

Lake Wildwood Association, Inc.

Financial Statements and
Supplementary Information

September 30, 2022



Cukierski & Associates LLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Lake Wildwood Association, Inc., which comprise the balance sheet as of September 30, 2022 and the related statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lake Wildwood Association, Inc. as of September 30, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Matter

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because that determination is outside the scope of our audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of revenue and expenses – actual vs. budget, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked “unaudited”, 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on pages 22-23 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cukierski & Associates

Cukierski & Associates, LLC
Arlington Heights, Illinois
January 12, 2023

Lake Wildwood Association, Inc.
Balance Sheet
September 30, 2022

	Operating Fund	Reserve Fund	Swimming Pool Fund	Total
ASSETS:				
Cash and Cash Equivalents	\$ 202,258	\$ 705,342	\$ 200,251	\$ 1,107,851
Held-to-Maturity Investments	-	609,885	-	609,885
Assessments Receivable, Net of Allowance for Doubtful Accounts of \$106,700	59,189	-	-	59,189
Accrued Interest Receivable	-	1,900	-	1,900
Other Receivable	4,422	-	-	4,422
Prepaid Expenses	7,313	-	-	7,313
Prepaid Income Taxes	6,000	-	-	6,000
Total Current Assets	\$ 279,182	\$ 1,317,127	\$ 200,251	\$ 1,796,560
PROPERTY AND EQUIPMENT:				
Land, Buildings, & Equipment	\$ -	\$ 3,722,348	\$ 1,535,936	\$ 5,258,284
Less: Accumulated Depreciation	-	(2,659,324)	(234,797)	(2,894,121)
Total Property and Equipment	\$ -	\$ 1,063,024	\$ 1,301,139	\$ 2,364,163
Total Assets	\$ 279,182	\$ 2,380,151	\$ 1,501,390	\$ 4,160,723
LIABILITIES:				
Accounts Payable	\$ 24,058	\$ 2,331	\$ -	\$ 26,389
Accrued Payroll	23,688	-	-	23,688
Accrued Payroll Taxes	8,343	-	-	8,343
Prepaid Owners	23,089	-	-	23,089
Accrued Interest Payable	-	-	13,300	13,300
Deposits	13,302	-	-	13,302
Current Portion of Long Term Debt	-	-	59,035	59,035
Total Current Liabilities	\$ 92,480	\$ 2,331	\$ 72,335	\$ 167,146
Long-Term Debt	-	-	878,393	878,393
Total Liabilities	\$ 92,480	\$ 2,331	\$ 950,728	\$ 1,045,539
FUND BALANCES:				
Restricted	\$ -	\$ 2,377,820	\$ 550,662	\$ 2,928,482
Unrestricted	186,702	-	-	186,702
Total Fund Balances	\$ 186,702	\$ 2,377,820	\$ 550,662	\$ 3,115,184
Total Liabilities and Fund Balances	\$ 279,182	\$ 2,380,151	\$ 1,501,390	\$ 4,160,723

