deferred revenue</b>	2,157	132,308		(2,345)	(156,728)		(24,608)
Fund balance - beginning of year	310,867	177,152		13,647	2,298,987		2,800,653
Fund balance - end of year	<u>\$ 313,024</u>	<u>\$ 309,460</u>		<u>\$ 11,302</u>	<u>\$ 2,142,259</u>		<u>\$ 2,776,045</u>

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

LEISURE KNOLL AT MANCHESTER ASSOCIATION

STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2024

	Operating Fund	Optional Lawn and Snow Fund	Fixed Asset Fund	Replacement Fund	Total
<b>Cash flows from operating activities:</b>					
Excess (deficiency) of revenues over expenses after deferred revenue	\$ 2,157	\$ 132,308	\$ (2,345)	\$ (156,728)	\$ (24,608)
Adjustment to reconcile excess (deficiency) of revenues over expenses after deferred revenue to net cash provided by (used by) operating activities:					
Depreciation			6,350		6,350
Adjustment for probable uncollectible accounts	(49,599)	5,950		2,242	(49,599)
Interfund balance	(8,192)				-
(Increase) decrease in assets:					
Assessment receivable	49,934				49,934
Accrued interest receivable		(3,107)		3,313	206
Accounts receivable - other	(34,678)				(34,678)
Prepaid expenses	8,071				8,071
Operating right-of-use assets	8,742				8,742
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	26,540	67,464		(19,313)	74,691
Payroll and payroll taxes payable	5,673				5,673
Federal income taxes payable	5,018				5,018
Assessments received in advance	6,030				6,030
Operating lease liability	(8,742)				(8,742)
Deferred revenue	(79,923)	(100)			(80,023)
Net cash provided by (used by) operating activities	<u>(68,969)</u>	<u>202,515</u>	<u>4,005</u>	<u>(170,486)</u>	<u>(32,935)</u>
<b>Cash flows from investing activities:</b>					
Purchase of property and equipment			(4,005)		(4,005)
Purchase of investments		(200,000)		(1,560,000)	(1,760,000)
Sale/maturity of investments				1,478,000	1,478,000
Net cash used by investing activities	<u>-</u>	<u>(200,000)</u>	<u>(4,005)</u>	<u>(82,000)</u>	<u>(286,005)</u>
Net increase (decrease) in cash and cash equivalents	(68,969)	2,515	-	(252,486)	(318,940)
Cash and cash equivalents at beginning of year	552,404	377,249	-	665,382	1,595,035
Cash and cash equivalents at end of year	<u>\$ 483,435</u>	<u>\$ 379,764</u>	<u>\$ -</u>	<u>\$ 412,896</u>	<u>\$ 1,276,095</u>
Supplementary disclosure:					
Income taxes paid					\$ 19,683

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



## LEISURE KNOLL AT MANCHESTER ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

#### 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, 2024, the uninsured cash balances totaled \$295,975.

**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, 2024

### 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. The Association has adopted ASC 606 and has recognized it does have a customer relationship. 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. Therefore, revenue relating to both is recognized when assessed as was done under legacy U.S. GAAP and the Association does not defer the recognition of any portion of revenue as a Contract Liability. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for 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, 2024, the Association had assessments receivable of \$159,875. Twenty-nine units had receivables in excess of \$1,000 totaling \$128,719. The board has recorded an adjustment for probable uncollectible accounts in the amount of \$128,719. 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 January 24, 2025, 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, 2024**

**NOTE 3 - INVESTMENTS**

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

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Value</u>
Certificate of Deposit	5.25%	10/1/2024	40,000
Certificate of Deposit	5.25%	10/16/2024	100,000
Certificate of Deposit	5.25%	10/16/2024	125,000
Certificate of Deposit	5.40%	10/18/2024	200,000
Certificate of Deposit	4.45%	10/24/2024	240,000
Certificate of Deposit	5.40%	12/3/2024	200,000
Certificate of Deposit	5.05%	4/21/2025	210,000
Certificate of Deposit	5.05%	4/24/2025	210,000
Certificate of Deposit	4.40%	5/21/2025	100,000
Certificate of Deposit	4.80%	7/24/2025	200,000
Certificate of Deposit	4.75%	7/30/2025	175,000
Certificate of Deposit	4.25%	8/22/2025	200,000
<b>Total</b>			<b>\$ <u>2,000,000</u></b>

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 \$1,750, of which \$1,000 is being allocated to the replacement fund and \$ 750 is to the operating fund.

