

Lake Wildwood Association, Inc.

Financial Statements and
Supplementary Information

September 30, 2021



Cukierski & Associates LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake Wildwood Association, Inc.
Varna, Illinois

We have audited the accompanying financial statements of Lake Wildwood Association, Inc., which comprise the balance sheet as of September 30, 2021, and the related statements of revenue, 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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, Inc. as of September 30, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the Association has evaluated events and transactions occurring through September 30, 2021. As of the date of this report, January 4, 2022, economic hardships have occurred due to the national pandemic and the spread of COVID19 coronavirus. We are uncertain as to any financial impact these events may have on the association. Because of these uncertainties, the Association may experience cash shortfalls and may have to increase assessments, reduce costs or rely on other sources to fund any deficits the Association may incur. Our opinion is not modified with respect to these matters.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statements of revenue and expenses – actual vs. budget, which are the responsibility of the Association’s management, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked “unaudited,” was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the basic 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or any other form of assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future repairs and replacements on pages 20-21 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, 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 this supplementary information since the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cukierski & Associates, LLC

Cukierski & Associates, LLC
Arlington Heights, Illinois
January 4, 2022

Lake Wildwood Association, Inc.
Balance Sheet
September 30, 2021

	Operating Fund	Reserve Fund	Swimming Pool Fund	Total
ASSETS:				
Cash and Cash Equivalents	\$ 350,931	\$ 664,010	\$ 177,936	\$ 1,192,877
Held-to-Maturity Investments	-	588,471	-	588,471
Assessments Receivable, Net of Allowance for Doubtful Accounts of \$129,600	42,539	-	-	42,539
Prepaid Expenses	17,254	-	-	17,254
Total Current Assets	\$ 410,724	\$ 1,252,481	\$ 177,936	\$ 1,841,141
PROPERTY AND EQUIPMENT:				
Land, Buildings, & Equipment	\$ -	\$ 3,662,932	\$ 1,535,936	\$ 5,198,868
Less: Accumulated Depreciation	-	(2,577,387)	(195,414)	(2,772,801)
Total Property and Equipment	\$ -	\$ 1,085,545	\$ 1,340,522	\$ 2,426,067
Total Assets	\$ 410,724	\$ 2,338,026	\$ 1,518,458	\$ 4,267,208
LIABILITIES:				
Accounts Payable	\$ 20,405	\$ -	\$ -	\$ 20,405
Accrued Payroll	23,688	-	-	23,688
Accrued Payroll Taxes	7,394	-	-	7,394
Prepaid Owners	18,116	-	-	18,116
Income Tax Payable	4,956	-	-	4,956
Accrued Interest Payable	-	-	14,400	14,400
Deposits	14,602	-	-	14,602
Current Portion of Long Term Debt	-	-	46,258	46,258
Total Current Liabilities	\$ 89,161	\$ -	\$ 60,658	\$ 149,819
Long-Term Debt	-	-	985,190	985,190
Total Liabilities	\$ 89,161	\$ -	\$ 1,045,848	\$ 1,135,009
FUND BALANCES:				
Restricted	\$ -	\$ 2,338,026	\$ 472,610	\$ 2,810,636
Unrestricted	321,563	-	-	321,563
Total Fund Balances	\$ 321,563	\$ 2,338,026	\$ 472,610	\$ 3,132,199
Total Liabilities and Fund Balances	\$ 410,724	\$ 2,338,026	\$ 1,518,458	\$ 4,267,208

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue, Expenses, and Changes in Fund Balances
 For the Year Ended September 30, 2021

