

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2025**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

LEISURE VILLAGE WEST ASSOCIATION, INC.

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b>	1 - 3
<b>Financial statements:</b>	
Balance sheet	4
Statement of revenues and expenses and changes in fund balances	5
Statement of cash flows	6 - 7
Notes to the financial statements	8 - 17
<b>Supplementary information</b>	
Schedule of information on future major repairs and replacements	18 - 19
Schedules of revenues, transfers and operating expenses as compared to budget and prior year	20 - 21
Schedules of payroll, payroll taxes and employee benefits as compared to budget and prior year	22
Schedules of other operating fund expenses as compared to budget and prior year	23
Schedules of deferred maintenance fund, emergency reserve fund and replacement fund expenditures	24

## INDEPENDENT AUDITOR'S REPORT

***To the Board of Trustees and Unit Owners of  
Leisure Village West Association, Inc.***

### **Opinion**

We have audited the accompanying financial statements of Leisure Village West Association, Inc., which comprise the balance sheet as of September 30, 2025, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leisure Village West Association, Inc. as of September 30, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leisure Village West 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 the Board of Trustees for the Financial Statements**

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Leisure Village West 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 Leisure Village West 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.

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

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 18 - 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on page 20 - 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

**December 11, 2025**  
Toms River, New Jersey

**LEISURE VILLAGE WEST ASSOCIATION, INC.**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2025**

	Total	Operating Fund	Properties Fund	Preventative Maintenance Fund	Emergency Fund	Replacement Fund
<b>ASSETS</b>						
Cash	\$ 1,251,004	\$ 631,219	\$ 377,385	\$ 95,001	\$ 147,399	\$ 2,736,411
Investments	2,736,411					11,127
Accrued investment income receivable	11,127					
Assessments receivable, less adjustment for probable uncollectible accounts of \$48,921	233,397	233,397				
Township subsidy receivable	56,180	56,180				
Other receivable	27,686	27,686				
Prepaid insurance	436,701	436,701				
Other prepaid expenses	14,648	14,648				
Operating right-of-use asset	175,609	175,609	805,145			
Property and equipment, net	805,145					
Interfund balances	-					
<b>Total assets</b>	<b>\$ 5,747,908</b>	<b>\$ 1,575,440</b>	<b>\$ 1,182,530</b>	<b>\$ 95,001</b>	<b>\$ 147,399</b>	<b>\$ 2,747,538</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 96,678	\$ 96,678	\$	\$	\$	\$
Payroll, payroll taxes and employee benefits payable	269,560	269,560				
Federal income tax payable	47,258	47,258				
Assessments received in advance	815,889	815,889				
Security deposits	9,157	9,157				
Operating lease liability	175,609	175,609				
<b>Total liabilities</b>	1,414,151	1,414,151	-	-	-	-
<b>Fund balances</b>	4,333,757	161,289	1,182,530	95,001	147,399	2,747,538
<b>Total liabilities and fund balances</b>	<b>\$ 5,747,908</b>	<b>\$ 1,575,440</b>	<b>\$ 1,182,530</b>	<b>\$ 95,001</b>	<b>\$ 147,399</b>	<b>\$ 2,747,538</b>

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  
YEAR ENDED SEPTEMBER 30, 2025

	Total	Operating Fund	Properties Fund	Preventative Maintenance Fund	Emergency Fund	Replacement Fund
<b>TOTAL REVENUES</b>	\$ 13,096,345	\$ 10,524,117	\$ 311,328	\$ 30,216	\$ 358	\$ 2,230,326
<b>EXPENSES</b>						
Payroll, payroll taxes and employee benefits	4,898,518	4,898,518				
Other operating fund expenses	5,425,046	5,425,046				
Federal income taxes	56,078	56,078				
Operating contingency	2,500	2,500				
Charges to the replacement fund	2,093,783			26,199		2,093,783
Charges to the preventative maintenance fund	26,199					
<b>Total expenses and charges before depreciation</b>	<u>12,502,124</u>	<u>10,382,142</u>	<u>-</u>	<u>26,199</u>	<u>-</u>	<u>2,093,783</u>
<b>Excess of revenues over expenses before depreciation</b>	594,221	141,975	311,328	4,017	358	136,543
<b>Depreciation expense</b>	<u>331,615</u>		<u>331,615</u>			
<b>Excess (deficiency) of revenues over expenses after depreciation</b>	262,606	141,975	(20,287)	4,017	358	136,543
<b>Fund Balances - Beginning of year</b>	<u>4,071,151</u>	<u>19,314</u>	<u>1,202,817</u>	<u>90,984</u>	<u>147,041</u>	<u>2,610,995</u>
<b>Fund Balances - End of year</b>	<u>\$ 4,333,757</u>	<u>\$ 161,289</u>	<u>\$ 1,182,530</u>	<u>\$ 95,001</u>	<u>\$ 147,399</u>	<u>\$ 2,747,538</u>