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, 2022

	Operating Fund	Reserve Fund	Swimming Fund	Total
REVENUE:				
Assessments	\$ 931,335	\$ 326,075	\$ 112,840	\$ 1,370,250
Interest Income	79	5,210	1,196	6,485
Boat Slip Rental	65,201	-	-	65,201
Campground Member	63,725	-	-	63,725
Mowing Income and Fees	47,175	-	-	47,175
Marina Income - Fuel	47,093	-	-	47,093
Decals	43,945	-	-	43,945
Finance and Late Fees	31,876	-	-	31,876
Sunbeam Income	22,071	-	-	22,071
Other	15,276	-	-	15,276
New Members	14,550	-	-	14,550
Triathlon	14,347	-	-	14,347
Storage Income	14,000	-	-	14,000
Building fees	13,200	-	-	13,200
Scavenger Fees	9,253	-	-	9,253
Concession Income	6,874	-	-	6,874
Security Income - Fines	6,397	-	-	6,397
Other Recreation	4,722	-	-	4,722
Lodge Rental Income	3,650	-	-	3,650
Marketing Income	2,231	-	-	2,231
Campground Electric	1,855	-	-	1,855
Swimming Pool	1,038	-	-	1,038
Southwest Access Pass	417	-	-	417
Total Revenue	<u>\$ 1,360,310</u>	<u>\$ 331,285</u>	<u>\$ 114,036</u>	<u>\$ 1,805,631</u>
EXPENSES:				
Administrative	\$ 383,617	\$ -	\$ -	\$ 383,617
Maintenance	397,383	-	-	397,383
Security	167,360	-	-	167,360
Sunbeam	25,975	-	-	25,975
Market and Promotions	14,621	-	-	14,621
Lodge	859	-	-	859
Marina and Pavillion	43,918	-	-	43,918
Campground	40,984	-	-	40,984
Recreation	21,865	-	-	21,865
Fish and Wildlife	8,999	-	-	8,999

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, 2022

	Operating Fund	Reserve Fund	Swimming Fund	Total
EXPENSES (Continued):				
Pool	\$ 86,545	\$ -	\$ -	\$ 86,545
Insurance	71,630	-	-	71,630
Bad Debts	49,813	-	-	49,813
Income Taxes	976	-	-	976
Depreciation	-	81,936	39,383	121,319
Interest	-	-	37,071	37,071
Maintenance Capital Fund	-	201,237	-	201,237
Beautification Capital Fund	-	94,646	-	94,646
Lake Capital Fund	-	53,828	-	53,828
Total Expenses	<u>\$ 1,314,545</u>	<u>\$ 431,647</u>	<u>\$ 76,454</u>	<u>\$ 1,822,646</u>
Excess (Deficit) of Revenue over Expenses	\$ 45,765	\$ (100,362)	\$ 37,582	\$ (17,015)
Beginning Fund Balances	321,563	2,338,026	472,610	3,132,199
Interfund Transfers	<u>(180,626)</u>	<u>140,156</u>	<u>40,470</u>	<u>-</u>
Ending Fund Balances	<u><u>\$ 186,702</u></u>	<u><u>\$ 2,377,820</u></u>	<u><u>\$ 550,662</u></u>	<u><u>\$ 3,115,184</u></u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2022

	<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	\$ 45,765	\$ (100,362)	\$ 37,582	\$ (17,015)
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	-	81,937	39,383	121,320
Decrease (Increase) in:				
Assessments Receivable	(16,650)	-	-	(16,650)
Accrued Interest Receivable	-	(1,900)	-	(1,900)
Other Receivable	(4,422)	-	-	(4,422)
Prepaid Expenses	9,941	-	-	9,941
Prepaid Income Taxes	(6,000)	-	-	(6,000)
Increase (Decrease) in:				
Accounts Payable	3,653	2,331	-	5,984
Accrued Payroll Taxes	949	-	-	949
Prepaid Owners	4,973	-	-	4,973
Income Tax Payable	(4,956)	-	-	(4,956)
Deposits	(1,300)	-	-	(1,300)
Accrued Interest Payable	-	-	(1,100)	(1,100)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 31,953</u>	<u>\$ (17,994)</u>	<u>\$ 75,865</u>	<u>\$ 89,824</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Equipment	\$ -	\$ (52,488)	\$ -	\$ (52,488)
Purchase of Land	-	(6,928)	-	(6,928)
Purchase of CDs	-	(1,414)	-	(1,414)
Purchase of I - Bonds	-	(20,000)	-	(20,000)
Net Cash Provided by (Used in) Investing Activities	<u>\$ -</u>	<u>\$ (80,830)</u>	<u>\$ -</u>	<u>\$ (80,830)</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2022