**NOTE 5 - PREPAID EXPENSES**

	<u>2024</u>
Prepaid liability insurance	\$ 34,715
Prepaid workers' compensation	2,069
Prepaid holiday lighting	3,465
Prepaid cable television service	41,052
Prepaid gate system maintenance	320
Prepaid coupon books	3,582
	<u>\$ 85,203</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

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

	<u>2024</u>	<u>Useful Lives (Years)</u>
Motor vehicles	\$ 252,845	3 - 5
Maintenance equipment	162,671	4 - 10
Furniture and fixtures	225,801	3 - 5
	<u>641,317</u>	
Less: accumulated depreciation	<u>630,015</u>	
	<u>\$ 11,302</u>	

(Continued)

**LEISURE KNOLL AT MANCHESTER ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**  
**(Continued)**  
**SEPTEMBER 30, 2024**

**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, 2024, the Association has elected to be taxed as a Homeowners Association. Income taxes of \$24,701 have been provided based on the excess of non-membership income over non-membership expenses.

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

**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.

An engineering study was conducted by The Falcon Group dated February 2023 to estimate the remaining useful lives and the replacement costs of the common property components. The table included in the unaudited supplementary information on future replacements is based on this study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of those lives and current replacement costs, considering amounts previously accumulated in 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, 2024

NOTE 9 - MAJOR REPAIRS AND REPLACEMENTS

	<u>2024</u>
Pool renovations	\$ 743,086
Replace curbing sidewalks & aprons	167,348
Road paving/infrastructure	100,596
Gatehouse renovations	48,872
Scoping/repair of sewer systems	28,296
Back gate repairs/replacements	20,716
Engineering costs - maintenance building renovation	19,570
Community buildings - Interior work	<u>18,205</u>
	<u>\$ 1,146,689</u>

NOTE 10 - TRANSFER PROPERTY AND EQUIPMENT EXPENDITURES TO FIXED ASSET FUND

	<u>2024</u>
Exercise equipment	\$ 2,589
Check printer	<u>1,416</u>
	<u>4,005</u>

NOTE 11 - 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 2023. Any reimbursement related to 2024 expenditures will be recorded when, and if, received.

NOTE 12 - 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, 2024 was \$48,647.

(continued)

LEISURE KNOLL AT MANCHESTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 2024

NOTE 13 - 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, 2021 through September 30, 2024.

NOTE 14 - CONTRACTURAL AGREEMENT

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>	
2025	\$ 821,045
2026	821,045
2027	821,045
2028	821,045
2029	821,045
2030	<u>821,045</u>
Total	\$ <u>4,926,270</u>

(continued)

# LEISURE KNOLL AT MANCHESTER ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 2024

### NOTE 15 - LEASES

Leisure Knoll at Manchester Association leases its office equipment under a long-term a operating lease agreement. The leases are for the term of five years expiring June, 2027 and September, 2027. We include in the determination right-of-use assets and liabilities any renewal options when the options are reasonably certain to be exercised.

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

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

	<u>2024</u>
Operating right-of-use assets	\$ 26,288
	\$ 26,288
	<u>2024</u>
Operating lease liabilities	\$ 26,288
	\$ 26,288

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

	<u>2024</u>
Weighted-average remaining lease term in years:	
Operating lease	2.92
Weighted-average incremental borrowing rate:	
Operating lease	3.07%

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

<u>September 30,</u>	<u>Operating</u>
2025	\$ 9,676
2026	9,676
2027	8,114
Total lease payments	27,466
Less interest	(1,178)
Present value of lease liabilities	\$ 26,288

## **SUPPLEMENTARY INFORMATION**



**LEISURE KNOLL AT MANCHESTER ASSOCIATION**  
**SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
(Unaudited)  
**SEPTEMBER 30, 2024**

The Falcon Group, professional engineering consultants, prepared a report dated February 2023 to estimate the remaining useful lives and the replacement costs of the components of common property. The study estimates investment rate of return equals or exceeds the rate of inflation.

