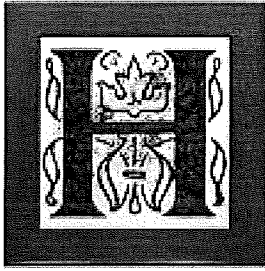


LAKE WILDWOOD ASSOCIATION, INC.
ANNUAL FINANCIAL STATEMENTS
Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake Wildwood Association, Inc.
Varna, Illinois 61375

We have audited the accompanying balance sheet of Lake Wildwood Association, Inc. as of September 30, 2017 and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management 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 purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation 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 Lake Wildwood Association as of September 30, 2017, and the changes in its fund balances and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Budgetary Comparison Schedule, Notes to Budgetary Comparison Schedules, and Comparative Schedule of Revenues and Expenses on pages 16 – 32 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of 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.

The Supplementary Information on Future Major Repairs and Replacements on page 33 is not a required part of the basic financial statements of Lake Wildwood Association, Inc. but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Granville, Illinois
January 5, 2018

LAKE WILDWOOD ASSOCIATION, INC.
BALANCE SHEET
September 30, 2017

ASSETS	OPERATING FUND	REPLACEMENT FUND	SWIMMING FUND	TOTAL
Current Assets:				
Cash and Money Markets (Note 2)	\$ 485,092	\$ -	\$ 159,160	\$ 644,252
Certificate of Deposits (Note 2)	387,803	365,265	-	753,068
Receivables:				
Member Dues (Note 5)	192,000	32,281	6,300	230,581
Allowance for Doubtful Accounts (Note 5)	(128,181)	(21,037)	(1,049)	(150,267)
Long-Term Assets:				
Capital Assets (Note 3):				
Land, Buildings, & Equipment	-	3,233,369	1,477,398	4,710,767
Accumulated Depreciation	-	(2,339,068)	(37,882)	(2,376,950)
Total Assets	<u>\$ 936,714</u>	<u>\$ 1,270,810</u>	<u>\$ 1,603,927</u>	<u>\$ 3,811,451</u>
LIABILITIES				
Current Liabilities:				
Accrued Wages (Note 5)	\$ 15,875	\$ -	\$ -	\$ 15,875
Accrued Payroll Taxes (Note 5)	2,190	-	-	2,190
Accrued Vacation Pay (Note 5)	21,344	-	-	21,344
Accrued Sales Tax (Note 5)	330	-	-	330
Member Deposits (Note 5)	15,341	-	-	15,341
Deferred Member Dues (Note 1)	369,674	77,003	46,725	493,402
Current Portion of Debt (Note 9)	-	-	39,334	39,334
Total Current Liabilities	<u>\$ 424,754</u>	<u>\$ 77,003</u>	<u>\$ 86,059</u>	<u>\$ 587,816</u>
Notes Payable, Less Current Portion (Note 9)	-	-	1,160,666	1,160,666
Total Liabilities	<u>\$ 424,754</u>	<u>\$ 77,003</u>	<u>\$ 1,246,725</u>	<u>\$ 1,748,482</u>
FUND BALANCE				
Restricted	\$ -	\$ 1,193,807	\$ 357,202	\$ 1,551,009
Unrestricted	511,960	-	-	511,960
Total Fund Balances	<u>\$ 511,960</u>	<u>\$ 1,193,807</u>	<u>\$ 357,202</u>	<u>\$ 2,062,969</u>
Total Liabilities and Fund Balance	<u>\$ 936,714</u>	<u>\$ 1,270,810</u>	<u>\$ 1,603,927</u>	<u>\$ 3,811,451</u>

See accompanying notes to basic financial statements.

LAKE WILDWOOD ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>SWIMMING FUND</u>	<u>TOTAL</u>
OPERATING REVENUES				
Membership Dues	\$ 909,902	\$ 154,671	\$ 88,748	\$ 1,153,321
Other Income (Sch 1)	371,213	-	-	371,213
Total Operating Revenues	<u>\$ 1,281,115</u>	<u>\$ 154,671</u>	<u>\$ 88,748</u>	<u>\$ 1,524,534</u>
OPERATING EXPENSES				
Administration	\$ 417,054	\$ 3,032	\$ -	\$ 420,086
Market and Promotion	1,685	-	-	1,685
Maintenance	399,520	134,060	-	533,580
Security	134,278	7,606	-	141,884
Sunbeam	38,182	-	-	38,182
Lodge	1,520	-	-	1,520
Marina/Pavilion/Bait House/Concession	128,807	-	-	128,807
Campground	4,717	-	-	4,717
Beaches and Recreation	20,053	-	-	20,053
Fish and Wildlife	8,828	-	-	8,828
Lakes	-	83,420	-	83,420
Pool	69,706	1,242	65,593	136,541
Total Operating Expenses	<u>\$ 1,224,350</u>	<u>\$ 229,360</u>	<u>\$ 65,593</u>	<u>\$ 1,519,303</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER OPERATING EXPENSES	<u>\$ 56,765</u>	<u>\$ (74,689)</u>	<u>\$ 23,155</u>	<u>\$ 5,231</u>
OTHER REVENUES (EXPENSES)				
Interest	\$ -	\$ 11,926	\$ 1,380	\$ 13,306
Transfer In	-	-	300,000	300,000
Transfer (Out)	-	(300,000)	-	(300,000)
Bad Debt Expense	(11,715)	-	-	(11,715)
Total Other Revenues (Expenses)	<u>\$ (11,715)</u>	<u>\$ (288,074)</u>	<u>\$ 301,380</u>	<u>\$ 1,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 45,050</u>	<u>\$ (362,763)</u>	<u>\$ 324,535</u>	<u>\$ 6,822</u>
BEGINNING FUND BALANCES	<u>466,910</u>	<u>1,556,570</u>	<u>32,667</u>	<u>2,056,147</u>
ENDING FUND BALANCES	<u>\$ 511,960</u>	<u>\$ 1,193,807</u>	<u>\$ 357,202</u>	<u>\$ 2,062,969</u>

See accompanying notes to basic financial statements.

LAKE WILDWOOD ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
September 30, 2017

	OPERATING FUND	REPLACEMENT FUND	SWIMMING FUND	TOTAL
Cash Flows From Operating Activities:				
Excess (Deficiency) of Revenues Over Expenses	\$ 45,050	\$ (362,763)	\$ 324,535	\$ 6,822
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:				
Depreciation	-	75,241	37,882	113,123
(Increase) Decrease in Receivables	4,051	(3,532)	(4,479)	(3,960)
Increase (Decrease) in Payables	(1,627)	-	-	(1,627)
Increase (Decrease) in Payroll Liabilities	163	-	-	163
Increase (Decrease) in Tax Liabilities	535	-	-	535
Increase (Decrease) in Deferred Member Dues	(22,685)	30,136	23,392	30,843
Increase (Decrease) in Deposits	(2,345)	-	-	(2,345)
Net Cash Provided (Used) by Operating Activities	<u>\$ 23,142</u>	<u>\$ (260,918)</u>	<u>\$ 381,330</u>	<u>\$ 143,554</u>
Cash Flows From Investing Activities:				
Acquisition of Equipment and Other Capital Improvements	\$ -	\$ (52,639)	\$ (861,898)	\$ (914,537)
Loan Proceeds	-	-	584,500	584,500
Net Cash Provided (Used) by Investing Activities	<u>\$ -</u>	<u>\$ (52,639)</u>	<u>\$ (277,398)</u>	<u>\$ (330,037)</u>
Cash Flows From Financing Activities:				
Payments on Backhoe Note	\$ -	\$ (26,723)	\$ -	\$ (26,723)
Net Cash Provided (Used) by Financing Activities	<u>\$ -</u>	<u>\$ (26,723)</u>	<u>\$ -</u>	<u>\$ (26,723)</u>
Net Increase (Decrease) in Cash	\$ 23,142	\$ (340,280)	\$ 103,932	\$ (213,206)
Cash and Equivalents, Beginning of Year	<u>849,753</u>	<u>705,545</u>	<u>55,228</u>	<u>1,610,526</u>
Cash and Equivalents, End of Year	<u>\$ 872,895</u>	<u>\$ 365,265</u>	<u>\$ 159,160</u>	<u>\$ 1,397,320</u>
Supplemental Disclosures				
Interest Paid	\$ -	\$ 787	\$ 27,711	\$ 28,498
Income Taxes Paid	\$ 817	\$ -	\$ -	\$ 817