	Operating Fund	Reserve Fund	Swimming Fund	Total
REVENUE:				
Assessments	\$ 887,299	\$ 327,496	\$ 112,630	\$ 1,327,425
Interest Income	157	4,341	1,071	5,569
Lot Sales	65,604	-	-	65,604
Campground Member	60,382	-	-	60,382
Boat Slip Rental	50,242	-	-	50,242
Decals	44,825	-	-	44,825
Mowing Income and Fees	38,300	-	-	38,300
Marina Income - Fuel	34,063	-	-	34,063
Finance and Late Fees	29,093	-	-	29,093
Sunbeam Income	20,285	-	-	20,285
Other	19,046	-	-	19,046
New Members	17,250	-	-	17,250
Sporting Events	12,530	-	-	12,530
Security Income - Fines	11,235	-	-	11,235
Building fees	10,950	-	-	10,950
Storage Income	10,200	-	-	10,200
Scavenger Fees	9,742	-	-	9,742
Concession Income	7,085	-	-	7,085
Lodge Rental Income	5,850	-	-	5,850
Campground Electric	3,800	-	-	3,800
Other Recreation	3,346	-	-	3,346
Marketing Income	3,161	-	-	3,161
Swimming Pool	15	-	-	15
Total Revenue	<u>\$ 1,344,460</u>	<u>\$ 331,837</u>	<u>\$ 113,701</u>	<u>\$ 1,789,998</u>
EXPENSES:				
Administrative	\$ 356,479	\$ -	\$ -	\$ 356,479
Maintenance	389,003	-	-	389,003
Security	156,265	-	-	156,265
Sunbeam	23,703	-	-	23,703
Market and Promotions	5,616	-	-	5,616
Lodge	605	-	-	605
Marina and Pavillion	27,365	-	-	27,365
Campground	42,887	-	-	42,887
Recreation	28,288	-	-	28,288
Fish and Wildlife	22,367	-	-	22,367

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue, Expenses, and Changes in Fund Balances
 For the Year Ended September 30, 2021

	Operating Fund	Reserve Fund	Swimming Fund	Total
EXPENSES (Continued):				
Pool	\$ 65,078	\$ -	\$ -	\$ 65,078
Insurance	64,452	-	-	64,452
Bad Debts	36,396	-	-	36,396
Income Taxes	16,421	-	-	16,421
Depreciation	-	88,359	39,383	127,742
Interest	-	-	59,105	59,105
Maintenance Capital Fund	-	102,129	-	102,129
Security Capital Fund	-	7,947	-	7,947
Campground Capital Fund	-	28,874	-	28,874
Beautification Capital Fund	-	114,511	-	114,511
Lake Capital Fund	-	40,488	-	40,488
Total Expenses	<u>\$ 1,234,925</u>	<u>\$ 382,308</u>	<u>\$ 98,488</u>	<u>\$ 1,715,721</u>
Excess (Deficit) of Revenue over Expenses	\$ 109,535	\$ (50,471)	\$ 15,213	\$ 74,277
Beginning Fund Balances	435,013	2,154,399	468,510	3,057,922
Interfund Transfers	<u>(222,985)</u>	<u>234,098</u>	<u>(11,113)</u>	<u>-</u>
Ending Fund Balances	<u><u>\$ 321,563</u></u>	<u><u>\$ 2,338,026</u></u>	<u><u>\$ 472,610</u></u>	<u><u>\$ 3,132,199</u></u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2021

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Swimming Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess (Deficit) of Revenues over Expenses	\$ 109,535	\$ (50,471)	\$ 15,213	\$ 74,277
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	-	88,359	39,383	127,742
Decrease (Increase) in:				
Assessments Receivable	(16,253)	6,000	2,400	(10,253)
Prepaid Expenses	(3,083)	-	-	(3,083)
Prepaid Income Taxes	5,589	-	-	5,589
Increase (Decrease) in:				
Accounts Payable	12,717	(488)	-	12,229
Accrued Payroll	(17,386)	-	-	(17,386)
Accrued Payroll Taxes	6,385	-	-	6,385
Prepaid Owners	18,116	-	-	18,116
Income Tax Payable	4,956	-	-	4,956
Deposits	(2,650)	-	-	(2,650)
Accrued Interest Payable	-	-	14,400	14,400
Garden Bricks	-	(3,134)	-	(3,134)
Accrued Sales Tax	(428)	-	-	(428)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 117,498</u>	<u>\$ 40,266</u>	<u>\$ 71,396</u>	<u>\$ 226,760</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Equipment	\$ -	\$ (18,333)	\$ -	\$ (18,333)
Purchase of CDs	-	(588,471)	-	(588,471)
Net Cash Provided by (Used in) Investing Activities	<u>\$ -</u>	<u>\$ (606,804)</u>	<u>\$ -</u>	<u>\$ (588,471)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Principal Payment on Note	\$ -	\$ -	\$ (45,608)	\$ (45,608)
Interfund Transfer	(222,985)	234,098	(11,113)	-
Net Cash Provided by (Used in) Financing Activities	<u>\$ (222,985)</u>	<u>\$ 234,098</u>	<u>\$ (56,721)</u>	<u>\$ (45,608)</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2021