The accompanying notes are an integral part of these financial statements

LEISURE VILLAGE WEST ASSOCIATION, INC.

STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2025

	Total	Operating Fund	Properties Fund	Preventative Maintenance Fund	Emergency Fund	Replacement Fund
<b>Cash flows from operating activities:</b>						
Excess (deficiency) of revenues over expenses after depreciation and interfund transfer	\$ 262,606	\$ 141,975	\$ (20,287)	\$ 4,017	\$ 358	\$ 136,543
<b>Adjustments to reconcile excess of revenues (deficiency) over expenses after depreciation and interfund transfer to net cash provided by (used in) operating activities:</b>						
Depreciation	331,615		331,615			
Adjustment for probable uncollectible accounts	19,374	19,374				
<b>Changes in assets and liabilities</b>						
<b>(Increase) decrease in assets:</b>						
Accrued investment income receivable	(38)					(38)
Assessments receivable	14,243	14,243				
Township subsidy receivable	(5,820)	(5,820)				
Other receivable	94,715	94,715				
Prepaid insurance	(174,508)	(174,508)				
Prepaid federal income tax	8,820	8,820				
Other prepaid expenses	3,654	3,654				
Operating right-of-use assets	89,195	89,195				
<b>Increase (decrease) in liabilities:</b>						
Accounts payable and accrued expenses	(99,717)	(99,717)				
Payroll, payroll taxes and employee benefits payable	(5,135)	(5,135)				
Federal income taxes payable	47,258	47,258				
Assessments received in advance	143,726	143,726				
Security deposits	(525)	(525)				
Operating lease liability	(89,195)	(89,195)				
<b>Net cash provided by (used in) operating activities</b>	<u>640,268</u>	<u>188,060</u>	<u>311,328</u>	<u>4,017</u>	<u>358</u>	<u>136,505</u>

The accompanying notes are an integral part of these financial statements

LEISURE VILLAGE WEST ASSOCIATION, INC.

STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2025

	Total	Operating Fund	Properties Fund	Preventative Maintenance Fund	Emergency Fund	Replacement Fund
<b>Cash flows from investing activities:</b>						
Acquisition of property and equipment	\$ (134,729)	\$	\$ (134,729)			(262,473)
Purchase of investments	(262,473)					125,968
Sale/maturity of investments	125,968					
	<u>(271,234)</u>	<u>-</u>	<u>(134,729)</u>	<u>-</u>	<u>-</u>	<u>(136,505)</u>
<b>Net cash provided by (used in) investing activities</b>						
<b>Cash flows from financing activities</b>						
Change in interfund balances	-					
Net increase (decrease) in cash	369,034	188,060	176,599	4,017	358	-
Cash - beginning of year	881,970	443,159	200,786	90,984	147,041	-
Cash - end of year	<u>\$ 1,251,004</u>	<u>\$ 631,219</u>	<u>\$ 377,385</u>	<u>\$ 95,001</u>	<u>\$ 147,399</u>	<u>\$ -</u>
<b>Supplemental Disclosure</b>						
Cash paid during the year for federal income tax	\$ -					

The accompanying notes are an integral part of these financial statements

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**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**

**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.

**Preventative 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 power washing, which occur less frequently than annually.

**Emergency Fund** - The purpose of this fund is to accumulate funds so that the Association will have the necessary resources to pay for extraordinary expenses (i.e. snow removal) in excess of budgeted amounts.

**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.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents, except those held for long term investments in the replacement fund.