See accompanying notes to basic financial statements.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 1 - Summary of Significant Accounting Policies

A. General

Lake Wildwood Association, Inc. ("Lake Wildwood") was incorporated March 22, 1968, in the State of Illinois to further the interests of owners of real estate in the Lake Wildwood subdivision located in Marshall County, Illinois. Lake Wildwood Association is a Homeowners Association, governed by Restrictive Covenants, By-Laws, and Rules and Regulations. The Association has accepted title to certain common properties located within the subdivision from the developer and now operates and maintains these common properties for the benefit and use of its members. The development consists of 1,632 residential units located in Varna, Illinois.

B. Basis of Accounting and Budgeting

The accrual basis of accounting is used by the Association to record activity throughout the year. The accrual basis of accounting is also used for the preparation of financial statements and tax returns. The cash basis of accounting is used by the Association for budgeting purposes. Actual expenses exceeded budgeted expenses in the Operations Fund.

C. Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

1. Operating Fund – This fund is used to account for financial resources available for the general operations of the Association. Disbursements from the Operating Fund are generally at the discretion of the Board and General Manager.
2. Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements. Disbursements from the Replacement Fund are generally restricted to designated purposes.
3. Swimming Pool Fund – This fund was created in fiscal year 2016. This fund will account for dues received to pay off the swimming pool loan.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. requires 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 reporting period. Actual results may differ from those estimates.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Capital Assets

Capital assets are reported at either historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Purchases of capital assets for amounts less than the threshold level are expensed in the year purchased. Other costs, incurred for repairs and maintenance, are expensed as incurred. Real and common area property acquired by the Association at no cost from the developer is not capitalized on the Association's financial statements. Depreciation on all assets that exceed the threshold level of \$500 is provided on the straight-line or declining balance basis over the following estimated useful lives:

Capital Asset	Years
Land Improvements	12 - 15
Buildings & Improvements	20 - 39
Autos, Tractors & Trucks	5
Other Equipment	5 - 15

The Association has considered possible impairments to its capital assets and asserts that there are none known or anticipated.

F. Member Assessments

Assessments are charged to members annually and due on March 1st. Member dues are reflected in income on a prorated monthly basis as earned, causing a deferred member dues liability at year end for five months of dues. Member assessments were \$740 per lot in 2017. To present financial position accurately and match assessments to operating expenses, an allowance for doubtful accounts is established for any March billings not collected at September 30th.

G. Donated Services

Although a substantial number of directors and other volunteers have donated significant amounts of time on behalf of the Association, no amounts have been reflected in the financial statements because no objective basis is available to measure the value of these services.

H. Cash and Cash Equivalents and Interest Income

For purposes of the Statement of Cash Flows, cash and cash equivalents include all cash on hand; cash in checking and money market accounts and cash invested in certificates of deposit. Interest income is allocated among the Replacement Reserve and Swimming Pool funds.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

I. Income Taxes

In accordance with Section 528 of the Internal Revenue Code, the Association may elect to be treated as a homeowners association or a regular corporation. This section of the Code permits the Association to be treated as a tax-exempt organization with respect to income from dues, fees, and assessments from member owners of residential lots or units. This election is made based on whether a tax savings is realized. For the year ended September 30, 2017, the election was made to file as a homeowners association.

Note 2 - Cash, Money Market, Savings, and Certificates of Deposit

At September 30, 2017, the Association had the following checking and money market accounts:

<u>Account</u>	<u>Interest Rate</u>	<u>Bank Balance</u>	<u>Book Balance</u>
Corporate Checking	0.00%	\$ 115,568	\$ 53,572
Payroll Checking	0.00%	53,045	53,627
Money Market 1	0.15%	15,253	15,253
Money Market 2	0.47%	118,906	118,906
Money Market 3	0.75%	243,896	243,896
Money Market 4	0.00%	43	43
Money Market 5	0.60%	158,800	158,800
Savings	0.00%	5	5
Petty Cash		-	150
Total Cash and Money Market		<u>\$ 705,516</u>	<u>\$ 644,252</u>

Bank balance is the balance at the bank as of September 30, 2017 and book balance is the balance of Lake Wildwood as of September 30, 2017. The major divergence between book and bank balances consisted of outstanding checks and deposits in transit. Certificates of deposit were held at several financial institutions. The following is a list of certificates of deposits for the Association as of September 30, 2017.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 2 - Cash, Money Market, Savings, and Certificates of Deposit (Continued)

<u>CD</u>	<u>Interest Rate</u>	<u>Bank Balance</u>	<u>Book Balance</u>
First State Bank	1.20%	\$ 154,575	\$ 154,575
Bank of Speer	1.49%	151,131	151,131
Bank of Speer	1.39%	102,293	102,293
Streator Credit	1.15%	240,774	240,774
Bank of Farmington	0.85%	104,295	104,295
Total CD Balances		<u><u>\$ 753,068</u></u>	<u><u>\$ 753,068</u></u>

Cash and investments are categorized in accordance with risk factors. Deposits are insured by the FDIC to \$250,000 per bank. There is a small excess of \$250,000 at two of the financial institutions that are uncollateralized.

		<u>Bank Balance</u>	<u>Book Balance</u>
Type 1 -	Fully insured by FDIC	\$ 1,455,010	\$ 1,393,746
Type 2 -	Secured by securities pledged to the Association but in the bank's name	-	-
Type 3 -	Uncollateralized	3,574	3,574
		<u><u>\$ 1,458,584</u></u>	<u><u>\$ 1,397,320</u></u>

Note 3 - Capital Assets

The Association's Capital Assets are valued at historical cost or estimated historical cost, if actual cost is not known. A detailed listing is on file with the Association's bookkeeper. All purchases of capital assets are budgeted for and recorded in the Replacement Reserve Fund, Capital Improvements Fund, or Swimming Pool Fund. The related depreciation expense is also recorded in the Replacement Reserve Fund or Swimming Pool Fund.

The current year additions to capital assets consisted of an automated front gate security system, \$45,794 and lodge kitchen appliances and upgrades, \$6,845. Also, in the current fiscal year \$861,898 was spent on the swimming pool project. That amount plus the prior year construction in progress of \$663,936 was capitalized in the current year as the project was completed.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 3 - Capital Assets (Continued)

	<u>COST BASIS</u>			<u>End of Year</u>
	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	
Land	\$ 277,760	\$ -	\$ -	\$ 277,760
Construction in Progress	663,936	861,898	1,525,834	-
Administration				
Office Building	32,450	-	-	32,450
Office Equipment	56,326	-	-	56,326
Fire Station	53,680	-	-	53,680
Maintenance				
Maintenance Building	76,892	-	-	76,892
Automotive Equipment	175,425	-	-	175,425
Maintenance Equipment	311,301	-	-	311,301
Security	97,253	45,794	-	143,047
Pool	-	1,525,834	-	1,525,834
Lake and Recreation				
Bath House & Dump Station	128,992	-	-	128,992
Lodge	554,172	6,845	-	561,017
Pavilion	104,631	-	-	104,631
Equipment	779,543	-	-	779,543
Silt Pond	205,038	-	-	205,038
Fish House	19,734	-	-	19,734
Bridge	12,962	-	-	12,962
Road Improvements	41,844	-	-	41,844
Tennis Courts and Fences	77,196	-	-	77,196
Boat Ramp/Dock	27,443	-	-	27,443
Campground	30,063	-	-	30,063
Shaw Creek Basin	16,900	-	-	16,900
Land Improvements	52,689	-	-	52,689
GrandTotal	\$ 3,796,230	\$ 2,440,371	\$ 1,525,834	\$ 4,710,767