	Operating Fund	Reserve Fund	Swimming Fund	Total
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (105,487)	\$ (332,440)	\$ 14,675	\$ 226,760
Cash and Cash Equivalents - Beginning	456,418	996,450	163,261	1,616,129
Cash and Cash Equivalents - Ending	\$ 350,931	\$ 664,010	\$ 177,936	\$ 1,192,877
<u>Supplemental Disclosure of Cash Flow Information:</u>				
Cash Paid for:				
Income Taxes	\$ 1,480	\$ -	\$ -	\$ 1,480
Interest	\$ -	\$ -	\$ 44,705	\$ 44,705

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
Notes to Financial Statements
September 30, 2021

NOTE 1 – NATURE OF ORGANIZATION

Lake Wildwood Association, Inc. was incorporated in the State of Illinois on March 22, 1968 as a not-for-profit corporation. The Association is responsible for the operation and maintenance of the common property of Lake Wildwood Association, Inc. These responsibilities include but are not limited to, custodianship, maintenance, repair and preservation of all of the common area elements, enforcement of the restrictions of the Association, and the levying and collection of the assessments to fund all of the responsibilities. The Association contains 1866 residential lots, of which 56 lots are owed by the Association. Owners may have title to multiple lots where a building structure is over lot lines. The Association has deemed these owners be assessed a single assessment. For the year ended September 30, 2021, 1609 owners were billed. The Association is located in Varna, Illinois.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Association has consistently reported its income and its expenses using the accrual method of accounting for its year-end financial statements. Accordingly, revenue and related assets are recognized when earned and expenses are recognized when the obligation is incurred.

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:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Reserve Fund - This fund is used to accumulate financial resources designated for general operations and for future major repairs and replacements.

Swimming Pool Fund – This fund is used to accumulate financial resources designated for the maintenance of the swimming pool note.

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Cash and Cash Equivalents

The Association considers cash on hand, cash in banks, and U.S. government securities and other short term securities with maturities of three months or less when purchased as cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists between the Association and its members as it is defined by the Code. The Association does not defer the recognition of any portion of assessment revenues as a Contract Liability.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association has a responsibility to preserve and maintain the common property.

The Association holds title to 56 lots in the Association which are used for various purposes including access to certain areas, storage, and drainage. The Association intends to hold these lots, however may be available to sell in the future. As of September 30, 2021 the Association has recorded \$277,760 for the 56 lots.

Assets acquired by the Association are recorded at cost or estimated cost and depreciated using both an accelerated method and straight-line. Additions, improvements, and other capital outlays which extend the useful life of an asset were being capitalized. Depreciation expense resulting from the assets amounted to \$127,742 for the year ended September 30, 2021.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Association to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Association files its income tax return as a homeowners' association in accordance with Internal Revenue Code Section 528 for the year ending September 30, 2021. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its net nonexempt function income, which includes interest income and revenue received from nonmembers, net of related expenses.

