

Leisure Village West Association, Inc.
Financial Statements
September 30, 2011



Leisure Village West Association, Inc.
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Independent Auditors' Report

To the Board of Trustees and Unit Owners of

Leisure Village West Association, Inc.

We have audited the accompanying balance sheet of Leisure Village West Association, Inc. (the "Association") as of September 30, 2011 and the related statements of revenues and expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's board of trustees. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2011, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of the board about the methods of preparing the information and comparing the information for consistency with their 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 21 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the board and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portions marked "unaudited" on which we express no opinion, 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.

A handwritten signature in cursive script, appearing to read "William J. Guttenplan". The signature is written in dark ink and is positioned above the typed address and date.

East Brunswick, New Jersey

November 22, 2011

Leisure Village West Association, Inc.
Balance Sheet
September 30, 2011

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Replacement Fund
Assets					
1. Cash	\$ 439,809	\$ 148,007	\$ 208,782	\$ 83,020	\$ -
2. Investments	4,755,867	24,146	485,000	-	4,246,721
3. Accrued investment income receivable	15,932	-	-	-	15,932
4. Assessments receivable, net of allowance for doubtful accounts of \$72,000	195,664	195,664	-	-	-
5. Prepaid insurance	212,992	212,992	-	-	-
6. Prepaid federal income taxes	10,638	10,638	-	-	-
7. Other prepaid expenses	39,359	39,359	-	-	-
8. Property and equipment, net	319,276	-	319,276	-	-
9. Interfund balances	-	31,540	(3,296)	(489)	(27,755)
Total Assets	\$ 5,989,537	\$ 662,346	\$ 1,009,762	\$ 82,531	\$ 4,234,898

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

Leisure Village West Association, Inc.
Balance Sheet
September 30, 2011

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Replacement Fund
Liabilities and Fund Balances					
Liabilities					
10. Accounts payable and accrued expenses	\$ 118,820	\$ 118,820	\$ -	\$ -	\$ -
11. Assessments received in advance	312,083	312,083	-	-	-
12. Payroll, payroll taxes and employee benefits payable	228,788	228,788	-	-	-
Total Liabilities	659,691	659,691	-	-	-
Commitments					
13. Fund Balances	5,329,846	2,655	1,009,762	82,531	4,234,898
Total Liabilities and Fund Balances	\$ 5,989,537	\$ 662,346	\$ 1,009,762	\$ 82,531	\$ 4,234,898

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

Leisure Village West Association, Inc.
Statement of Revenues and Expenses and Changes in Fund Balances
For the Year Ended September 30, 2011

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Replacement Fund
Total Revenues	\$ 7,688,732	\$ 6,481,653	\$ 140,138	\$ 159,991	\$ 906,950
Expenses					
1. Payroll, payroll taxes and employee benefits	3,657,691	3,657,691	-	-	-
2. Other operating fund expenses	2,793,258	2,793,258	-	-	-
3. Federal income taxes	43,387	11,840	5,980	489	25,078
4. Charges to the replacement fund	362,218	-	-	-	362,218
5. Charges to the deferred maintenance fund	129,675	-	-	129,675	-
6. Total Expenses and Charges before Depreciation	6,986,229	6,462,789	5,980	130,164	387,296
7. Excess of Revenues over Expenses before Depreciation	702,503	18,864	134,158	29,827	519,654
8. Depreciation Expense	155,797	-	155,797	-	-
9. Excess (Deficiency) of Revenues over Expenses	546,706	18,864	(21,639)	29,827	519,654
10. Fund Balances - Beginning of Year	4,783,140	(16,209)	1,031,401	52,704	3,715,244
11. Fund Balances - End of Year	\$ 5,329,846	\$ 2,655	\$ 1,009,762	\$ 82,531	\$ 4,234,898

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

Leisure Village West Association, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2011