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 3 - Capital Assets (Continued)

<u>ACCUMULATED DEPRECIATION</u>				
	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Administration				
Office Building	\$ 19,120	\$ 492	\$ -	\$ 19,612
Office Equipment	52,830	1,748	-	54,578
Fire Station	30,077	792	-	30,869
Maintenance				
Maintenance Building	36,439	1,817	-	38,256
Automotive Equipment	145,185	10,080	-	155,265
Maintenance Equipment	223,733	17,132	-	240,865
Security	77,198	7,606	-	84,804
Pool	-	39,124	-	39,124
Lake and Recreation				
Bath and Comfort House & Dump Station	122,383	955	-	123,338
Lodge	284,860	13,644	-	298,504
Pavilion	74,089	2,878	-	76,967
Equipment	758,359	3,700	-	762,059
Silt Pond	192,235	7,788	-	200,023
Fish House	16,093	480	-	16,573
Bridge	12,962	-	-	12,962
Road Improvements	40,131	541	-	40,672
Tennis Courts and Fences	63,384	1,621	-	65,005
Boat Ramp/Dock	27,393	50	-	27,443
Campground	24,747	659	-	25,406
Shaw Creek Basin	16,361	216	-	16,577
Land Improvements	46,248	1,800	-	48,048
GrandTotal	<u>\$ 2,263,827</u>	<u>\$ 113,123</u>	<u>\$ -</u>	<u>\$ 2,376,950</u>

Depreciation is allocated to the following functions: General Administration, \$3,032; Maintenance, \$29,029; Security, \$7,606; Lake and Recreation, \$34,332; and Pool \$39,124.

Note 4 - Lots Acquired From Members for Nonpayment

Under the restriction covenants and by-laws, the Association may acquire members' lots if payment of membership fees and mowing charges are in arrears. As of September 30, 2017, the Association is not holding any of these lots.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 5 - Other Receivables and Payables

At September 30, 2017, the following receivables and payables recorded are:

- Accounts Receivable (net) – Member dues and fees billed but not paid of \$230,581 offset by the allowance for doubtful accounts of \$150,267.
- Accrued Payroll Tax Liabilities – Federal and state payroll taxes due at year end related to current fiscal year.
- Accrued Wages and Vacation Pay – Unpaid wages and vacation pay for work performed in the current fiscal year.
- Accrued Sales Tax – Sales tax due for current year-end.
- Member Deposits – Refundable deposits to members for lodge use, spot survey, damages, and spot surveys. Also, the campground committee has a small amount of money used for the pancake fundraiser included in Lake Wildwood’s cash. The amount is offset as a liability due to the campground included in member deposits.

Note 6 - Deferred Compensation Program

The Association has a Simplified Employee Pension Plan (defined contribution) and contributes 3% of salaries and wages of eligible employees. During the fiscal year ended September 30, 2017, the Association contributed \$10,006 to the plan.

Note 7 - Disbursements in Excess of Budget

For the fiscal year ended September 30, 2017, disbursements exceeded budgeted amounts in the Operating Fund in the following categories; Maintenance, Sunbeam, Marina Concession, Marina, and Pool. In total, the Operating Fund disbursements did exceed the budget. Disbursements did not exceed expenditures in the Replacement Reserve, Capital Improvements, and Swimming Pool Funds.

Note 8 - Risk Management

The Association faces several types of risk. The following is a discussion of the nature of the risks, the significance to the Association, and the policies in place to reduce the risk:

- 1) Custodial credit risk for deposits is the risk that in the event of bank failure, the deposits may be in peril. The Association’s policy is to either keep deposit amounts below F.D.I.C. insurance levels at a specific institution or to require the institution pledge securities to insure the deposits in excess of F.D.I.C. levels. The results are disclosed in Note 2. This risk is minimal.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 8 - **Risk Management (Continued)**

- 2) Interest rate risk is the risk that interest rate changes may adversely affect the fair value of investments and debt. Since the Association's investments are all cash or cash equivalents, the risk to investments is minimal. Sudden increases in interest rates would not adversely affect the Association since there is no long-term debt on the books at year-end. However, need for future loans to replace infrastructure or equipment could make the Association susceptible to interest rate increases. This interest rate risk is minimal at this time.
- 3) Concentration of credit risk is the risk of loss attributed to the magnitude of the Association's financial involvement with a single entity. No particular entity has a significant impact on financial performance. This risk is minimal.
- 4) Risk of loss of fixed assets is the risk that fire, wind, theft, etc. may reduce or eliminate the value of buildings, property, equipment, and other assets. The Association has comprehensive insurance coverage to minimize this risk. During the past three years, settlements have been less than coverage.
- 5) Risks of claims and judgments is the risk that the assets of the Association may be impaired due to an employee or officer's actions or failure to act. This risk is minimized by the comprehensive coverage provided by private carriers.

Note 9 - **Long-Term Debt**

Backhoe Note Payable

Long-term debt consists of a note payable on a backhoe dated February 8, 2013. The note is payable in 60 monthly payments ending February 8, 2018 with a 4% interest rate. The monthly payments are \$1,726.66. The Association paid the balance of the backhoe loan in full in the current fiscal year.

Swimming Pool Loan

During fiscal year 2016, the Association obtained a loan with LaSalle State Bank for construction of the new swimming pool. The Association did not receive a lump sum from the loan but rather draws on the loan to pay the contractors. As of September 30, 2017, the full \$1,200,000 has been drawn on the loan. Interest and principal payments will begin in May 2018. The loan has a 20 year maturity with a fixed interest rate of 4.18% the first 10 years and then the rate will adjust to the 10 year US Treasury + 2.39% but no higher than 6.57%. The Association started to bill dues for the swimming pool loan in fiscal year 2016 and expects to pay the loan from the collected dues. The repayment schedule is as follows:

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 9 - **Long-Term Debt (Continued)**

<u>FY Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 39,334	\$ 50,857	\$ 90,191
2019	41,001	49,190	90,191
2020	42,609	47,582	90,191
2021	44,545	45,646	90,191
2022	46,433	43,758	90,191
2023-2027	263,280	187,675	450,955
2028-2032	320,110	140,979	461,089
2033-2037	402,688	58,399	461,087
Total	\$ 1,200,000	\$ 624,086	\$ 1,824,086

Total Debt Summary for the Fiscal Year:

<u>Loan</u>	<u>Beg. Of Year</u>	<u>Issued</u>	<u>Payments</u>	<u>End of Year</u>
Backhoe Note	\$ 26,723	\$ -	\$ (26,723)	\$ -
Pool Loan	615,500	584,500	-	1,200,000
	<u>\$ 642,223</u>	<u>\$ 584,500</u>	<u>\$ (26,723)</u>	<u>\$ 1,200,000</u>

Note 10 - **Replacement Fund**

The Association requires the accumulation of funds for major repairs and replacement of Association assets. When funds are needed, the Association has the right to increase annual assessments, pass special assessments, or delay replacement until funds are available. In 2017, the Association assessed each member \$0 which was dedicated to the Replacement Fund and \$115.36 which was dedicated for capital improvements. The Association also assessed \$70 for the swimming pool. The assessment for capital improvements has been included in the Replacement Reserve Fund for purposes of this report. Replacement funds are accumulated based on estimated future costs to repair or replace, recognizing such estimates could vary and the variances could be material.

The fund balance of the Replacement Reserve Fund was \$1,193,807 at September 30, 2017. This fund balance consists of \$365,265 invested in cash and CD's, \$11,244 in net accounts receivable, and fixed assets with a net book value of \$894,301 less deferred member dues of \$77,003.