Generally accepted accounting principles require entities to determine whether it is more likely than not a tax position will be sustained upon examination, including resolution of any appeals or litigation process, based on the technical merits of the position. In accordance with this accounting guidance, the Association deems it unnecessary to record any adjustments relative to this position

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Association's tax filings are subject to audit by various taxing authorities. As of September 30, 2021, the Association's federal and state income tax returns for 2018, 2019, 2020 and 2021 remained open to examination by the taxing authorities.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, cash equivalents, held-to-maturity investments, accounts receivable, prepaid expenses, accounts payable, and accrued liabilities, approximate fair value due to the short maturities of these instruments. The carrying value of long-term debt approximates fair value because the interest rates fluctuate with market interest rates or the fixed rates are based on current rates offered to the Association for debt with similar terms and maturities.

Assessments Receivable and Allowance for Doubtful Accounts

The Association follows the practice of charging uncollectable accounts to operations in the period in which they are determined to be uncollectable. As of September 30, 2021, the Association estimated that \$129,600 was uncollectable. Therefore, an allowance of that amount has provided within these financial statements.

NOTE 3 – ASSESSMENT CHARGES TO UNIT OWNERS

Assessments for the year ended September 30, 2021, were determined in accordance with a budget adopted by the Board of Directors, and allocated to unit owners on a uniform rate of assessment.

The amount of assessments for the reserve and swimming pool fund totaled \$440,126, of which \$327,496 was allocated to the Reserve Fund and \$112,630 allocated to the swimming pool fund for the year ended September 30, 2021, in accordance with a budget adopted by the Board of Directors.

NOTE 4 – HELD-TO-MATURITY INVESTMENTS

Held to maturity investments consisted of the following as of September 30, 2021:

Certificates of Deposit	<u>\$ 588,471</u>
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These Certificates of Deposit are scheduled to mature in the following years:

2022	\$ 358,033
2023	230,437
Total	<u>\$ 588,471</u>

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

The Association maintains cash and short term investment accounts with commercial banks. Under this arrangement available cash balances during the year may exceed the Federal Deposit Insurance Corporation limitations.

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2021

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	COST BASIS			
	Beginning of Year	Additions	Deletions	End of Year
Land	\$ 277,760	\$ -	\$ -	\$ 277,760
Adminstration				
Office Building	30,928	-	-	30,928
Office Equipment	32,648	-	-	32,648
Fire Station	53,680	-	1	53,681
Maintenance				
Maintenance Building	103,267	-	-	103,267
Automotive Equipment	173,395	10,614	-	184,009
Maintenance Equipment	289,932	-	1,985	287,947
Secuirty	143,047	-	-	143,047
Pool	1,588,882	-	-	1,588,882
Lake and Recreation				
Bath House and Dump Station	128,992	-	-	128,992
Lodge	565,631	-	-	565,631
Pavillion	113,226	-	-	113,226
Equipment	844,833	-	-	844,834
Silt Pond	205,038	-	-	205,038
Fish House	19,734	-	-	19,734
Bridge	12,962	-	-	12,962
Road Improvements	41,844	-	-	41,844
Sports Core and Picnic Area	124,620	-	-	124,620
Boat Ramp and Dock	48,381	-	-	48,381
Campground	46,153	7,719	-	53,872
Shaw Creek Basin	16,900	-	-	16,900
Land Improvements	320,665	-	-	320,665
Total	\$ 5,182,518	\$ 18,333	\$ 1,986	\$ 5,198,868

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2021

NOTE 6 – PROPERTY AND EQUIPMENT (CONTINUED)