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Replacement Fund
Cash Flows from Operating Activities					
Excess (deficiency) of revenues over expenses	\$ 546,706	\$ 18,864	\$ (21,639)	\$ 29,827	\$ 519,654
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities					
Depreciation	155,797	-	155,797	-	-
Bad debt expense	80,681	80,681	-	-	-
Changes in assets and liabilities					
Accrued investment income receivable	(5,451)	-	-	-	(5,451)
Assessments receivable	(92,778)	(92,778)	-	-	-
Prepaid insurance	(8,339)	(8,339)	-	-	-
Prepaid federal income taxes	(10,638)	(10,638)	-	-	-
Other prepaid expenses	(18,179)	(18,179)	-	-	-
Other receivables	83,494	83,494	-	-	-
Accounts payable and accrued expenses	(74,646)	(74,646)	-	-	-
Assessments received in advance	(1,901)	(1,901)	-	-	-
Payroll, payroll taxes and employee benefits payable	(36,934)	(36,934)	-	-	-
Federal income taxes payable	(16,475)	(16,475)	-	-	-
Net Cash Provided by (Used in) Operating Activities	601,337	(76,851)	134,158	29,827	514,203

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

Leisure Village West Association, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2011

	Total	Operating Fund	Properties Fund	Deferred Maintenance Fund	Replacement Fund
Cash Flows from Investing Activities					
Acquisition of property and equipment	(109,307)	-	(109,307)	-	-
Purchases of investments	(3,031,468)	121,639	-	-	(3,153,107)
Maturities/redemptions of investments	2,639,172	(13,782)	-	-	2,652,954
Net Cash Provided by (Used in) Investing Activities	(501,603)	107,857	(109,307)	-	(500,153)
Cash Flows from Financing Activities					
Change in interfund balances	-	6,365	7,195	490	(14,050)
Net Increase in Cash	99,734	37,371	32,046	30,317	-
Cash - Beginning of Year	340,075	110,636	176,736	52,703	-
Cash - End of Year	\$ 439,809	\$ 148,007	\$ 208,782	\$ 83,020	\$ -
Supplemental Disclosure					
Cash Paid During the Year for Federal income tax	\$ 70,500				

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

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 1 Nature of Organization

Leisure Village West Association, Inc. (the "Association"), located in Manchester, New Jersey is a New Jersey corporation and is subject to the provisions of the Condominium Act of the State of New Jersey. The purposes of the Association are to provide condominium management services for the owners and provide for the preservation of the values and amenities in the community and for the maintenance of the common facilities. The Association is an age restricted community and consists of 2,692 residential units. Recreational facilities include three recreation buildings, two pools, two golf courses and other various recreational facilities. In addition, there is an Association office located at 959 Buckingham Drive, and a building located at 3 Buckingham Drive which was received from the Sponsor and is rented as commercial units.

Note 2 Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the board 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 could differ from those estimates.

Fund Accounting

The Association's legal documents (i.e., Master Deed and By-laws) provide certain guidelines to govern the Association's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association by such documents, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balances of the Association are reported in the following fund groups:

Operating Fund

This fund represents the portion of expendable funds that is available for the general operations of the Association.

Properties Fund

This fund represents all activities associated with the purchase, depreciation and sale of the Association's tangible personal property and the building located at 3 Buckingham Drive, which are recorded as fixed assets in the accompanying financial statements.

Note 2 Summary of Significant Accounting Policies (Continued)

Deferred Maintenance Fund

The purpose of this fund is to accumulate sufficient amounts which will allow the Association to have the necessary resources to perform maintenance services including, but not limited to painting and powerwashing, which occur less frequently than annually.

Replacement Fund

The purpose of the replacement fund is to accumulate funds for future major repairs and replacements of the Association's common property as determined by the board.

Cash

Cash is held in bank deposit accounts which, at times, may exceed federally insured limits.

Investments

The Association has classified securities as held to maturity and available for sale. Securities classified as held to maturity are stated at cost, adjusted for amortization of premiums and accretion of discounts. The Association has the positive intent and ability to hold these securities to maturity. Securities classified as available for sale may be sold in response to changes in interest rates, liquidity needs and for other purposes. Available for sale securities are carried at fair value and include all debt and equity securities not classified as held to maturity. Any resulting unrealized gains and losses are reflected as comprehensive income. Realized gains and losses for securities classified as either available for sale or held to maturity that are sold are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold. Fair value is measured on a recurring basis based on quoted prices in an active market (all Level 1 measurements).