During the fiscal year ended September 30, 2015, the Association engaged a consulting firm to study the adequacy of the replacement reserve. This study estimated the remaining useful lives and the cost of future major repairs and replacements. See Schedule 6 for estimated useful lives and replacement costs.

LAKE WILDWOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 10 - **Replacement Fund (Continued)**

The Association defines Capital Improvements as single purchase or construction events to improve membership services within the Association. The Board recognizes that any future capital improvement is discretionary as compared to a capital replacement. Expenditures for a capital improvement are therefore indeterminate until a contractual commitment occurs. This study included only those known near-term capital improvements for reserve analysis together with the estimated future costs to replace the numerous existing common elements.

The study recommended the Board increase reserve contributions by \$32,500 for 2016 through 2020. The Association has diligently funded reserves for capital expenditures in the past and the Association will not allow a deficit in reserves to result. The purpose of the study was to determine the future amounts of reasonable reserve contributions.

Members contributed \$115.36 for capital improvements and \$70 for the swimming pool in 2017. For 2018, member dues are \$775, of which \$127.82 is for capital improvements and \$70 for the swimming pool project. The Association did not assess replacement reserve dues for 2017 and 2018.

Note 11 - **Subsequent Events**

The Association has evaluated subsequent events through January 5, 2018, the date which the financial statements were available to be issued.

Note 12 - **Board of Directors**

The Association is governed by a volunteer, elected Board of Directors. As of September 30, 2017 the Board consisted of the following five members:

Chris Martel - Chairman
Manny Singh - Secretary
Brian EGGLESTON - Treasurer
Sue McGrath
Randy Hart

LAKE WILDWOOD ASSOCIATION, INC.
 OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
 YEAR ENDED SEPTEMBER 30, 2017

	2017			
	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE OVER (UNDER)	GAAP BASIS ACTUAL
REVENUES				
Administration				
2017 Membership Dues	\$ 891,606	\$ 852,626	\$ (38,980)	\$ 909,902
2016 Membership Dues	10,000	20,927	10,927	-
2015 and Older Membership Dues	5,000	16,055	11,055	-
Boat Slips Rental	26,750	26,720	(30)	27,270
Storage Rental	7,000	6,825	(175)	6,675
Membership Applications	6,500	7,400	900	7,500
Building Fees	2,500	2,035	(465)	2,035
Registration Decals	20,000	26,977	6,977	27,002
Miscellaneous Income	7,000	7,841	841	10,781
Finance & Late Charges	11,500	14,952	3,452	14,226
Collection Charge	3,000	22,160	19,160	27,408
Credit Card Income	1,000	1,446	446	1,412
Total Administration	\$ 991,856	\$ 1,005,964	\$ 14,108	\$ 1,034,211
Market and Promotion				
Promotional Items	\$ 1,500	\$ 428	\$ (1,072)	\$ 428
Total Market and Promotion	\$ 1,500	\$ 428	\$ (1,072)	\$ 428
Maintenance				
Mowing Late Fee	\$ 8,000	\$ 4,971	\$ (3,029)	\$ 8,900
Truck Fill	600	80	(520)	80
Garbage Fee Income	3,000	6,451	3,451	6,451
Lot Mowing Income	35,000	35,495	495	36,350
Total Maintenance	\$ 46,600	\$ 46,997	\$ 397	\$ 51,781
Security				
Land Fines	\$ 8,000	\$ 7,709	\$ (291)	\$ 8,149
Marine Fines	500	1,349	849	1,250
Total Security	\$ 8,500	\$ 9,058	\$ 558	\$ 9,399
Sunbeam				
Classified Ad	\$ 300	\$ 233	\$ (67)	\$ 233
Placement Ad	14,000	15,858	1,858	16,919
Other Income	800	565	(235)	565
Total Sunbeam	\$ 15,100	\$ 16,656	\$ 1,556	\$ 17,717
SW Access				
SW Access	\$ -	\$ -	\$ -	\$ -
Lodge				
Lodge Rental Income	\$ 2,300	\$ 3,100	\$ 800	\$ 4,890
Marina/Pavilion/Bait House				
Gas Receipts/Marina	\$ 16,000	\$ 14,517	\$ (1,483)	\$ 15,763
Gas Pump - Insurance Claim	-	-	-	-
Total Marina/Pavilion/Bait House	\$ 16,000	\$ 14,517	\$ (1,483)	\$ 15,763
Concessions				
Food Sales	\$ 47,000	\$ 89,183	\$ 42,183	\$ 89,183
Bait	-	-	-	-
Total Concessions	\$ 47,000	\$ 89,183	\$ 42,183	\$ 89,183

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	2017			
	BUDGETARY		VARIANCE OVER (UNDER)	GAAP BASIS ACTUAL
	BUDGET	BASIS ACTUAL		
Revenues (Continued)				
Campground				
Mem Daily Ele Sites	\$ 1,000	\$ 1,210	\$ 210	\$ 1,210
Same Site Camping	45,000	46,400	1,400	46,400
Summer Seasonal Site	6,000	2,789	(3,211)	3,077
Winter Seasonal Camp	200	-	(200)	200
Guest Ele Camp Sites	250	905	655	905
Guest Non-ele Sites	500	785	285	785
Primitive Seasonal	600	200	(400)	200
Total Campground	\$ 53,550	\$ 52,289	\$ (1,261)	\$ 52,777
Recreation				
St. Patty's Day	\$ 500	\$ 362	\$ (138)	\$ 362
NYE Dance	2,200	2,155	(45)	2,155
Family Beach Day	-	754	754	754
Adult Pool Party	-	1,454	1,454	1,454
Recreation Miscellaneous	5,700	241	(5,459)	241
Total Recreation	\$ 8,400	\$ 4,966	\$ (3,434)	\$ 4,966
Total Revenues	\$ 1,190,806	\$ 1,243,158	\$ 52,352	\$ 1,281,115
EXPENSES				
Administration				
Publications/Dues	\$ 3,500	\$ 7,090	\$ (3,590)	\$ 7,090
Admin Salaries	135,000	124,898	10,102	127,868
Cell	2,100	2,210	(110)	2,210
S.U.T.A.	9,632	5,254	4,378	5,254
F.U.T.A.	1,400	1,393	7	1,393
Employee Health Insurance	67,410	54,572	12,838	54,572
FICA Employer Share	36,930	38,744	(1,814)	38,744
Continuing Education	2,300	631	1,669	631
Employee Pension	12,670	10,006	2,664	10,006
Legal Fees	10,000	11,997	(1,997)	11,997
Audit Fees	6,000	5,500	500	5,500
Bookkeep Fees	5,000	7,025	(2,025)	7,025
Third Party Sick Pay	-	248	(248)	248
Dam Inspections	5,500	5,755	(255)	5,755
Collection Fees	20,000	52,476	(32,476)	52,476
Office Expenses	6,000	5,256	744	5,256
General Liability	53,045	52,258	787	52,258
Postage	6,000	4,622	1,378	4,622
Printing	6,000	7,272	(1,272)	7,272
Office Tele Bus @ 3	8,400	8,071	329	8,071
Equipment Repair	2,100	-	2,100	-
Travel	4,500	3,376	1,124	3,376
Property Taxes	600	565	35	565
Admin. Misc. Expense	1,000	1,052	(52)	1,020
Employee Appreciation	1,250	817	433	817
Bad Debt Expense	50,000	895	49,105	11,715
Credit Card Expense	1,500	1,356	144	1,356
Refunds & Returns	1,500	1,672	(172)	1,672
Total Administration Expense	\$ 459,337	\$ 415,011	\$ 44,326	\$ 428,769