	ACCUMULATED DEPRECIATION			
	Beginning of Year	Additions	Deletions	End of Year
Administration				
Office Building	\$ 19,566	\$ 492	\$ -	\$ 20,058
Office Equipment	32,648	-	-	32,648
Fire Station	33,086	739	-	33,825
				-
Maintenance				-
Maintenance Building	47,664	3,136	-	50,800
Automotive Equipment	136,973	12,140	-	149,113
Maintenance Equipment	253,490	11,731	1,985	263,236
				-
Security	104,139	5,586	-	109,725
				-
Pool	161,347	40,741	-	202,088
				-
Lake and Recreation				-
Bath House and Dump Station	124,653	252	-	124,905
Lodge	343,791	15,953	-	359,744
Pavillion	88,850	3,887	-	92,737
Equipment	776,866	6,941	(2)	783,809
Silt Pond	205,038	-	-	205,038
Fish House	17,788	405	-	18,193
Bridge	12,962	-	-	12,962
Road Improvements	41,626	143	-	41,769
Sports Core and Picnic Area	71,084	4,234	-	75,318
Boat Ramp and Dock	28,839	1,396	-	30,235
Campground	28,731	1,449	-	30,180
Shaw Creek Basin	16,830	46	-	16,876
Land Improvements	101,071	18,471	-	119,542
				-
Total	\$ 2,647,042	\$ 127,742	\$ 1,983	\$ 2,772,801

NOTE 7 – LONG-TERM DEBT

In 2016, the Association borrowed \$1,200,000 from a bank. Proceeds from the note were used for the construction of a new swimming pool. In May 2018, the note converted \$1,200,000 to a twenty-year term note at 4.18% for the first ten years of the note. Annual installments of \$90,191 including interest at 4.18% began when the note converted in May 2018.

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2021

NOTE 7 – LONG-TERM DEBT (CONTINUED)

In March 2021, the Association refinanced the note in the amount of \$1,076,933. Annual installments of \$83,906, due on May 13, 2021 including interest at 3.65% until May 13, 2027. After May 13, 2027 the interest rate shall be variable and adjusted annually until maturity on May 13, 2037. The subsequent interest rate shall be calculated based on the weekly average yield on United States Treasury securities adjusted to a consistent maturity of ten years plus 2.39%. It is the Associations intent to continue to make annual installments of \$90,191 with the additional payment of \$6,285 applied to the principal balance. The note is collateralized by a security interest and assignment of all existing and future swimming pool assessments, final payment is due in May 2037.

Principal payments on the note are due as follows:

Year ended September 30, 2022	\$	46,258
2023		47,947
2024		49,697
2025		51,511
2026		53,391
Thereafter		782,644
		<u>\$ 1,031,448</u>

The Association incurred \$59,106 of interest expense for the year ended September 30, 2021.

NOTE 8 - RESERVE FUND

The Association’s governing documents require that funds be accumulated for future improvements and major repairs and replacements. Accumulated funds are held in separate bank accounts and are generally not available for operating expenditures.

An independent consultant conducted a study in June 2016, in order to estimate the remaining useful lives and the replacement costs of the components of common property. The study estimated the future costs to repair or replace the property components as of the projected date of repair or replacement. The tables included in the supplementary information regarding Future Major Repairs and Replacements are derived from the study.

Funds are being accumulated in the reserve fund based on the estimated future costs for repairs and replacements of common property components. Actual expenditures and investment income 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, subject to membership approval, to increase regular assessments, levy special assessments, or delay the major repairs and replacements until funds are available.

NOTE 9 – INTERFUND TRANSFERS

As of December 31, 2020, the Operating Fund transferred \$222,985 and the Swimming Fund transferred \$11,113 to the Reserve Fund, therefore the Reserve fund increased by \$234,098.

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2021

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Association has entered into various maintenance, management and service agreements for the maintenance and operation of the property.

The spread of the COVID19 coronavirus is causing economic uncertainties which may negatively impact the Association's cash flow.

NOTE 11 – PENSION PLAN

The Association has a Simplified Employee Pension Plan and contributes up to 3% of salaries and wages of eligible employees. For the year ended September 30, 2021, the Association contributed \$6,338 to the plan.