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line or accelerated basis over the estimated useful life of the assets: 3-31.5 years. Tangible personal property not an integral part of existing facilities is capitalized, all other costs of repair and replacement are expensed as incurred or charged to the operating, deferred maintenance, properties or replacement fund, if provided for therein.

Note 2 Summary of Significant Accounting Policies (Continued)

Recognition of Assets

The Association's property and other common elements, other than that described above, are owned by the unit owners in condominium form pursuant to the Master Deed wherein each of the individual unit owners hold legal title to an undivided interest in property constituting the common elements. The use and disposition of these properties are restricted or governed by the Association's legal documents. Accordingly, no amounts related to these common elements are included on the accompanying balance sheet of the Association. The common elements generally consist of sidewalks, roadways, recreational facilities and open areas, and portions of the buildings not comprising the individual units.

Maintenance Assessments and Assessments Receivable

The Association's members are subject to monthly assessments based upon the annual budget and as determined by the board. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods, or as otherwise specified by the Association's governing documents. A portion of the monthly assessments to owners are allocated to the replacement fund, deferred maintenance fund and properties fund.

On a periodic basis, the board and management evaluate the assessments receivable and estimate an allowance for doubtful accounts, based on history of past write-offs and collections and the current legal status of past due accounts.

Investment Income Earned

The board's policy is to retain investment income earned on interest bearing cash accounts and investments in the respective fund that the investment income is earned.

Subsequent Events

The board has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued.

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 3 Investments

At September 30, 2011, investments consist of the following:

	Interest Rate	Maturity Date	Carrying Value
Market linked certificate of deposit	Undetermined	09/21/18	\$ 200,000
FHLMC	3.00%	01/15/20	15,078
FHLB Bond	3.00%	10/28/20	25,005
FHLB Bond	3.05%	11/02/20	70,011
FHLB Bond	3.14%	12/01/20	286,858
US Treasury Bond	1.13%	01/15/21	226,351
FHLMC	4.11%	10/15/24	25,000
FHLMC	5.20%	07/15/28	26,202
FHLMC	5.20%	07/15/28	28,297
FHLMC	5.37%	10/15/28	10,646
Federal Farm Credit Bond	5.12%	12/28/29	500,000
FHLMC	4.30%	03/15/30	195,230
GNMA	5.50%	03/20/32	208,845
GNMA	6.00%	03/20/32	59,263
GNMA	5.00%	01/20/33	178,200
GNMA	5.50%	02/20/33	118,260
GNMA	5.25%	02/20/33	109,500
GNMA	5.00%	03/20/33	106,500
GNMA	5.00%	04/16/34	384,659
GNMA	5.00%	09/20/34	54,000
GNMA	5.50%	04/20/36	179,807
GNMA	5.00%	07/20/36	21,800
GNMA	5.50%	01/20/38	164,250
GNMA	5.00%	02/20/38	42,200
GNMA	5.00%	11/20/38	110,000
GNMA	5.50%	02/20/39	54,500
GNMA	4.50%	10/15/39	316,893
GNMA	5.00%	11/15/39	106,026
			<u>\$ 3,823,381</u>
			<u>\$ 3,889,720</u>
			<u>\$ 66,339</u>

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 3 Investments (Continued)

Investments classified as available for sale consists of money market mutual funds with Dreyfus Treasury and Agency, JP Morgan Chase, and Morgan Stanley Smith Barney. The cost approximates fair value at September 30, 2011.

Total investments held to maturity	\$ 3,823,381
Total investments available for sale	<u>932,486</u>
Total Investments	<u>\$ 4,755,867</u>

Note 4 Property and Equipment, Net

At September 30, 2011, property and equipment consists of the following:

Machinery and equipment - maintenance	\$ 847,253
Motor vehicles	457,792
Building - 3 Buckingham Drive	215,400
Machinery and equipment - recreation	170,859
Furniture and fixtures	125,836
Computer equipment	24,556
Golf course equipment	<u>19,210</u>
Total Property and Equipment	1,860,906
Less: Accumulated depreciation	<u>(1,541,630)</u>
Property and Equipment, Net	<u>\$ 319,276</u>

Note 5 Income Taxes

Under the Internal Revenue Code, associations may be taxed as a condominium management association or as a regular corporation, which is based on an annual election. The Association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and the Association is free to select either method in future years.