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 2023 study</u>	<u>Estimated Current Replacement Cost As of 2023 study</u>
Building - Front gatehouse	1 - 16	\$ 27,250
Building - Rear gatehouse	1 - 11	14,050
Building - Lakeside lodge	3 - 31	419,900
Building - Performing arts center	0 - 34	611,019
Building - T/H and PAC - generator & two switch gears	27	125,000
Building - Timberland hall	2 - 31	794,334
Maintenance - Building	2 - 15	59,765
Maintenance - Machinery	0 - 3	43,200
Maintenance - Vehicle	0 - 8	263,000
Recreation - Benches	25	25,000
Recreation - Bocce	4 - 25	66,640
Recreation - Horseshoe pit	19	4,000
Recreation - Putting green	8	38,000
Recreation - Shuffleboard	5 - 10	120,200
Recreation - Sidewalk	2	196,326
Recreation - swimming pool	1 - 15	406,072
Recreation - Tennis court	9 - 29	236,976
Site Work - Access road	1	22,560
Site Work - Benches	4 - 14	42,500
Site Work - Driveway aprons	1	479,820
Site Work - Entrance gates	7 - 17	64,000
Site Work - Fence	20	7,056
Site Work - Flagpole	20	12,000
Site Work - Gazebo	20	5,500
Site Work - Irrigation	0 - 18	41,000
Site Work - Lake	0 - 28	337,600
Site Work - Lighting	8 - 21	32,200
Site Work - Pavement	0 - 19	8,665,561
Site Work - Recycling area	10	5,680
Site Work - Security	9	30,000
Site Work - Sidewalks	2	1,325,363
Site Work - Signage	14 - 15	18,000
		<u>\$ 14,539,572</u>
<b>Replacement fund balance as of September 30, 2024</b>		<u><b>\$ 2,142,259</b></u>

See auditor's report

**LEISURE KNOLL AT MANCHESTER ASSOCIATION**

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

**YEAR ENDED SEPTEMBER 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>			<b>2023</b>
	<b>Actual</b>	<b>(Unaudited) Budget</b>	<b>Variance- Favorable (Unfavorable)</b>	<b>Memo Total Actual</b>
<b>REVENUES</b>				
<b>Membership Assessments</b>				
Membership Assessments	\$ 2,558,864	\$ 2,536,560	\$ 22,304	\$ 2,513,774
Adjustment for probable uncollectible accounts	13,021	(20,000)	33,021	(23,361)
<b>Net Membership Assessments</b>	<b>2,571,885</b>	<b>2,516,560</b>	<b>55,325</b>	<b>2,490,413</b>
<b>Other Revenues</b>				
Membership fee	114,450	167,000	(52,550)	100,850
Advertising income	20,400	20,400	-	20,400
Miscellaneous income	20,453	18,000	2,453	24,256
Compliance fees	10,575	11,000	(425)	10,870
Late/Lien fee income	20,815	13,000	7,815	15,036
Town reimbursement street lights	22,516	19,250	3,266	19,498
Town reimbursement snow	2,508	5,500	(2,992)	3,346
Interest income	391	3,700	(3,309)	1,047
Document request income	27,998	25,000	2,998	34,257
Deferred revenue applied to current years budget	163,361	163,361	-	207,911
<b>Total Other Revenues</b>	<b>403,467</b>	<b>446,211</b>	<b>(42,744)</b>	<b>437,471</b>
<b>Total Revenues</b>	<b>2,975,352</b>	<b>2,962,771</b>	<b>12,581</b>	<b>2,927,884</b>
<b>EXPENSES</b>				
<b>Payroll</b>				
Community manager	104,623	104,750	127	100,464
Office & administrative	165,216	161,491	(3,725)	158,720
Buildings, grounds & janitorial	304,619	307,085	2,466	298,843
<b>Total payroll</b>	<b>574,458</b>	<b>573,326</b>	<b>(1,132)</b>	<b>558,027</b>
<b>Benefits and Taxes</b>				
FICA	42,351	40,000	(2,351)	42,324
SUI	7,239	9,000	1,761	6,549
FUI	482	120	(362)	105
Life & health insurance	71,220	80,000	8,780	87,754
Workmen's comp	14,706	21,000	6,294	35,277
Pension plan/Union required benefits	48,647	52,500	3,853	32,188
<b>Total benefits and taxes</b>	<b>184,645</b>	<b>202,620</b>	<b>17,975</b>	<b>204,197</b>