**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.

**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.

**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.

**Financial Instruments with Off-Balance Sheet Risk** - The Association, in its normal course of business, maintains cash balances which, at times, may exceed FDIC federally insured limits. At September 30, 2025, balances in excess of the \$250,000 are fully protected with a Surety Bond with FCB Premium Reserve Products.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENT  
SEPTEMBER 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Residential Assessments and Assessments Receivable** - Association members are subject to monthly assessments based upon the annual budget. The purpose of residential assessments is to provide funds for operating expenses and funding for reserves for future major repairs and replacements. The Association has adopted ASC 606 and has recognized it does not have a customer relationship. Monthly residential assessments represent multiple performance obligations, which, on a standalone basis are not considered separate and distinct and therefore have been deemed to be a single performance obligation. Therefore, revenue relating to both is recognized when assessed as was done under legacy U.S. GAAP and the Association does not defer the recognition of any portion of revenue as a Contract Liability. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for residential assessments is satisfied over time on a daily pro-rata basis using the input method. The Association retains excess funds at the end of the period, if any, for use in future periods or as otherwise specified by the Association's governing documents.

Residential assessments receivable at the balance sheet date is stated at the amounts expected to be collected from unit owners. The Association's policy is to retain legal counsel and place liens on the units of owners who are delinquent based on the collection policy. It is the opinion of the board that not all of the receivables will be fully collectible. As September 30, 2025, the Association had assessments receivable of \$282,318. Forty-four units had receivables in excess of \$1,000 totaling \$163,231. The board has recorded an adjustment for probable uncollectible accounts in the amount of \$48,921. The Association treats uncollectible Residential assessments as variable consideration since the Association estimate of variable consideration is constrained to include consideration of past experience and susceptibility to factors outside the Association's control.

**Subsequent Events** - The Association has evaluated subsequent activity through December 11, 2025, the date the financial statements were available to be issued. Based upon this evaluation, the Association determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.

NOTE 3 - 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.

The Association regularly reviews and evaluates its uncertain tax positions taken in previously filed tax returns. The Association believes that in the event of an examination by taxing authorities, the organization's positions would prevail based upon the technical merits of such positions. Therefore, the Association has concluded that no tax benefits or liabilities are to be recognized.

For the year ended September 30, 2025, the Association expects to be taxed as a condominium management association and therefore not taxed as a regular corporation. Income taxes of \$56,078 have been provided based on the excess of non-membership expenses over non-membership income. The Association evaluates its tax provisions and accruals and believes that they are appropriate based on current facts and circumstances.

Income tax expense has been allocated as follows:

Operating fund	\$ <u>56,078</u>
Total	\$ <u>56,078</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. The Association is subject to New Jersey sales and use tax.

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

(Continued)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 4 - INVESTMENTS**

At September 30, 2025, investments consist of the following:

	Interest Rate	Yield to Maturity	Maturity Date	Carrying Value
FHLB	2.38%	2.48%	03/13/26	37,136
FNMA	2.13%	2.24%	04/24/26	105,000
Certificate of deposit	3.55%	3.87%	06/30/26	15,000
Certificate of deposit	1.00%	3.82%	08/18/26	240,000
Certificate of deposit	0.65%	3.67%	08/14/28	190,000
FFCB	2.65%	3.71%	11/27/28	53,683
FHLMC	1.10%	1.29%	02/12/29	211,213
FFCB	2.93%	3.85%	04/22/30	386,995
Certificate of deposit	1.60%	3.75%	04/30/30	80,000
FHLMC	1.30%	1.59%	07/22/30	126,000
FNMA	1.10%	1.35%	08/12/30	211,137
Certificate of deposit	0.85%	3.34%	09/25/30	90,000
Certificate of deposit	1.80%	3.82%	11/28/31	80,000
Certificate of deposit	2.40%	3.82%	03/30/32	35,000
FFCB	2.82%	3.40%	01/03/35	76,093
FHLB	5.38%	5.35%	02/26/35	125,100
FFCB	3.12%	4.51%	11/20/35	202,766
Total investments held to maturity				\$ 2,265,123

The Association reports its investments under the provision of Financial Accounting Standards Board ASC 320-10 Investments - Debt and Equity Securities. In accordance with this statement the Association has classified securities as held to maturity.

Securities classified as held to maturity are stated at cost adjusted for amortization of premiums and accretion of discounts. The Association has the positive intent and ability to hold these securities to maturity. Realized gains and losses for securities classified as held to maturity are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold.

Investments classified as available for sale consists of money market mutual funds with First Citizens Bank, Morgan Stanley Smith Barney and Raymond James The cost approximates fair value at September 30, 2025.