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 5 Income Taxes (Continued)

For the year ended September 30, 2011, the Association expects to be taxed as a regular corporation and therefore not taxed as a condominium management association. Income taxes of \$43,387 have been provided based on the excess of non-membership income over non-membership expenses. The Association evaluates its tax provisions and accruals and believes that they are appropriate based on current facts and circumstances. The prior three years federal tax returns as filed remain open for examination by the Internal Revenue Service. Income tax expense has been allocated as follows:

Operating fund	\$ 11,840
Properties fund	5,980
Deferred maintenance fund	489
Replacement fund	<u>25,078</u>
Total	<u>\$ 43,387</u>

The Association is incorporated pursuant to Title 15A of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

Note 6 Replacement Fund

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations.

The board and management prepare, and annually revise, a schedule to estimate the remaining useful lives and replacement costs of the components of the common property. The schedule includes those components with an estimated remaining useful life within the board determined useful guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were obtained from various sources and were compiled by the Association's staff. The estimates were based on the then current estimated replacement costs. The table included in the unaudited supplementary information on future major repairs and replacements is based on the estimates.

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the schedule's estimates of the then current replacement costs, considering amounts previously accumulated in the replacement fund. In addition, investment income net of bank fees and federal income taxes has been allocated to all the replacement fund components based upon investments allocated to each component.

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 6 Replacement Fund (Continued)

Funds are being accumulated in the replacement fund based upon the estimates of future needs for repairs and replacement of common property components. Actual expenditures may vary from the estimated amounts, and the variations may be material. Additionally, replacement fund cash and investment balances may, at times, be less than or more than the fund balance, resulting in an interfund balance. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available, if possible.

The activity in the replacement fund for the year ended September 30, 2011 has been summarized as follows:

	Components of Fund Balance at 10/1/2010	Actual 2010/2011 Funding Contributions	Investment Income, Net of Bank Fees	Expenditures	Income Tax Expense	Components of Fund Balance at 9/30/2011
Roofs	\$ 934,153	\$ 470,000	\$ 42,619	\$ (83,270)	\$ (8,027)	\$ 1,355,475
Roads	1,847,592	130,000	78,321	(165,177)	(11,131)	1,879,605
Common buildings	348,869	90,000	8,167	(10,643)	(2,569)	433,824
Well motors	16,633	30,000	(2)	(4,795)	(246)	41,590
Exterior	18,295	15,000	99	-	(196)	33,198
Retaining wall	324,783	-	17,330	(76,349)	(1,565)	264,199
Concrete	224,919	20,833	4,583	(21,984)	(1,344)	227,007
	<u>\$ 3,715,244</u>	<u>\$ 755,833</u>	<u>\$ 151,117</u>	<u>\$ (362,218)</u>	<u>\$ (25,078)</u>	<u>\$ 4,234,898</u>

Note 7 Properties Fund

The activity in the properties fund for the year ended September 30, 2011 has been summarized as follows:

Properties Fund Balance at October 1, 2010	\$ 1,031,401
2010-2011 funding and contributions	127,000
Investment income, net of bank fees	<u>13,138</u>
Total Funding for September 30, 2011	140,138
Depreciation expense	(155,797)
Federal income tax expense	<u>(5,980)</u>
Properties Fund Balance at September 30, 2011	<u>\$1,009,762</u>

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 8 Deferred Maintenance Fund

The activity in the deferred maintenance fund for the year ended September 30, 2011 has been summarized as follows:

Deferred Maintenance Fund Balance at October 1, 2010		\$ 52,704
2010-2011 funding and contributions	\$ 160,000	
Investment income, net of bank fees	<u>(9)</u>	
Total Funding for September 30, 2011		159,991
Powerwashing and painting		(129,675)
Federal income tax expense		<u>(489)</u>
Deferred Maintenance Fund Balance at September 30, 2011		<u><u>\$ 82,531</u></u>