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Swimming Fund</u>	<u>Total</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Principal Payment on Note	\$ -	\$ -	\$ (94,020)	\$ (94,020)
Interfund Transfer	(180,626)	140,156	40,470	-
Net Cash Provided by (Used in) Financing Activities	<u>\$ (180,626)</u>	<u>\$ 140,156</u>	<u>\$ (53,550)</u>	<u>\$ (94,020)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (148,673)	\$ 41,332	\$ 22,315	\$ (85,026)
Cash and Cash Equivalents - Beginning	<u>350,931</u>	<u>664,010</u>	<u>177,936</u>	<u>1,192,877</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 202,258</u></u>	<u><u>\$ 705,342</u></u>	<u><u>\$ 200,251</u></u>	<u><u>\$ 1,107,851</u></u>
<u>Supplemental Disclosure of Cash Flow Information:</u>				
Cash Paid for:				
Income Taxes	<u>\$ 10,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,956</u>
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,171</u>	<u>\$ 38,171</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
Notes to Financial Statements
September 30, 2022

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 59 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, 2022, 1612 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.

Other Income:

The Association has other revenue streams which provide additional funds for the Association's operations. Revenue received from these revenue streams are recognized when they are due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 59 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, 2022 the Association has recorded \$284,688 for the 59 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 \$121,319 for the year ended September 30, 2022.

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, 2022. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Association's tax filings are subject to audit by various taxing authorities. As of September 30, 2022, the Association's federal and state income tax returns for 2019, 2020, 2021 and 2022 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, available for sale 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.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All investments are classified as Level 1 inputs.

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, 2022, the Association estimated that

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

\$106,700 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, 2022, 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 \$438,915, of which \$326,075 was allocated to the Reserve Fund and \$112,840 allocated to the swimming pool fund for the year ended September 30, 2022, 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, 2022:

Certificates of Deposit	\$ 589,885
I Bonds	<u>20,000</u>
Total	<u>\$ 609,885</u>

These Certificates of Deposit and are scheduled to mature in the following years:

2023	\$ 431,645
2024	158,240
2052 – I Bonds	<u>20,000</u>
Total	<u>\$ 609,885</u>

The Association also holds I-bonds as a short-term investment. I-bonds are savings bonds issued by the U.S. Department of the Treasury that earn interest based on a combination of a fixed rate and an inflation rate. The fixed rate is determined at the time of purchase and remains fixed for the life of the bond. The inflation rate is adjusted every six months based on the Consumer Price Index for All Urban Consumers (CPI-U). I Bonds are eligible for redemption one year after issuance date, however if a Bond is redeemed within the first five years after issue, interest earned during the three months prior to redemption will be forfeited. The Association currently holds \$20,000 of I Bonds which are included in the Held-to-Maturity investments on these financial statements.

The Association has reported approximately \$1,050 of accrued interest earned on the I Bonds which is included in accrued interest receivable on these financial statements.

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, 2022

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	\$ 6,928	\$ -	\$ 284,688
Administration				
Office Building	30,928	-	-	30,928
Office Equipment	32,648	-	-	32,648
Fire Station	53,681	-	-	53,681
Maintenance				
Maintenance Building	103,267	-	-	103,267
Automotive Equipment	184,009	24,583	-	208,592
Maintenance Equipment	287,947	27,904	-	315,851
Security	143,047	1		143,048
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	844,834	-	-	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	53,872	-	-	53,872
Shaw Creek Basin	16,900	-	-	16,900
Land Improvements	320,665	-	-	320,665
Total	\$ 5,198,868	\$ 59,416	\$ -	\$ 5,258,284

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 6 – PROPERTY AND EQUIPMENT (CONTINUED)