(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, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	2024			2023
	Actual	(Unaudited) Budget	Variance- Favorable (Unfavorable)	Memo Total Actual
<b>EXPENSES (Continued)</b>				
<b>Services</b>				
Exterminator	\$ 3,321	\$ 3,600	\$ 279	\$ 3,946
HVAC contract/repairs	11,158	8,000	(3,158)	11,935
Goose patrol	21,000	20,600	(400)	17,150
Bus service	67,692	75,000	7,308	92,550
Gatehouse security	260,069	220,000	(40,069)	246,856
Refuse removal	219,235	170,000	(49,235)	167,229
Insurance	203,471	175,000	(28,471)	181,130
Insurance deductible	-	5,000	5,000	-
TV Service contract	815,946	813,750	(2,196)	777,878
<b>Total services</b>	<u>1,601,892</u>	<u>1,490,950</u>	<u>(110,942)</u>	<u>1,498,674</u>
<b>Utilities</b>				
Street Lighting	65,143	60,000	(5,143)	58,313
Gas	17,933	20,000	2,067	19,138
Electric	77,070	70,000	(7,070)	66,014
Water & sewer	3,663	3,500	(163)	3,239
<b>Total utilities</b>	<u>163,809</u>	<u>153,500</u>	<u>(10,309)</u>	<u>146,704</u>
<b>Snow Removal</b>				
Salt/Sand	4,792	7,500	2,708	326
Road plowing	-	25,000	25,000	-
Aprons	-	25,000	25,000	-
<b>Total snow removal</b>	<u>4,792</u>	<u>57,500</u>	<u>52,708</u>	<u>326</u>
<b>Lawn Maintenance</b>				
Lawn/snow equipment repair & maintenance	5,222	7,500	2,278	6,578
Front entrance restoration	-	-	-	2,981
In-house grounds maintenance	409	4,000	3,591	6,130
Holiday lighting	9,269	5,500	(3,769)	4,586
In-house irrigation repair	5,087	750	(4,337)	631
<b>Total lawn maintenance</b>	<u>19,987</u>	<u>17,750</u>	<u>(2,237)</u>	<u>20,906</u>
<b>Landscaping Services</b>				
Removal/replacement of trees	39,645	55,000	15,355	87,911
Irrigation system	2,214	1,000	(1,214)	1,025
Common landscaping services	22,725	22,000	(725)	30,229
<b>Total landscaping services</b>	<u>64,584</u>	<u>78,000</u>	<u>13,416</u>	<u>119,165</u>

**LEISURE KNOLL AT MANCHESTER ASSOCIATION**

**SCHEDULE OF OPERATING REVENUES  
AND EXPENSES AS COMPARED TO BUDGET  
(Continued)  
YEAR ENDED SEPTEMBER 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>			<b>2023</b>
	<b>Actual</b>	<b>(Unaudited) Budget</b>	<b>Variance- Favorable (Unfavorable)</b>	<b>Memo Total Actual</b>
<b>EXPENSES (Continued)</b>				
<b>Road Repair &amp; Maintenance</b>				
In-house minor repairs	\$ 1,799	\$ 2,500	\$ 701	\$ 2,754
Traffic control	-	7,500	7,500	14,930
<b>Total road repair &amp; maintenance</b>	<u>1,799</u>	<u>10,000</u>	<u>8,201</u>	<u>17,684</u>
<b>Truck &amp; Equipment</b>				
Vehicle repairs & maintenance	5,909	3,000	(2,909)	3,228
Fuel & lubrication	7,206	7,500	294	7,212
Registration/license	857	725	(132)	624
<b>Total truck &amp; equipment</b>	<u>13,972</u>	<u>11,225</u>	<u>(2,747)</u>	<u>11,064</u>
<b>Professional Fees</b>				
Attorney fees	9,296	20,000	10,704	46,181
Auditor	18,150	15,000	(3,150)	16,180
Engineering	-	5,000	5,000	-
ADP payroll accounting	6,937	7,500	563	6,642
<b>Total professional fees</b>	<u>34,383</u>	<u>47,500</u>	<u>13,117</u>	<u>69,003</u>
<b>Office Expense</b>				
Bank fees	180	400	220	282
Office supplies	13,686	15,000	1,314	13,087
Postage	3,713	4,000	287	4,837
Telephone	37,821	35,000	(2,821)	35,387
Office equipment lease	10,615	8,000	(2,615)	9,055
Computer maintenance & software	32,629	25,000	(7,629)	28,389
<b>Total office expense</b>	<u>98,644</u>	<u>87,400</u>	<u>(11,244)</u>	<u>91,037</u>
<b>Administrative</b>				
Assessment coupon books	8,761	2,500	(6,261)	5,641
Education	600	1,500	900	939
Misc. expense/administrative	15,176	8,000	(7,176)	11,850
<b>Total administrative expense</b>	<u>24,537</u>	<u>12,000</u>	<u>(12,537)</u>	<u>18,430</u>
<b>Recreational</b>				
Lake maintenance	3,891	1,500	(2,391)	1,412
Recreation repairs	5,867	10,000	4,133	16,446
50th anniversary	4,415	-	(4,415)	37,191
Pool management contract	-	75,000	75,000	86,996
Pool repair/supplies	823	2,500	1,677	8,903
<b>Total recreational</b>	<u>14,996</u>	<u>89,000</u>	<u>74,004</u>	<u>150,948</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, 2024  
(WITH COMPARITIVE TOTALS FOR 2023)**