Note 9 Total Revenues

At September 30, 2011, total revenues consisted of the following:

Residential assessments	\$ 6,115,867
Residential assessments - allocated to funds	1,042,833
Investment income, net of bank fees - allocated to funds	164,246
Administrative fees	111,810
Rental income	84,966
Township reimbursement	75,715
Late fees	38,041
Other income	18,045
Unit services	16,519
Lease fee income	13,395
Advertising income	3,000
Printing reimbursement	2,152
Village fair income, net of expenses	1,663
Vending machine	480
Club donations, net of expenses (See Note 13)	-
	<u><u>\$ 7,688,732</u></u>

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 10 Residential Assessments - Allocations to Funds

At September 30, 2011, residential assessments - allocations to funds consisted of the following:

Assessments allocated to the replacement fund	\$ 755,833
Assessments allocated to the deferred maintenance fund	160,000
Assessments allocated to the properties fund	<u>127,000</u>
	<u>\$ 1,042,833</u>

Note 11 Administrative Fees

Upon acquisition of title of a unit, each new member of the Association must contribute a one-time, non-refundable administrative fee of \$1,000. If a member leases a unit and subsequently purchases a unit, the member is only required to pay the difference between the administrative fee and the lease fee that they had previously paid. Administrative fees totaled \$111,810 during the year ended September 30, 2011 and have been recorded as revenue in the accompanying financial statements.

Note 12 Township Reimbursement

The Township has reimbursed the Association \$75,715 for a portion of its street lighting, snow clearing and leaf pick-up expenditures. This amount consists of \$24,488 for snow clearing costs incurred for the period July 2010 through June 2011. The snow clearing reimbursement is based on 120% of the Township's actual cost per mile using a five year average. The balance of the reimbursement consists of \$44,112 for street lighting costs incurred during the 2010 calendar year and \$7,115 for fall of 2010 leaf pick-up. The street lighting and leaf pick-up reimbursement are based on the Association's actual costs. These amounts have been recorded as revenue on the accompanying financial statements. The remainder of township reimbursement relating to the year ended September 30, 2011 will be recorded as revenue when it is received.

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 13 Donations

The following summarizes all donations and related expenses for the year ended September 30, 2011:

Donations	
Recycling Club	\$ 3,543
Garden Club	826
Service Club	312
Anonymous Resident Donation - Shrubs for Encore	
Overflow Parking Lot	1,000
Music License Donations	1,000
Club Donations for Village Fair	490
Business Donations for Village Fair	<u>2,485</u>
Total Donations	<u>\$ 9,656</u>
Expenses	
Nautilus Room Improvements (donated by Recycling Club)	\$ 3,543
Two (2) Benches (donated by Garden Club)	826
Monthly Riso Lease (donated by Service Club)	312
Shrubs for Encore Overflow Parking Lot (donated by Anonymous Resident)	1,000
Music License Costs - total cost of \$2,262 (donated in part by various clubs and Anonymous Resident)	1,000
Village Fair expenses	<u>2,975</u>
Total Expenses	<u>\$ 9,656</u>

Donations are recorded as an offset to the related expense and appear on Page 21 of the accompanying financial statements.

Leisure Village West Association, Inc.
Notes to the Financial Statements
September 30, 2011

Note 14 Commitments

The Association derives income from occupancy leases for the commercial units under noncancellable operating agreements expiring on various dates through September 30, 2014. The agreements call for fixed rents. Future minimum rents to be received over the next three years are as follows:

Year Ending <u>September 30,</u>	
2012	\$ 39,756
2013	34,026
2014	<u>35,727</u>
Total	<u>\$109,509</u>

Total rental income under all operating leases totaled \$84,966 for the year ended September 30, 2011.