NOTE 12 – SUBSEQUENT EVENTS

The Association has evaluated events and transactions occurring subsequent to September 30, 2021. As of the date of this report, January 4, 2022, no material events have occurred which require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2021

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE:			
Assessments	\$ 1,327,425	\$ 1,369,107	\$ (41,682)
Interest Income	5,569	-	5,569
Lot Sales	65,604	-	65,604
Campground Member	60,382	58,800	1,582
Boat Slip Rental	50,242	49,000	1,242
Decals	44,825	27,000	17,825
Mowing Income and Fees	38,300	40,500	(2,200)
Marina Income - Fuel	34,063	30,000	4,063
Finance and Late Fees	29,093	22,500	6,593
Sunbeam Income	20,285	14,200	6,085
Other	19,046	28,000	(8,954)
New Members	17,250	10,000	7,250
Sporting Events	12,530	3,000	9,530
Security Income - Fines	11,235	8,500	2,735
Building fees	10,950	6,000	4,950
Storage Income	10,200	9,500	700
Scavenger Fees	9,742	6,100	3,642
Concession Income	7,085	4,400	2,685
Lodge Rental Income	5,850	3,000	2,850
Campground Electric	3,800	6,750	(2,950)
Other Recreation	3,346	9,900	(6,554)
Marketing Income	3,161	-	3,161
Swimming Pool	15	-	15
Total Revenue	<u>\$ 1,789,998</u>	<u>\$ 1,706,257</u>	<u>\$ 83,741</u>

EXPENSES:

Administrative:

Personnel	\$ 154,017	\$ 172,440	\$ 18,423
Payroll Taxes	48,607	58,290	9,683
Health Insurance	44,097	57,500	13,403
Telephone	18,965	13,500	(5,465)
Printing and Postage	12,772	10,000	(2,772)
Legal Fees, Net	10,386	22,000	11,614
Accounting Fees	7,790	10,000	2,210
Quickbooks Software and Finance Apps	7,257	10,500	3,243
Audit Fees	7,100	6,500	(600)

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2021

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Administrative (continued):			
Office	\$ 6,678	\$ 8,600	\$ 1,922
Pension	6,338	13,000	6,662
Web Software	5,805	3,250	(2,555)
Travel reimbursement	5,587	2,000	(3,587)
Dam Inspections	4,950	4,800	(150)
Miscellaneous	4,240	3,200	(1,040)
Credit Card	3,124	2,500	(624)
Dues and Publications	2,340	4,000	1,660
Property Taxes	2,154	1,500	(654)
Cell Phone	2,040	2,100	60
Bank Charges	1,206	-	(1,206)
Employee Appreciation	1,026	1,200	174
Total Administrative	<u>\$ 356,479</u>	<u>\$ 406,880</u>	<u>\$ 50,401</u>
Maintenance:			
Personnel	\$ 213,020	\$ 209,350	\$ (3,670)
Electricity	19,725	21,000	1,275
Contract Services	19,354	10,000	(9,354)
Diesel Fuel	17,972	10,000	(7,972)
Scavenger	16,520	11,000	(5,520)
Water and Sewer	15,345	14,500	(845)
Propane	13,747	13,500	(247)
Building Maintenance	12,142	7,000	(5,142)
Hot and Cold Patch	11,664	15,000	3,336
Equipment Purchase and Rental	10,078	3,600	(6,478)
Unleaded Fuel	7,379	5,000	(2,379)
Salt and Cinders	6,655	10,500	3,845
Vehicle Repair and License	6,020	9,750	3,730
Maintenance Supplies	5,805	6,500	695
Equipment Repair	4,262	7,500	3,238
Cleaning and Sanitation	3,305	6,500	3,195
Maintenance Projects	2,926	4,000	1,074
Gravel and Material	1,557	4,800	3,243
Petroleum Products	758	750	(8)
Uniforms	461	1,500	1,039
Landscaping	308	3,500	3,192