	ACCUMULATED DEPRECIATION			
	Beginning of Year	Additions	Deletions	End of Year
Adminstration				
Office Building	\$ 20,058	\$ 492	\$ -	\$ 20,550
Office Equipment	32,648	-	-	32,648
Fire Station	33,825	739	-	34,564
Maintenance				
Maintenance Building	50,800	3,136	-	53,936
Automotive Equipment	149,113	15,083	-	164,196
Maintenance Equipment	263,236	7,771	-	271,007
Security	109,725	5,348	-	115,073
Pool	202,088	40,741	-	242,829
Lake and Recreation				
Bath House and Dump Station	124,905	252	-	125,157
Lodge	359,744	13,300	-	373,044
Pavillion	92,737	3,578	-	96,315
Equipment	783,809	6,519	-	790,328
Silt Pond	205,038	-	-	205,038
Fish House	18,193	405	-	18,598
Bridge	12,962	-	-	12,962
Road Improvements	41,769	75	-	41,844
Sports Core and Picnic Area	75,318	2,026	-	77,344
Boat Ramp and Dock	30,235	1,396	-	31,631
Campground	30,180	1,964	-	32,144
Shaw Creek Basin	16,876	24	-	16,900
Land Improvements	119,542	18,471	-	138,013
Total	\$ 2,772,801	\$ 121,320	\$ -	\$ 2,894,121

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2022

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.

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, 2023	\$	59,035
2024		52,284
2025		54,166
2026		56,116
2027		58,136
Thereafter		<u>657,691</u>
		<u>\$ 937,428</u>

The Association incurred \$37,071 of interest expense for the year ended September 30, 2022.

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.

Lake Wildwood Association, Inc.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 9 – INTERFUND TRANSFERS

As of September 30, 2022, the Operating Fund transferred \$140,156 to the Reserve Fund and \$40,470 to the Swimming Pool Fund. The following schedule provides the details of the transactions.

<u>Components</u>	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Swimming Fund</u>
Fixed Asset Additions	(59,416)	59,416	-
Difference between closed Heartland and open new account	565	(565)	-
Difference between reserve budget and actual assessments	(21,305)	21,305	-
Transfer per board minutes	(60,000)	60,000	-
Additional payment on Note Payable	(42,000)	-	42,000
Difference between swimming budget and deposits made	1,530	-	(1,530)
Net Interfund Activity	<u>(180,626)</u>	<u>140,156</u>	<u>40,470</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

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, 2022, the Association contributed \$6,760 to the plan.

NOTE 12 – SUBSEQUENT EVENTS

The Association has evaluated events and transactions occurring subsequent to September 30, 2022. As of the date of this report, January 12, 2023, 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, 2022

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE:			
Assessments	\$ 1,370,250	\$ 1,397,701	\$ (27,451)
Interest Income	6,485	-	6,485
Boat Slip Rental	65,201	65,000	201
Campground Member	63,725	65,000	(1,275)
Mowing Income and Fees	47,175	40,500	6,675
Marina Income - Fuel	47,093	40,000	7,093
Decals	43,945	39,000	4,945
Finance and Late Fees	31,876	20,500	11,376
Sunbeam Income	22,071	19,100	2,971
Other	15,276	21,500	(6,224)
New Members	14,550	10,000	4,550
Triathlon	14,347	14,100	247
Storage Income	14,000	12,000	2,000
Building fees	13,200	5,500	7,700
Scavenger Fees	9,253	6,750	2,503
Concession Income	6,874	4,500	2,374
Security Income - Fines	6,397	8,500	(2,103)
Other Recreation	4,722	12,025	(7,303)
Lodge Rental Income	3,650	3,000	650
Marketing Income	2,231	1,500	731
Campground Electric	1,855	7,250	(5,395)
Swimming Pool	1,038	-	1,038
Southwest Access Pass	417	-	417
Lot Sales	-	1,500	(1,500)
Total Revenue	<u>\$ 1,805,631</u>	<u>\$ 1,794,926</u>	<u>\$ 10,705</u>
EXPENSES:			
Administrative:			
Personnel	\$ 165,845	\$ 176,664	\$ 10,819
Payroll Taxes	50,989	60,727	9,738
Health Insurance	39,050	60,000	20,950
Telephone	30,196	13,500	(16,696)
Legal Fees, Net	9,454	22,000	12,546
Printing and Postage	9,213	10,000	787
Audit Fees	9,000	7,250	(1,750)
Miscellaneous	8,979	8,200	(779)