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

EXPENSES (CONTINUED)	2017			
	BUDGET	BUDGETARY		GAAP BASIS ACTUAL
		BASIS ACTUAL	VARIANCE OVER (UNDER)	
Market and Promotion				
Web Site Fees	\$ 1,000	\$ 1,396	\$ (396)	\$ 1,396
Promotional Items	1,700	289	1,411	289
Total Market and Promotion Expense	\$ 2,700	\$ 1,685	\$ 1,015	\$ 1,685
Maintenance				
Maintenance Salaries	\$ 181,280	\$ 162,343	\$ 18,937	\$ 162,557
Uniforms	2,000	204	1,796	204
Electrical	36,300	42,413	(6,113)	42,413
Water	16,000	17,842	(1,842)	17,842
Propane	8,500	11,736	(3,236)	11,736
Unleaded Gas	5,500	3,224	2,276	3,224
Diesel Fuel	12,000	5,858	6,142	5,858
Petroleum Products	2,000	905	1,095	905
Vehicle Repair	6,000	5,531	469	5,531
Vehicle Licenses	5,300	1,907	3,393	1,907
Cleaning & Sanitation Supplies	8,550	3,305	5,245	3,305
Supplies	5,500	2,832	2,668	2,832
Equipment Purchase	3,700	550	3,150	550
Equipment Repair	8,350	9,002	(652)	9,002
Dredge Operator Pay	6,500	-	6,500	-
Dredge	16,000	14,364	1,636	14,364
Building Maintenance	5,000	2,369	2,631	2,369
Landscaping	4,000	20,185	(16,185)	20,185
Gravel and Material	5,000	2,276	2,724	2,276
Hot/Cold Patch	8,000	9,166	(1,166)	9,166
Salt and Cinders	10,000	8,534	1,466	8,534
Waste Disposal	9,500	11,031	(1,531)	11,031
Contract Services	6,250	11,242	(4,992)	11,242
Chemicals/Water	2,500	2,378	122	2,378
Maintenance Projects	-	50,109	(50,109)	50,109
Total Maintenance Expense	\$ 373,730	\$ 399,306	\$ (25,576)	\$ 399,520
Security				
Security Salaries	\$ 154,625	\$ 132,478	\$ 22,147	\$ 131,705
Uniforms	600	644	(44)	644
Equipment Repair	1,000	1,257	(257)	1,257
SW Access Repair	1,000	432	568	432
Direct TV	650	240	410	240
Total Security Expense	\$ 157,875	\$ 135,051	\$ 22,824	\$ 134,278
Sunbeam				
Layout Expense	\$ 13,040	\$ 18,749	\$ (5,709)	\$ 18,829
Postage	4,800	5,484	(684)	5,484
Printing Expense	12,000	13,294	(1,294)	13,294
Miscellaneous Expense	1,800	-	1,800	-
Photo Contest	600	575	25	575
Total Sunbeam Expense	\$ 32,240	\$ 38,102	\$ (5,862)	\$ 38,182

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

EXPENSES (CONTINUED)	2017			
	BUDGETARY			GAAP BASIS
	BUDGET	BASIS ACTUAL	VARIANCE OVER (UNDER)	
Lodge				
Supplies	\$ 500	\$ 101	\$ 399	\$ 101
Building Maintenance	800	908	(108)	908
Pest Control	900	511	389	511
Total Lodge Expense	\$ 2,200	\$ 1,520	\$ 680	\$ 1,520
Marina Concession				
Perishables	\$ 18,000	\$ 59,588	\$ (41,588)	\$ 59,588
Non Perishable Supplies	5,000	8,270	(3,270)	8,270
Bait Supplies	1,150	812	338	812
Wages	23,300	38,269	(14,969)	35,942
Credit Card Expense	-	318	(318)	318
Total Marina Concession Expense	\$ 47,450	\$ 107,257	\$ (59,807)	\$ 104,930
Marina/Pavilion/Bait House				
Equipment Repair	\$ 1,300	\$ -	\$ 1,300	\$ -
Contract Services	450	603	(153)	603
Gas Dispense	16,000	11,960	4,040	11,960
Sales Tax	4,200	12,941	(8,741)	11,314
Total Marina/Pavilion/Bait House	\$ 21,950	\$ 25,504	\$ (3,554)	\$ 23,877
Campground				
Equipment Repair	\$ 2,000	\$ 1,771	\$ 229	\$ 1,771
Chemicals/Land	600	-	600	-
Contract Services	800	2,307	(1,507)	2,307
Gravel	1,800	639	1,161	639
Mulch	1,500	-	1,500	-
Total Campground Expense	\$ 6,700	\$ 4,717	\$ 1,983	\$ 4,717
Recreation				
Supplies	\$ 600	\$ 944	\$ (344)	\$ 944
Coffee Supplies	400	109	291	109
Equipment Purchase	600	349	251	349
Fireworks	6,500	6,500	-	6,500
Halloween	500	251	249	251
Christmas Potluck	1,500	985	515	985
New Years Eve	2,200	2,540	(340)	2,540
Easter Egg Hunt	1,000	1,452	(452)	1,452
Fish Derby	600	573	27	573
Fourth of July	500	300	200	300
Pool Party	150	118	32	118
Travel	350	93	257	93
St Patty's Day Dinner	700	401	299	401
Adult Pool Party	-	3,370	(3,370)	3,370
Family Beach Party	-	1,443	(1,443)	1,443
Ventian Night	-	588	(588)	588
Miscellaneous	7,150	37	7,113	37
Total Recreation Expense	\$ 22,750	\$ 20,053	\$ (2,697)	\$ 20,053
Fish and Wildlife				
Fish	\$ 6,528	\$ 5,452	\$ 1,076	\$ 5,452
Miscellaneous	3,680	3,376	304	3,376
Total Fish and Wildlife	\$ 10,208	\$ 8,828	\$ 1,380	\$ 8,828

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

EXPENSES (CONTINUED)	2017			
	BUDGETARY			GAAP BASIS ACTUAL
	BUDGET	BASIS ACTUAL	VARIANCE OVER (UNDER)	
Pool (Continued)				
Part-Time Lifeguards	\$ 43,516	\$ 43,205	\$ 311	\$ 43,205
Equipment Purchase	1,500	8,462	(6,962)	8,462
Building Maintenance	2,000	3,790	(1,790)	3,790
Pool/Chemicals	5,200	12,999	(7,799)	12,999
Contract Services	200	900	(700)	900
Lifeguard Reimbursement	1,250	350	900	350
Total Pool Expense	<u>\$ 53,666</u>	<u>\$ 69,706</u>	<u>\$ (16,040)</u>	<u>\$ 69,706</u>
Total Expenses	<u>\$ 1,190,806</u>	<u>\$ 1,226,740</u>	<u>\$ (43,047)</u>	<u>\$ 1,236,065</u>
Net Income	<u>\$ -</u>	<u>\$ 16,418</u>	<u>\$ 9,305</u>	<u>\$ 45,050</u>

See accompanying note to budgetary comparison schedules.