The Association is a party to a noncancellable agreement for cable television which expires on October 1, 2018. Future minimum amounts due under this agreement are as follows:

Year Ending <u>September 30,</u>	
2012	\$ 59,439
2013	59,439
2014	59,439
2015	59,439
2016	59,439
Thereafter	<u>118,879</u>
Total	<u>\$416,074</u>

Note 15 Union Agreement

Approximately 70% of the Association's employees are covered by a collectively bargained union agreement. None of these employees are covered by a multiemployer defined benefit pension plan; however they are covered by the Association's 401k plan (see Note 16). Additionally, under the union agreement, the Association makes a monthly contribution to a union sponsored health plan for those union employees whom have completed two months of employment with the Association. The union agreement which was in effect during the year ended as of September 30, 2011. The Board is currently negotiating a new agreement and the expired agreement has been extended through such date that a new agreement is reached.

Note 16 Retirement Benefit Plan

The Association offers a 401k plan to all employees who have been employed for six months. The Association contributes \$.27 an hour for each hour worked for each employee. For the year ended September 30, 2011, the contribution was approximately \$30,000.

SUPPLEMENTARY INFORMATION

Leisure Village West Association, Inc.
Schedule of Information on Future Major Repairs and Replacements
September 30, 2011

The board and management prepare, and annually revise, a schedule to estimate the remaining useful lives and replacement costs of the components of the common property. The schedule includes those components with an estimated remaining useful life within the board determined useful guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were obtained from various sources and were coordinated by the Association's staff. The estimates were based on the then current estimated replacement costs.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>As of 2011 Schedule (Unaudited)</u>	
		<u>Estimated Current Replacement Costs</u>	<u>2010-2011 Funding</u>
Roofs	1 to 25	\$ 10,120,728	\$ 470,000
Roads	1 to 18	4,147,446	130,000
Common buildings	1 to 50	1,883,232	90,000
Well motors	5	102,000	30,000
Retaining wall	1 to 10	311,132	-
Concrete	0 to 30	1,735,000	20,833
Exterior *		-	15,000
Total		<u>\$ 18,299,538</u>	<u>\$ 755,833</u>
Replacement fund balance as of September 30, 2011		<u>\$ 4,234,898</u>	

* The board is funding for miscellaneous exterior elements and various repairs and maintenance of the units based on average expenditures incurred for these components in prior years.

Leisure Village West Association, Inc.
Schedules of Revenues, Transfers and Operating Expenses
as Compared to Budget and Prior Year
For the Year Ended September 30, 2011

	2011		2010 Actual
	Actual	(Unaudited) Budget	
Revenues			
Residential assessments	\$ 6,115,867	\$ 6,148,785	\$ 6,050,067
Residential assessments - allocated to funds	1,042,833	1,042,833	990,423
Investment income, net of bank fees - allocated to funds	164,246	165,200	129,426
Administrative fees	111,810	100,000	106,765
Rental income	84,966	85,200	81,712
Township reimbursement	75,715	73,000	72,992
Late fee income	38,041	17,000	23,416
Other income	18,045	7,100	57,756
Unit services	16,519	16,900	13,428
Lease fee income	13,395	13,700	16,525
Advertising income	3,000	-	-
Printing reimbursement	2,152	2,500	2,764
Village fair income, net of expenses	1,663	-	-
Vending machine income	480	-	914
Prior year surplus	-	44,163	-
Investment income, net of expenses - operating	-	3,300	37,733
Other income, net - allocated to funds	-	-	1,987
Club donations, net of expenses (see Note 13)	-	-	-
Subtotal	7,688,732	7,719,681	7,585,908
Transfers			
Residential assessments allocated to the replacement fund	755,833	755,833	703,423
Residential assessments allocated to the deferred maintenance fund	160,000	160,000	160,000
Residential assessments allocated to the properties fund	127,000	127,000	127,000
Investment income, net of bank fees, allocated to:			
Replacement fund	151,117	165,200	90,829
Properties fund	13,138	-	38,642
Deferred maintenance fund	(9)	-	(45)
Other income, net allocated to the replacement fund	-	-	1,987
Total Revenues, Net of Transfers to Replacement, Deferred Maintenance and Properties Funds	6,481,653	6,511,648	6,464,072

Leisure Village West Association, Inc.
Schedules of Revenues, Transfers and Operating Expenses
as Compared to Budget and Prior Year
For the Year Ended September 30, 2011