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2022

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Office	\$ 7,034	\$ 8,600	\$ 1,566
Accounting Fees	6,960	13,000	6,040
Pension	6,760	13,000	6,240
Web Software	6,531	4,000	(2,531)
Quickbooks Software and Finance Apps	6,452	10,000	3,548
Dues and Publications	6,318	4,000	(2,318)
Travel reimbursement	5,338	4,500	(838)
Dam Inspections	4,169	5,500	1,331
Credit Card	3,716	4,000	284
Casualty Loss	2,500	-	(2,500)
Bank Charges	2,171	-	(2,171)
Cell Phone	2,040	2,100	60
Employee Appreciation	600	1,800	1,200
Property Taxes	302	2,000	1,698
Total Administrative	<u>\$ 383,617</u>	<u>\$ 430,841</u>	<u>\$ 47,224</u>
Maintenance:			
Personnel	\$ 206,908	\$ 230,427	\$ 23,519
Electricity	23,724	21,000	(2,724)
Contract Services	22,647	10,000	(12,647)
Water and Sewer	18,169	14,500	(3,669)
Scavenger	17,692	12,000	(5,692)
Diesel Fuel	16,828	12,500	(4,328)
Propane	14,103	11,000	(3,103)
Unleaded Fuel	12,590	4,000	(8,590)
Vehicle Repair and License	12,323	10,000	(2,323)
Equipment Repair	11,585	11,000	(585)
Hot and Cold Patch	8,160	15,000	6,840
Maintenance Supplies	6,495	7,000	505
Equipment Purchase and Rental	5,861	5,000	(861)
Building Maintenance	5,254	7,000	1,746
Salt and Cinders	4,522	10,500	5,978
Cleaning and Sanitation	4,317	5,000	683
Gravel and Material	1,743	5,000	3,257
Petroleum Products	1,457	750	(707)
Uniforms	1,439	1,500	61
Land Chemicals	1,140	1,500	360

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2022

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Landscaping	\$ 426	\$ 2,500	\$ 2,074
Maintenance Projects	-	2,500	2,500
Total Maintenance	<u>\$ 397,383</u>	<u>\$ 399,677</u>	<u>\$ 2,294</u>
Security:			
Personnel	\$ 161,002	\$ 152,603	\$ (8,399)
Security System	3,285	1,500	(1,785)
Uniforms	1,234	750	(484)
Equipment	1,206	1,000	(206)
Dish	633	500	(133)
Total Security	<u>\$ 167,360</u>	<u>\$ 156,353</u>	<u>\$ (11,007)</u>
Sunbeam:			
Printing and Postage	\$ 17,920	\$ 19,000	\$ 1,080
Miscellaneous Sunbeam	7,325	6,000	(1,325)
Photo Contest	730	750	20
Total Sunbeam	<u>\$ 25,975</u>	<u>\$ 25,750</u>	<u>\$ (225)</u>
Market and Promotions:			
Triathlon	\$ 13,851	\$ 10,200	\$ (3,651)
Promotional Items	770	5,400	4,630
Total Market and Promotions	<u>\$ 14,621</u>	<u>\$ 15,600</u>	<u>\$ 979</u>
Lodge:			
Exterminating	\$ 556	\$ 650	\$ 94
Building Expense	286	2,000	1,714
Supplies	17	500	483
Total Lodge	<u>\$ 859</u>	<u>\$ 3,150</u>	<u>\$ 2,291</u>
Marina and Pavillion:			
Marina Fuel	\$ 42,670	\$ 30,000	\$ (12,670)
Marina Equipment Repair	970	8,000	7,030
Contingency Services	278	800	522
Total Marina and Pavillion	<u>\$ 43,918</u>	<u>\$ 38,800</u>	<u>\$ (5,118)</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2022