LAKE WILDWOOD ASSOCIATION, INC.
CAPITAL IMPROVEMENTS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	2017			
	BUDGETARY		VARIANCE OVER (UNDER)	GAAP BASIS ACTUAL
	BUDGET	BASIS ACTUAL		
REVENUES				
Capital Improvement Fund				
2017 Membership Dues	\$ 185,498	\$ 177,612	\$ (7,886)	\$ 115,904
2016 Membership Dues	-	437	437	-
2015 & Older Membership Dues	-	968	968	-
State of IL Grant	-	-	-	-
Total Revenues	\$ 185,498	\$ 179,017	\$ (6,481)	\$ 115,904
EXPENSES				
Security				
Security Cameras	\$ -	\$ -	\$ -	\$ -
Front Gate Entry System	40,000	45,794	(5,794)	-
Total Security Expense	\$ 40,000	\$ 45,794	\$ (5,794)	\$ -
Maintenance				
Motor for Pontoon	\$ 5,000	\$ -	\$ 5,000	\$ -
Lodge Kitchen	6,500	6,845	(345)	-
Principal Payments on Back Hoe	24,000	26,723	(2,723)	-
Interest Payments on Back Hoe	-	787	(787)	787
Garbage Surrounds	1,500	1,285	215	1,285
Road Project - Chip & Seal	75,451	75,451	-	75,451
Road Project - Reconstruct	30,047	27,508	2,539	27,508
Total Lake Expense	\$ 142,498	\$ 138,599	\$ 3,899	\$ 105,031
Lake Capital				
Software & GPS Handheld	\$ 1,000	\$ 510	\$ 490	\$ 510
Contract Dredge - A&B Basins	40,000	43,378	(3,378)	43,378
Contract Eng. Damn Maintenance	10,000	5,200	4,800	5,200
Retain Technical Specialists	2,000	-	2,000	-
Total Lake Expense	\$ 53,000	\$ 49,088	\$ 3,912	\$ 49,088
Depreciation				
Depreciation Expense	\$ -	\$ -	\$ -	\$ 9,575
Total Expenses	\$ 235,498	\$ 233,481	\$ 2,017	\$ 163,694
Other Sources (Uses)				
Transfer In	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Net Income (Loss)	\$ -	\$ (4,464)	\$ (8,498)	\$ 2,210

See accompanying note to budgetary comparison schedules.

LAKE WILDWOOD ASSOCIATION, INC.
REPLACEMENT RESERVE - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	2017			
	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE OVER (UNDER)	GAAP BASIS ACTUAL
REVENUES				
Reserve Fund Amenities				
2017 Membership Dues	\$ -	\$ -	\$ -	\$ 38,767
2016 Membership Dues	-	2,090	2,090	-
2015 & Older Membership Dues	-	991	991	-
Interest	10,000	9,631	(369)	11,926
Insurance Claim	-	-	-	-
Total Revenues	<u>\$ 10,000</u>	<u>\$ 12,712</u>	<u>\$ 2,712</u>	<u>\$ 50,693</u>
EXPENSES				
Other				
Depreciation Expense	\$ -	\$ -	\$ -	\$ 65,666
Total Other Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,666</u>
Total Expenses	\$ -	\$ -	\$ -	\$ 65,666
Other Sources (Uses)				
Transfer (Out)	\$ (50,000)	\$ (50,000)	\$ -	\$ (50,000)
Net Income (Loss)	<u>\$ (40,000)</u>	<u>\$ (37,288)</u>	<u>\$ 2,712</u>	<u>\$ (64,973)</u>

See accompanying note to budgetary comparison schedules.

LAKE WILDWOOD ASSOCIATION, INC.
SWIMMING POOL RESERVE - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	2017			
	BUDGET	BUDGETARY BASIS ACTUAL	VARIANCE OVER (UNDER)	GAAP BASIS ACTUAL
REVENUES				
Swimming Pool Reserve				
2017 Membership Dues	\$ 112,350	\$ 107,774	\$ 4,576	\$ 88,748
2016 Membership Dues	-	1,258	(1,258)	-
Interest Income	-	1,380	(1,380)	1,380
Swimming Pool Loan Proceeds	584,500	584,500	-	-
Total Revenues	<u>\$ 696,850</u>	<u>\$ 694,912</u>	<u>\$ 1,938</u>	<u>\$ 90,128</u>
EXPENSES				
Swimming Pool				
Swimming Pool	\$ 884,500	\$ 861,898	\$ -	\$ -
Loan Interest	27,711	27,711	-	27,711
Depreciation	-	-	-	37,882
Total Expenses	<u>\$ 912,211</u>	<u>\$ 889,609</u>	<u>\$ -</u>	<u>\$ 65,593</u>
Net Income (Loss)	<u>\$ (215,361)</u>	<u>\$ (194,697)</u>	<u>\$ 1,938</u>	<u>\$ 24,535</u>

See accompanying note to budgetary comparison schedules.

LAKE WILDWOOD
SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
Year Ended September 30, 2017

Note A - **Budget to Actual Reconciliation**

An explanation of the difference between budgetary basis revenues and expenditures and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	Operating Fund	Replacement Reserve	Swimming Reserve
Budgetary basis revenue (inflow)	\$ 1,243,158	\$ 191,729	\$ 694,912
Differences - budget to GAAP:			
Change in gross accounts receivable	12,927	5,004	3,108
Change in deferred members dues	22,685	(30,136)	(23,392)
Loan Proceeds	-	-	(584,500)
Other	2,345	-	-
Total revenue (GAAP Basis)	\$ 1,281,115	\$ 166,597	\$ 90,128
Budgetary basis expenditures (outflows)	\$ 1,226,740	\$ 233,481	\$ 889,609
Change in Payroll Liabilities	163	-	-
Change in Allowance for Doubtful Accounts	11,715	-	-
Change in Payables	(2,553)	-	-
Principal Payments on Backhoe Note	-	(26,723)	-
Depreciation Expense	-	75,241	37,882
Capital Asset Purchases	-	(52,639)	(861,898)
Total Expenditures (GAAP Basis)	\$ 1,236,065	\$ 229,360	\$ 65,593

Note B - **Budgetary Process**

The Operating Budget was approved by the Board on September 30, 2016. The budget was not amended. More information is available in Note 1 (B) to the financial statements.

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

	<u>2017</u> <u>GAAP</u>	<u>2016</u> <u>GAAP</u>	<u>2015</u> <u>GAAP</u>
REVENUES			
Administration			
Membership Dues	\$ 909,902	\$ 939,982	\$ 905,423
Boat Slips Rental	27,270	26,600	27,940
Storage Rental	6,675	10,575	6,300
Membership Applications	7,500	7,100	7,200
Building Fees	2,035	2,255	2,670
Registration Decals	27,002	25,142	9,835
Miscellaneous Income	10,781	4,008	5,621
Finance & Late Charge	14,226	19,584	18,346
Collection Charge	27,408	30,366	47,662
Credit Card Income	1,412	1,266	1,343
Total Administration	<u>\$ 1,034,211</u>	<u>\$ 1,066,878</u>	<u>\$ 1,032,340</u>
Market and Promotion			
Promotional Items	\$ 428	\$ 883	\$ 1,501
Total Market and Promotion	<u>\$ 428</u>	<u>\$ 883</u>	<u>\$ 1,501</u>
Maintenance			
Mowing Late Fee	\$ 8,900	\$ 6,825	\$ 3,300
Truck Fill	80	170	-
Garbage Fee Income	6,451	4,976	4,119
Lot Mowing Income	36,350	38,300	30,675
Total Maintenance	<u>\$ 51,781</u>	<u>\$ 50,271</u>	<u>\$ 38,094</u>
Security			
Land Fines	\$ 8,149	\$ 6,159	\$ 20,053
Marine Fines	1,250	150	650
Total Security	<u>\$ 9,399</u>	<u>\$ 6,309</u>	<u>\$ 20,703</u>
Sunbeam			
Classified Ad	\$ 233	\$ 390	\$ 361
Placement Ad	16,919	16,976	17,236
Other	565	580	-
Total Sunbeam	<u>\$ 17,717</u>	<u>\$ 17,946</u>	<u>\$ 17,597</u>
SW Access			
SW Access	\$ -	\$ 14,464	\$ 14,599
Lodge			
Lodge Rental Income	\$ 4,890	\$ 3,420	\$ 1,005
Marina/Pavilion/Bait House			
Gas Receipts/Marina	\$ 15,763	\$ 15,711	\$ 15,377
Insurance Claim - Gas Pump	-	-	2,737
Total Marina/Pavilion/Bait House	<u>\$ 15,763</u>	<u>\$ 15,711</u>	<u>\$ 18,114</u>
Concessions			
Food Sales	\$ 89,183	\$ 41,562	\$ 45,746
Bait	-	942	1,407
Total Total Concessions	<u>\$ 89,183</u>	<u>\$ 42,504</u>	<u>\$ 47,153</u>