	2011		2010 Actual
	Actual	(Unaudited) Budget	
Operating Expenses			
Payroll, payroll taxes and employee benefits	3,657,691	3,758,500	3,732,009
Other operating fund expenses	2,793,258	2,695,806	2,745,532
Federal income taxes	11,840	12,900	38,235
Total Operating Expenses	6,462,789	6,467,206	6,515,776
Operating Contingency	-	44,442	27,350
Excess (Deficiency) of Revenues over Operating Expenses	\$ 18,864	\$ -	\$ (79,054)

Leisure Village West Association, Inc.
Schedules of Payroll, Payroll Taxes and Employee Benefits
as Compared to Budget and Prior Year
For the Year Ended September 30, 2011

	2011		2010 Actual
	Actual	(Unaudited) Budget	
Payroll, Payroll Taxes and Employee Benefits			
Fringe benefits	\$ 807,568	\$ 828,500	\$ 769,050
Grounds maintenance payroll - 44 employees budgeted	797,796	835,800	926,318
Administrative payroll - 8 employees budgeted	486,763	489,000	484,293
Building maintenance payroll - 12 employees budgeted	419,232	441,700	406,529
Payroll taxes	338,669	307,100	319,059
Clerical payroll - 9 employees budgeted	266,910	272,500	254,646
Lead/mechanic payroll - 5 employees budgeted	180,324	196,600	185,052
Janitor payroll - 6 employees budgeted	173,942	184,200	178,356
Appliance mechanic - 3.5 employees budgeted	136,020	137,900	134,332
Golf course payroll - 2 employees budgeted	50,467	65,200	74,374
Total Payroll, Payroll Taxes and Employee Benefits	\$ 3,657,691	\$ 3,758,500	\$ 3,732,009

Leisure Village West Association, Inc.
Schedules of Other Operating Fund Expenses
as Compared to Budget and Prior Year
For the Year Ended September 30, 2011

	2011		2010 Actual
	Actual	(Unaudited) Budget	
Other Operating Fund Expenses			
Insurance	\$ 603,837	\$ 602,300	\$ 587,856
Lawn maintenance	280,900	313,600	315,144
Building maintenance	227,380	211,000	219,321
Sanitation contract	191,763	213,200	193,705
Security services contract	159,499	169,900	155,296
Outdoor lighting and wells	147,825	153,200	164,158
Community buildings maintenance and repair	132,148	130,600	133,468
Building electric	127,625	134,200	135,429
Snow clearing	109,164	30,000	105,368
Emergency reserve funding - snow	-	35,506	-
Auto and truck expense	96,005	92,100	91,558
Office expense	91,940	89,700	87,356
Bus expense	87,185	85,000	84,835
Bad debt expense	80,681	10,000	10,641
Appliance maintenance	79,569	70,500	90,152
Building heating	70,229	75,200	79,147
Exterminating	68,037	68,100	68,037
Community TV service	63,310	63,800	67,170
Professional fees	54,558	37,500	48,103
Insurance claim expense, net of proceeds	34,254	-	9,936
Bookkeeping and computer services	22,609	15,900	17,537
Golf course maintenance	17,693	27,200	24,850
Concrete repairs	15,945	17,600	18,203
Building water and sewer	15,624	14,000	13,782
Recreation expense, net of income	5,395	20,400	15,379
Bank fees, net of interest income	4,875	-	-
Road maintenance	2,651	15,300	9,094
Newspaper expense, net of income	2,557	-	-
Village fair expenses, net of income	-	-	7
Total Other Operating Fund Expenses	\$ 2,793,258	\$ 2,695,806	\$ 2,745,532

Leisure Village West Association, Inc.
Schedule of Deferred Maintenance Fund and Replacement Fund Expenditures
For the Year Ended September 30, 2011

Deferred Maintenance Fund Expenditures

Powerwashing and painting \$ 129,675

Replacement Fund Expenditures

Roads \$ 165,177

Roof replacement - units 83,270

Retaining wall 76,349

Concrete 21,984

Common buildings 10,643

Well motors 4,795

Total Replacement Fund Expenditures **\$ 362,218**