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2021

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Maintenance (continued):			
Dredging	\$ -	\$ 10,000	\$ 10,000
Land Chemicals	-	2,400	2,400
Total Maintenance	<u>\$ 389,003</u>	<u>\$ 387,650</u>	<u>\$ (1,353)</u>
Security:			
Personnel	\$ 153,184	\$ 145,292	\$ (7,892)
Security System	1,037	1,500	463
Uniforms	760	600	(160)
Equipment	665	1,000	335
Dish	619	500	(119)
Total Security	<u>\$ 156,265</u>	<u>\$ 148,892</u>	<u>\$ (7,373)</u>
Sunbeam:			
Printing and Postage	\$ 17,061	\$ 16,000	\$ (1,061)
Miscellaneous Sunbeam	5,310	-	(5,310)
Sunbeam Layout	696	-	(696)
Photo Contest	636	700	64
Total Sunbeam	<u>\$ 23,703</u>	<u>\$ 16,700</u>	<u>\$ (7,003)</u>
Market and Promotions:	<u>\$ 5,616</u>	<u>\$ 6,700</u>	<u>\$ 1,084</u>
Lodge:			
Exterminating	\$ 391	\$ 650	\$ 259
Building Expense	214	2,000	1,786
Supplies	-	500	500
Total Lodge	<u>\$ 605</u>	<u>\$ 3,150</u>	<u>\$ 2,545</u>
Marina and Pavillion:			
Marina Fuel	\$ 25,391	\$ 20,000	\$ (5,391)
Marina Equipment Repair	1,424	5,000	3,576
Contingency Services	550	450	(100)
Total Marina and Pavillion	<u>\$ 27,365</u>	<u>\$ 25,450</u>	<u>\$ (1,915)</u>
Campground:			
Electric and Propane	\$ 25,070	\$ 20,000	\$ (5,070)
Waste Disposal and Septic	5,840	4,500	(1,340)

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2021

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Campground (continued):			
Water	\$ 5,034	\$ 5,000	\$ (34)
Contingency Service	4,177	3,500	(677)
Road Gravel	1,507	750	(757)
Mulch	1,083	1,000	(83)
Equipment Repair	176	3,000	2,824
Total Campground	<u>\$ 42,887</u>	<u>\$ 37,750</u>	<u>\$ (5,137)</u>
Recreation:			
Sporting Events	\$ 12,780	\$ 3,000	\$ (9,780)
Fireworks	7,578	7,000	(578)
Entertainment	5,254	10,000	4,746
Holiday Events	1,237	3,900	2,663
Fish Derby	591	500	(91)
Equipment	329	500	171
Supplies	256	-	(256)
Pool Party	218	-	(218)
Garage Sale	45	100	55
Family Events	-	7,050	7,050
Parade	-	200	200
Total Recreation	<u>\$ 28,288</u>	<u>\$ 32,250</u>	<u>\$ 3,962</u>
Fish and Wildlife:			
Lake Treatment	\$ 13,402	\$ 15,000	\$ 1,598
Fish	8,965	5,500	(3,465)
Total Fish and Wildlife	<u>\$ 22,367</u>	<u>\$ 20,500</u>	<u>\$ (1,867)</u>
Pool:			
Lifeguards	\$ 37,557	\$ 40,000	\$ 2,443
Chemicals	14,401	14,000	(401)
Maintenance and Repair	9,849	4,500	(5,349)
Equipment	2,704	3,000	296
Lifeguard	567	1,000	433
Total Pool	<u>\$ 65,078</u>	<u>\$ 62,500</u>	<u>\$ (2,578)</u>
Insurance	<u>\$ 64,452</u>	<u>\$ 57,500</u>	<u>\$ (6,952)</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2021