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

	<u>2017</u> <u>GAAP</u>	<u>2016</u> <u>GAAP</u>	<u>2015</u> <u>GAAP</u>
Revenues (Continued)			
Campground			
Mem Daily Ele Sites	\$ 1,210	\$ 2,311	\$ 1,760
Same Site Camping	46,400	40,253	41,175
Summer Seasonal Site	3,077	7,055	3,000
Guest Ele Camp Sites	905	555	890
Guest Non-ele Sites	785	525	675
Primitive Seasonal	400	300	400
Total Campground	<u>\$ 52,777</u>	<u>\$ 50,999</u>	<u>\$ 47,900</u>
Recreation			
October Fest	\$ -	\$ 1,368	\$ 1,540
NYE Dance	2,155	1,958	1,854
Family Beach Day	754	-	-
Adult Pool Party	1,454	-	-
Hog Roast	-	4,045	4,028
Recreation Miscellaneous	603	356	5
Total Recreation	<u>\$ 4,966</u>	<u>\$ 7,727</u>	<u>\$ 7,427</u>
Total Revenues	<u>\$ 1,281,115</u>	<u>\$ 1,277,112</u>	<u>\$ 1,246,433</u>
EXPENSES			
Administration			
Publications/Dues	\$ 7,090	\$ 3,999	\$ 4,420
Admin Salaries	127,868	125,905	112,857
Cell Phone	2,210	2,092	1,300
S.U.T.A.	5,254	4,970	6,824
F.U.T.A.	1,393	1,133	1,042
Employee Health Insurance	54,572	51,819	53,585
FICA Employer Share	38,744	35,123	33,692
Continuing Education	631	637	587
Employee Pension	10,006	9,677	9,535
Legal Fees	11,997	49,369	36,578
Audit Fees	5,500	5,500	5,300
Bookkeep Fees	7,025	7,050	5,337
Dam Inspections	5,755	4,591	2,929
Collection Fees	52,476	51,721	58,763
Office Expenses	5,256	4,879	3,377
General Liability	52,258	48,868	45,695
Postage	4,622	6,207	5,709
Printing	7,272	5,742	5,723

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

	<u>2017</u> <u>GAAP</u>	<u>2016</u> <u>GAAP</u>	<u>2015</u> <u>GAAP</u>
EXPENSES (CONTINUED)			
Administration (Continued)			
Office Tele Bus @ 3	\$ 8,071	\$ 7,973	\$ 5,771
Equipment Repair	-	368	144
Travel	3,376	3,681	3,413
Property Taxes	565	212	212
Admin. Misc. Expense	921	841	1,741
Employee Appreciation	817	1,823	480
Bad Debt Expense	11,715	13,467	8,098
Credit Card Expense	1,356	951	2,182
Refunds & Returns	1,672	902	2,349
State Income Tax	347	383	187
Total Administration Expense	<u>\$ 428,769</u>	<u>\$ 449,883</u>	<u>\$ 417,830</u>
Market and Promotion			
Web Site Fees	\$ 1,396	\$ 757	\$ 104
Promotional Items	289	532	1,416
Total Market and Promotion Expense	<u>\$ 1,685</u>	<u>\$ 1,289</u>	<u>\$ 1,520</u>
Maintenance			
Maintenance salaries	\$ 162,557	\$ 158,136	\$ 145,576
Uniforms	204	1,329	1,147
Electrical	42,413	33,197	32,647
Water	17,842	12,325	12,869
Propane	11,736	5,139	5,567
Unleaded Gas	3,224	4,708	5,054
Diesel Fuel	5,858	6,470	11,191
Petroleum Products	905	327	1,657
Vehicle Repair	5,531	3,647	4,296
Vehicle Licenses	1,907	2,580	2,125
Cleaning Supplies	3,305	2,470	2,834
Supplies	2,832	3,592	4,933
Equipment Purchase	550	2,006	2,672
Equipment Repair	9,002	17,505	8,816
Dredge	14,364	-	130
Building Maintenance	2,369	10,759	1,590
Landscaping	20,185	3,800	100
Gravel and Material	2,276	1,763	650
Hot/Cold Patch	9,166	13,368	5,966
Salt and Cinders	8,534	6,748	15,693
Waste Disposal	11,031	9,781	8,709
Contract Services	11,242	8,319	10,369
Chemicals/Water	2,378	1,850	582
Dredge Maintenance	-	-	453
Road Seal	-	64,082	40,906
Maintenance Projects	50,109	16,700	32,848
Total Maintenance Expense	<u>\$ 399,520</u>	<u>\$ 390,601</u>	<u>\$ 359,380</u>

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

EXPENSES (CONTINUED)	2017 GAAP	2016 GAAP	2015 GAAP
Security			
Security Salaries	\$ 131,705	\$ 129,436	\$ 127,937
Uniforms	644	700	12
Equipment Repair	1,257	2,982	165
SW Access Repair	432	2,558	1,239
Direct TV	240	248	465
Total Security Expense	\$ 134,278	\$ 135,924	\$ 129,818
Sunbeam			
Layout Expense	\$ 18,829	\$ 17,012	\$ 14,703
Postage	5,484	5,239	4,770
Printing Expense	13,294	13,360	12,276
Miscellaneous Expense	575	541	567
Total Sunbeam Expense	\$ 38,182	\$ 36,152	\$ 32,316
Lodge			
Supplies	\$ 101	\$ -	\$ 89
Building Maintenance	908	1,568	1,976
Pest Control	511	1,050	737
Total Lodge Expense	\$ 1,520	\$ 2,618	\$ 2,802
Marina Concession			
Perishables	\$ 59,588	\$ 18,879	\$ 22,475
Non Perishable Supplies	8,270	2,837	2,842
Bait Supplies	812	690	848
Personnel Management	35,942	30,808	26,400
Credit Card Expense	318	-	-
Total Marina Concession Expense	\$ 104,930	\$ 53,214	\$ 52,565
Marina/Pavilion/Bait House/Concession			
Equipment Repair	\$ -	\$ 3,195	\$ 2,488
Contract Services	603	-	665
Gas Dispense	11,960	7,079	10,150
Sales Tax	11,314	2,899	410
Total Marina/Pavilion/Bait House	\$ 23,877	\$ 13,173	\$ 13,713
Campground			
Supplies	\$ -	\$ -	\$ 20
Equipment Repair	1,771	975	307
Contract Services	2,307	5,030	324
Mulch	639	1,227	-
Total Campground Expense	\$ 4,717	\$ 7,232	\$ 651

LAKE WILDWOOD ASSOCIATION, INC.
OPERATIONS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

EXPENSES (CONTINUED)	2017 GAAP	2016 GAAP	2015 GAAP
Recreation			
Supplies	\$ 944	\$ 548	\$ 679
Coffee Supplies	109	62	121
Equipment Purchase	349	1,105	-
Fireworks	6,500	6,000	6,000
October Fest	-	1,003	1,621
Halloween	251	437	369
Christmas Potluck	985	1,359	1,101
New Years Eve	2,540	2,591	2,230
Spring Dance	-	-	-
Easter Egg Hunt	1,452	742	848
Fish Derby/Garage Sale/Fish Fry	573	125	346
Fourth of July	300	300	600
Pool Party	118	107	16
Fish Fry	-	683	822
Parade	-	99	29
St. Patty's Dinner	401	-	-
Adult Pool Party	3,370	-	-
Family Beach Party	1,443	-	-
Ventian Night	588	-	-
Hog Roast	-	4,563	5,037
Travel & Miscellaneous	130	601	706
Total Recreation Expense	\$ 20,053	\$ 20,325	\$ 20,525
Fish and Wildlife			
Fish	\$ 5,452	\$ 6,569	\$ 5,350
Miscellaneous	3,376	3,974	6,459
Total Fish and Wildlife	\$ 8,828	\$ 10,543	\$ 11,809
Pool			
Lifegaurds	\$ 43,205	\$ 26,107	\$ 25,469
Equipment Purchase	8,462	392	376
Equipment Repair	-	395	2,693
Building Maintenance	3,790	-	-
Pool/Chemicals	12,999	2,028	1,709
Contract Services	900	770	1,795
Telephone	-	-	-
Lifeguard Reimbursement	350	275	170
Total Pool Expense	\$ 69,706	\$ 29,967	\$ 32,212
Total Expenses	\$ 1,236,065	\$ 1,150,921	\$ 1,075,141
Net Income	\$ 45,050	\$ 126,191	\$ 171,292