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Campground:			
Electric and Propane	\$ 23,509	\$ 22,000	\$ (1,509)
Water	8,059	5,500	(2,559)
Contingency Service	3,134	4,000	866
Equipment Repair	2,544	3,000	456
Waste Disposal and Septic	1,684	4,500	2,816
Road Gravel	1,257	1,000	(257)
Mulch	797	1,500	703
Total Campground	<u>\$ 40,984</u>	<u>\$ 41,500</u>	<u>\$ 516</u>
Recreation:			
Fireworks	10,000	7,500	(2,500)
Entertainment	7,746	10,000	2,254
Holiday Events	1,476	5,400	3,924
Family Events	802	3,400	2,598
Miscellaneous	749	-	(749)
Fish Derby	485	500	15
Supplies	258	500	242
Pool Party	174	3,500	3,326
Parade	150	200	50
Garage Sale	25	200	175
Equipment	-	500	500
Total Recreation	<u>\$ 21,865</u>	<u>\$ 31,700</u>	<u>\$ 9,835</u>
Fish and Wildlife:			
Fish	\$ 8,999	\$ 10,000	\$ 1,001
Lake Treatment	-	15,000	15,000
Total Fish and Wildlife	<u>\$ 8,999</u>	<u>\$ 25,000</u>	<u>\$ 16,001</u>
Pool:			
Lifeguards	\$ 47,232	\$ 47,640	\$ 408
Maintenance and Repair	25,332	5,000	(20,332)
Chemicals	12,634	14,000	1,366
Equipment	1,347	3,000	1,653
Lifeguard	-	1,000	1,000
Total Pool	<u>\$ 86,545</u>	<u>\$ 70,640</u>	<u>\$ (15,905)</u>
Insurance	<u>\$ 71,630</u>	<u>\$ 62,000</u>	<u>\$ (9,630)</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Statements of Revenue - Actual vs. Budget
 For the Year Ended September 30, 2022

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Bad Debts	\$ 49,813	\$ 50,000	\$ 187
Income Tax	\$ 976	\$ 5,000	\$ 4,024
Depreciation	\$ 121,319	\$ -	\$ (121,319)
Interest Expense	\$ 37,071	\$ 50,857	\$ 13,786
Maintenance Capital Fund:			
Underground Storage Tanks	\$ 107,287	\$ 80,000	\$ (27,287)
Road Chip and Seal	93,950	95,000	1,050
Backhoe Knuckle	-	10,000	10,000
Garbage Truck	-	6,000	6,000
Total Maintenance Capital Fund	<u>\$ 201,237</u>	<u>\$ 191,000</u>	<u>\$ (10,237)</u>
Beautification Capital Fund:			
Basketball Court	50,671	50,000	(671)
Lodge Enhancements	28,985	25,000	(3,985)
Landscape Enhancements - Nature	10,169	10,000	(169)
Frisbee Golf	4,821	4,000	(821)
Total Beautification Capital Fund	<u>\$ 94,646</u>	<u>\$ 89,000</u>	<u>\$ (5,646)</u>
Lake Capital Fund:			
Dredge	\$ 28,951	\$ -	\$ (28,951)
Basin Cleanout	15,043	36,075	21,032
Aerator	9,834	10,000	166
Total Lake Capital Fund	<u>\$ 53,828</u>	<u>\$ 46,075</u>	<u>\$ (28,951)</u>
Total Expenses	<u>\$ 1,822,646</u>	<u>\$ 1,732,943</u>	<u>\$ (110,901)</u>
Excess (Deficit) of Revenue over Expenses	<u>\$ (17,015)</u>	<u>\$ 61,983</u>	<u>\$ (78,998)</u>

See Accompanying Notes to Financial Statements

Lake Wildwood Association, Inc.
 Supplementary Information on Future Major
 Repairs and Replacements (Unaudited)
 September 30, 2022

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, 2022		\$ 2,377,820
Fund Contributions 2022		\$ 326,075

Lake Wildwood Association, Inc.
 Supplementary Information on Future Major
 Repairs and Replacements (Unaudited)
 September 30, 2022
 (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