	<u>2024</u>			<u>2023</u>
	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Memo Total Actual</u>
<b>EXPENSES (Continued)</b>				
<b>Community Buildings</b>				
Building repair/supplies	\$ 26,084	\$ 25,000	\$ (1,084)	\$ 34,358
Janitorial supplies	10,674	9,000	(1,674)	11,232
Furniture & fixtures	1,085	500	(585)	-
Gate repair	16,783	15,000	(1,783)	17,253
Café	3,927	5,000	1,073	3,139
<b>Total community buildings</b>	<u>58,553</u>	<u>54,500</u>	<u>(4,053)</u>	<u>65,982</u>
<b>Federal Taxes/Doubtful accounts</b>				
<b>Real Estate/Use Taxes</b>				
Federal income taxes	24,701	2,500	(22,201)	11,126
<b>Total federal income taxes</b>	<u>24,701</u>	<u>2,500</u>	<u>(22,201)</u>	<u>11,126</u>
<b>Contingency</b>				
Contingency - (No expenses for 2024 or 2023)	-	75,000	75,000	-
<b>Total contingency</b>	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
<b>Total expenses</b>	<u>2,885,752</u>	<u>2,962,771</u>	<u>77,019</u>	<u>2,983,273</u>
<b>Excess (deficiency) of revenues over expenses before deferred revenue</b>	89,600	-	89,600	(55,389)
<b>Deferred revenue applied on subsequent years budget</b>	<u>(83,438)</u>	-	<u>(83,438)</u>	<u>(85,829)</u>
<b>Excess (deficiency) of revenues over expenses after deferred revenue</b>	<u>\$ 6,162</u>	<u>\$ -</u>	<u>\$ 6,162</u>	<u>\$ (141,218)</u>

See auditor's report

LEISURE KNOLL AT MANCHESTER ASSOCIATION

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

YEAR ENDED SEPTEMBER 30, 2024  
(WITH COMPARITIVE TOTALS FOR 2023)

	2024			2023
	Actual	(Unaudited) Budget	Varlance- Favorable (Unfavorable)	Memo Total Actual
<b>REVENUES</b>				
Optional lawn and snow revenues	\$ 814,801	\$ 840,000	\$ (25,199)	\$ 759,452
Interest income	3,486	200	3,286	426
Deferred revenue applied to current years budget	<u>181,200</u>	<u>181,200</u>	<u>-</u>	<u>144,612</u>
<b>Total Revenues</b>	<u>999,487</u>	<u>1,021,400</u>	<u>(21,913)</u>	<u>904,490</u>
<b>EXPENSES</b>				
Cutting, trimming, edging and chemicals	686,079	806,400	120,321	678,471
Snow removal driveways	-	165,000	165,000	-
Contingency	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>Total expenses</b>	<u>686,079</u>	<u>1,021,400</u>	<u>335,321</u>	<u>678,471</u>
<b>Excess (deficiency) of revenues over expenses before deferred revenue</b>	313,408	-	313,408	226,019
<b>Deferred revenue applied on subsequent years budget</b>	<u>(181,100)</u>	<u>-</u>	<u>(181,100)</u>	<u>(181,200)</u>
<b>Excess (deficiency) of revenues over expenses after deferred revenue</b>	<u>\$ 132,308</u>	<u>\$ -</u>	<u>\$ 132,308</u>	<u>\$ 44,819</u>

See auditor's report

LEISURE KNOLL AT MANCHESTER ASSOCIATION

SCHEDULE OF REPLACEMENT FUND  
REVENUES AND EXPENSES  
AS COMPARED TO BUDGET

YEAR ENDED SEPTEMBER 30, 2024  
(WITH COMPARITIVE TOTALS FOR 2023)

	2024			2023
	Actual	(Unaudited) Budget	Variance- Favorable (Unfavorable)	Memo Total Actual
<b>REVENUES</b>				
Monthly Assessments	\$ 819,504	\$ 819,504	\$ -	\$ 819,504
Membership fee	85,500	125,250	(39,750)	120,000
Interest income	85,157	35,000	50,157	56,269
<b>Total revenues</b>	<u>990,161</u>	<u>979,754</u>	<u>10,407</u>	<u>995,773</u>
<b>EXPENSES</b>				
Replacement fund repairs and replacement expenditures	<u>1,146,889</u>	<u>2,111,000</u>	<u>964,111</u>	<u>886,402</u>
<b>Total expenses</b>	<u>1,146,889</u>	<u>2,111,000</u>	<u>964,111</u>	<u>886,402</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ (156,728)</u>	<u>\$ (1,131,246)</u>	<u>\$ 974,518</u>	<u>\$ 109,371</u>

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