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Bad Debts	\$ 36,396	\$ 50,000	\$ 13,604
Income Tax	\$ 16,421	\$ 5,000	\$ (11,421)
Depreciation	\$ 127,742	\$ -	\$ (127,742)
Interest Expense	\$ 59,105	\$ -	\$ (59,105)
Maintenance Capital Fund:			
Dredge Shed	\$ 55,663	\$ 48,925	\$ (6,738)
Road Chip and Seal	46,307	50,000	3,693
2019 Gator	159	-	(159)
Maintenance Basin Cleanout	-	36,000	36,000
Total Maintenance Capital Fund	<u>\$ 102,129</u>	<u>\$ 134,925</u>	<u>\$ 32,796</u>
Security Capital Fund:			
Radio Repeater	\$ 7,947	\$ 8,450	\$ 503
Total Security Capital Fund	<u>\$ 7,947</u>	<u>\$ 8,450</u>	<u>\$ 503</u>
Campground Capital Fund:			
Bathhouse Floor	\$ 28,874	\$ 25,000	\$ (3,874)
New Campsites	-	10,000	10,000
Total Campground Capital Fund	<u>\$ 28,874</u>	<u>\$ 35,000</u>	<u>\$ 6,126</u>
Beautification Capital Fund:			
Court Renovation	\$ 79,253	\$ 75,000	\$ (4,253)
Welcome Center and Signage	31,238	18,000	(13,238)
Frisbee Golf	4,020	-	(4,020)
Total Beautification Capital Fund	<u>\$ 114,511</u>	<u>\$ 93,000</u>	<u>\$ (21,511)</u>
Lake Capital Fund:			
Dredge	\$ 40,488	60,000	\$ 19,512
Total Lake Capital Fund	<u>\$ 40,488</u>	<u>\$ 60,000</u>	<u>\$ 19,512</u>
Total Expenses	<u>\$ 1,715,721</u>	<u>\$ 1,592,297</u>	<u>\$ (123,424)</u>
Excess (Deficit) of Revenue over Expenses	<u>\$ 74,277</u>	<u>\$ 113,960</u>	<u>\$ (39,683)</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Supplementary Information on Future Major
 Repairs and Replacements (Unaudited)
 September 30, 2021

An independent consultant conducted a study in June 2016 to estimate the remaining useful lives and the replacement costs of the components of property. Estimated future replacement costs as presented below are derived from the study and constitute the estimated costs to repair or replace the property components at the projected end of their useful lives over the thirty years subsequent to the date of the study, assuming an inflation rate of 2.6% between the date of the study and the projected date of repair or replacement.

The following information is derived from the study and presents significant information about the components of property at the time of the study. Further information can be obtained from the study in its entirety.

Components	Estimated Remaining Useful Lives (In Years)	Estimated Future Replacement Cost
Building Elements	1 to 30	1,484,693
Asphalt Pavement	7	2,271,092
Other Property Site Elements	1 to 26	3,855,096
Maintenance Equipment	1 to 24	1,143,298
Pool Elements	1 to 20	491,285
Reserve Study Update	2	8,400
	Total Estimated Future Costs	\$ 9,253,864
Fund Balance as of September 30, 2021		\$ 2,338,026
Fund Contributions 2021		\$ 327,496

Lake Wildwood Association, Inc.
 Supplementary Information on Future Major
 Repairs and Replacements (Unaudited)
 September 30, 2021
 (Continued)

The funding requirements suggested by the study for the next thirty years using a 2.6% annual inflation rate and 1.2% return on investments are as follows:

Recommended Replacement Fund Contributions					
Year	Reserve Contributions	Reserve Balances	Year	Reserve Contributions	Reserve Balances
2016	\$ 11,882	\$ 1,161,047	2031	\$ 292,500	\$ 877,448
2017	139,000	945,153	2032	300,100	684,186
2018	177,000	882,375	2033	307,900	744,501
2019	215,000	923,754	2034	315,900	631,507
2020	220,600	899,702	2035	324,100	240,489
2021	226,300	832,250	2036	332,500	212,286
2022	232,200	726,065	2037	341,100	216,298
2023	238,200	954,642	2038	350,000	311,382
2024	244,400	843,872	2039	359,100	662,403
2025	250,800	704,485	2040	368,400	818,797
2026	257,300	505,809	2041	378,000	1,131,233
2027	264,000	703,132	2042	387,800	1,132,481
2028	270,900	733,221	2043	397,900	1,434,898
2029	277,900	969,712	2044	408,200	1,306,086
2030	285,100	843,952	2045	418,800	1,375,645