LAKE WILDWOOD ASSOCIATION, INC.
CAPITAL IMPROVEMENTS - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

	<u>2017</u> <u>GAAP</u>	<u>2016</u> <u>GAAP</u>	<u>2015</u> <u>GAAP</u>
REVENUES			
Capital Improvement Fund			
Membership Dues	\$ 115,904	\$ 20,816	\$ 18,126
Lot and Equipment Sales	-	-	10,300
State of IL Grant	-	96,533	22,166
Total Revenues	<u>\$ 115,904</u>	<u>\$ 117,349</u>	<u>\$ 50,592</u>
EXPENSES			
Maintenance			
Parking Lot Inlet	\$ -	\$ 1,342	\$ -
Interest Payments on Back Hoe	787	-	-
Garbage Surrounds	1,285	-	-
Road Project - Chip & Seal	75,451	-	-
Road Project - Reconstruct	27,508	-	-
Total Maintenance Expense	<u>\$ 105,031</u>	<u>\$ 1,342</u>	<u>\$ -</u>
Security			
Expand Parking Lot	\$ -	\$ -	\$ 98
Total Security Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98</u>
Lodge			
Public Sets Lodge Deck	\$ -	\$ -	\$ 3,949
Total Lodge Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,949</u>
Lake			
Board Seawall	\$ -	\$ -	\$ 5,350
Software & GPS Handheld	510	-	-
Contract Dredge - A&B Basins	43,378	-	-
Contract Eng. Dam Maintenance	5,200	-	-
Total Lake Expense	<u>\$ 49,088</u>	<u>\$ -</u>	<u>\$ 5,350</u>
Grant			
Professional Services - LWW	\$ -	\$ 8,214	\$ 5,774
Professional Services - State	-	-	8,305
Construction - LWW	-	93,117	-
Construction - State	-	95,562	-
Total Lake Expense	<u>\$ -</u>	<u>\$ 196,893</u>	<u>\$ 14,079</u>
Depreciation			
Depreciation Expense	\$ 9,575	\$ 8,030	\$ 6,789
Total Expenses	<u>\$ 163,694</u>	<u>\$ 206,265</u>	<u>\$ 30,265</u>
Net Income (Loss)	<u>\$ (47,790)</u>	<u>\$ (88,916)</u>	<u>\$ 20,327</u>

LAKE WILDWOOD ASSOCIATION, INC.
REPLACEMENT RESERVE - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

	<u>2017</u> <u>GAAP</u>	<u>2016</u> <u>GAAP</u>	<u>2015</u> <u>GAAP</u>
REVENUES			
Reserve Fund Amenities			
Membership Dues	\$ 38,767	\$ 80,816	\$ 53,396
Interest	11,926	10,903	10,442
Insurance Claim	-	-	18,517
Other	-	38	-
Total Revenues	<u>\$ 50,693</u>	<u>\$ 91,757</u>	<u>\$ 82,355</u>
EXPENSES			
Admin			
Contract Services	\$ -	\$ 270	\$ -
Reserve Study	-	-	8,000
	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ 8,000</u>
Maintenance			
Interest Payments on Backhoe	\$ -	\$ -	\$ -
Interest Payments on Back Hoe Green Valley & Hidden Valley	-	1,490	2,241
Grind & Gravel Streets	-	5,000	-
Snow Plow	-	12,000	-
Snow Plow	-	5,453	-
Building & Dredge Shed Repair	-	-	13,916
Beach Ropes & Buoys	-	-	6,390
Garbage Truck	-	-	800
Total Maintenance Expenses	<u>\$ -</u>	<u>\$ 23,943</u>	<u>\$ 23,347</u>
Marina/Pavilion/Bait House			
Marina Upgrades	\$ -	\$ -	\$ -
Picnic Table	-	-	1,139
Total Marina/Pavilion/Bait Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139</u>
Campground			
Replace Hydrants	\$ -	\$ -	\$ -
Windows for Bath Housse	-	-	2,336
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,336</u>
Pool			
Pool Options Analysis	\$ -	\$ -	\$ 18,707
Total Amenity Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,707</u>
Lodge			
Recover Furniture	\$ -	\$ 2,500	\$ -
Total Lakes Expenses	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>
319 Grant			
Professional Services LWW	\$ -	\$ 4,500	\$ -
	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ -</u>
Depreciation			
Depreciation Expense	\$ 65,666	\$ 65,072	\$ 112,701
Loss on Disposal of Equipment	-	3,350	-
	<u>65,666</u>	<u>68,422</u>	<u>112,701</u>
Total Expenses	<u>\$ 65,666</u>	<u>\$ 99,635</u>	<u>\$ 166,230</u>
Net Income	<u>\$ (14,973)</u>	<u>\$ (7,878)</u>	<u>\$ (83,875)</u>

LAKE WILDWOOD ASSOCIATION, INC.
SWIMMING RESERVE - COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED 2017, 2016, AND 2015

	<u>2017</u> <u>GAAP</u>	<u>2016</u> <u>GAAP</u>	<u>2015</u> <u>GAAP</u>
REVENUES			
Reserve Fund Amenities			
Membership Dues	\$ 88,748	\$ 32,667	\$ -
Interest Income	1,380	-	-
Total Revenues	<u>\$ 90,128</u>	<u>\$ 32,667</u>	<u>\$ -</u>
EXPENSES			
Admin			
Loan Interest	\$ 27,711	\$ -	\$ -
	<u>\$ 27,711</u>	<u>\$ -</u>	<u>\$ -</u>
Depreciation			
Depreciation Expense	\$ 37,882	\$ -	\$ -
	<u>\$ 37,882</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 65,593</u>	<u>\$ -</u>	<u>\$ -</u>
Net Income	<u>\$ 24,535</u>	<u>\$ 32,667</u>	<u>\$ -</u>

LAKE WILDWOOD ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
September 30, 2017

The Association's Board of Directors authorized the completion of a Full Reserve Study of Lake Wildwood Association, Inc. located in Varna, Illinois. An independent architectural engineering consulting firm completed the study, with an effective date of July 20, 2015. Replacement costs were based on the estimated costs to repair or replace the existing property at the date of the study. Removal and disposal costs were included where applicable. Estimated current replacement costs have been revised since that date. Estimated future replacement costs take into account the effects of inflation on local market rates for materials, labor, and equipment at an annual rate of 2.6% until the date the property will require repair or replacement.

The following information is based on the study and presents significant information about the property.

<u>Property</u>	<u>Estimated Remaining Useful Life in Years</u>	<u>Estimated Current Replacement Cost</u>	<u>Estimated Future Replacement Cost</u>
Building Elements	1 to 30	\$ 594,500	\$ 1,316,304
Asphalt Pavement	7	2,966,400	6,875,564
Other Property Site Elements	1 to 26	1,810,075	3,863,581
Maintenance Equipment	1 to 24	377,500	1,148,298
Pool Elements	1 to 20	<u>366,725</u>	<u>491,285</u>
Totals		<u><u>\$ 6,115,200</u></u>	<u><u>\$ 13,695,032</u></u>