Total investments held to maturity	\$ 2,265,123
Total investments available for sale	471,288
Total investments	\$ 2,736,411

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

At September 30, 2025, property and equipment consists of the following:

Machinery and equipment - maintenance	\$ 1,405,955
Motor vehicles	1,300,662
Building - 3 Buckingham Drive	215,400
Machinery and equipment - recreation	335,017
Furniture and fixtures	251,746
Computer equipment	84,321
Golf course equipment	<u>14,980</u>
Total property and equipment	3,608,081
Less: Accumulated depreciation	<u>2,802,936</u>
Property and equipment - net	<u>\$ 805,145</u>

**NOTE 6 - REPLACEMENT FUND**

The Association's governing documents provide that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally used for replacement fund expenditures.

FWH Associates, professional engineering consultants, conducted a study dated March 2025, to estimate the remaining useful lives and the replacement costs of the components of common property. The study includes those components with an estimated remaining useful life within the Board determined useful life guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were based on the then current estimated replacement costs. The type of study performed was a full study with a site visit. The table included in the unaudited supplementary information on future major repairs and replacements is based on the 2025 study.

The Board is funding for the estimated costs of future major repairs and replacements over the remaining useful lives of the components as discussed below. The lowest level of funding included in the 2025 engineering study utilizes the threshold funding methodology. Threshold funding, based upon a 30 year cash flow analysis, sets a replacement funding goal of keeping the replacement fund balance above a specified dollar amount at its lowest accumulated amount, as specified by the Board, but below the full funding determined level. The 2024-2025 annual recommended funding per the 2025 study is \$1,673,470 using a threshold level of \$3,387,645 which is approximately 5% of the estimated replacement cost of the common property which is included in the engineering study referred to above. For the year ended September 30, 2025 the Board allocated a total of \$2,230,326 to the replacement fund which included \$1,973,000 of residential assessments, \$212,900 of administrative fees, \$41,500 of investment income, and \$2,926 of AZEK rebates.

(Continued)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 6 - REPLACEMENT FUND (Continued)**

The activity in the replacement fund for the year ended September 30, 2025 has been summarized as follows:

	<u>Components of Fund Balance at 9/30/2024</u>	<u>Funding Contributions Other Income &amp; Transfers</u>	<u>Investment Income, Net of Bank Fees</u>	<u>Expenditures</u>	<u>Income Tax Expense</u>	<u>Components of Fund Balance at 9/30/2025</u>
Roofs	\$ 379,265	\$ 810,000	\$ 5,361	\$ (577,348)	\$ -	\$ 617,278
Roads/Buckingham bridge	957,012	283,476	18,939	(389,636)	-	869,791
Common buildings	559,515	366,116	10,321	(236,136)	-	699,816
Well motors	204,054	30,000	3,817	(31,231)	-	206,640
Unit Infrastructure	150,617	43,000	1,028	(67,233)	-	127,412
Concrete Driveway Replacemen	86,280	60,000	1,325	(76,169)	-	71,436
PVC trim project	101,175	456,234	-	(422,683)	-	134,726
Cedar Shake	173,077	120,000	709	(293,347)	-	439
Vinyl Siding	-	20,000	-	-	-	20,000
	<u>\$ 2,610,995</u>	<u>\$ 2,188,826</u>	<u>\$ 41,500</u>	<u>\$ (2,093,783)</u>	<u>\$ -</u>	<u>\$ 2,747,538</u>

Funding contributions, other income and transfers consist of the following, residential assessments of \$1,973,000, resale administrative fees of \$212,900 and AZEK rebates of \$2,926.

**NOTE 7 - PROPERTIES FUND**

The activity in the properties fund for the year ended September 30, 2025 has been summarized as follows:

Properties Fund Balance at September 30, 2024	\$ 1,202,817
Assessments allocated to the properties fund	\$ 310,000
Other income allocated to the properties fund	550
Investment income, net of bank fees	778
Total funding for September 30, 2025	311,328
Depreciation expense	<u>(331,615)</u>
Properties Fund Balance at September 30, 2025	<u>\$ 1,182,530</u>

**NOTE 8 - PREVENTATIVE MAINTENANCE FUND**

The activity in the preventative maintenance fund for the year ended September 30, 2025 has been summarized as follows:

Preventative maintenance fund balance at September 30, 2024	\$ 90,984
Assessments allocated to the preventative maintenance fund	\$ 30,000
Investment income, net of bank fees	<u>216</u>
Total funding for September 30, 2025	30,216
Painting/powerwashing	<u>(26,199)</u>
Preventative maintenance fund balance at September 30, 2025	<u>\$ 95,001</u>

(Continued)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 9 - EMERGENCY FUND**

The activity in the emergency fund for the year ended September 30, 2025 has been summarized as follows:

Emergency fund balance at September 30, 2024	\$	147,041
Investment income, net of bank fees	\$	<u>358</u>
Total funding for September 30, 2025		<u>358</u>
Emergency fund balance at September 30, 2025	\$	<u><u>147,399</u></u>

**NOTE 10 - 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 \$2,300, which includes an administrative fee for the operating fund of \$1,000 and replacement fund of \$1,300. Administrative fees totaled \$376,900 during the year ended September 30, 2025 and \$164,000 has been recorded as revenue in the operating fund and \$212,900 has been recorded as revenue in the replacement fund.

**NOTE 11 - TOTAL REVENUES**

At September 30, 2025, total revenues consisted of the following:

Residential assessments - operating	\$	10,069,091
Residential assessments - allocated to funds		2,313,000
Adjustment for probable uncollectible accounts		<u>(36,928)</u>
Net residential assessments		12,345,163
Other revenues:		
Investment income, net of bank fees - allocated to funds		42,852
Administrative fees		376,900
Rental income		60,000
Township reimbursement		56,180
Late fee income		13,817
Other income		87,600
Xfinity commission income		48,456
Unit services		27,764
Lease fee income		19,950
Advertising income		751
Printing reimbursement		1,740
Magazine income, net of expenses		9,600
Investment income		2,096
Other income, net - allocated to funds		<u>3,476</u>
	\$	<u><u>13,096,345</u></u>

(Continued)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 12 - RESIDENTIAL ASSESSMENTS - ALLOCATIONS TO FUNDS**

At September 30, 2025, residential assessments - allocations to funds consisted of the following:

Assessments allocated to the replacement fund	\$ 1,973,000
Assessments allocated to the preventative maintenance fund	30,000
Assessments allocated to the properties fund	<u>310,000</u>
	<u>\$ 2,313,000</u>

**NOTE 13 - TOWNSHIP REIMBURSEMENT**

The Township has reimbursed the Association \$56,180 for a portion of its street lighting, snow clearing and leaf pick-up expenditures. This amount consists of \$7,086 for snow clearing costs incurred for the period incurred for the period July 2024 through June 2025. 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 \$36,341 for street lighting costs incurred during the 2024 calendar year and \$12,753 for fall of 2024 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, 2025 will be recorded as revenue when it is received.

**NOTE 14 - 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 who have completed two months of employment with the Association. The union agreement which is in effect is for the period October 1, 2023 through September 30, 2027.

**NOTE 15 - RETIREMENT BENEFIT PLAN**

The Association offers a 401K plan to all eligible employees, with open enrollment on January 1 and July 1. Effective October 1, 2024, the Association contributes \$.47 an hour for each hour worked for each eligible employee. For the year ended September 30, 2025, the contribution was approximately \$55,211.

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**NOTE 16 - CONTRACTURAL AGREEMENT**

The Association is a party to a no-cancellable agreement with Comcast Cable Communications Management, LLC for bulk cable television and wireless internet access which begins on October 1, 2025 and expires on September 30, 2032. The monthly service fees for TV bulk service are \$26.00 per unit, plus a broadcast TV fee equal to \$5.00 per unit, and all applicable taxes and fees. Upon 30 days prior written notice, Company may increase the TV bulk service fee, provided such increase does not exceed 5.00% per year and/or the broadcast TV fee, provided such increase does not exceed 5% per year.

**NOTE 17 - RENTAL INCOME**

The Association derives income from occupancy leases for the commercial units under no-cancellable operating agreements expiring on various dates through December 2027. The agreements call for fixed rents. Future minimum rents to be received are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2026	\$ 54,000
2027	51,000
2028	<u>3,000</u>
	<u>\$ 108,000</u>

Total rental income under all operating leases totaled \$60,000 for the year ended September 30, 2025.

**NOTE 18 - OPERATING LEASES**

Leisure Village West Association, Inc. leases its solar equipment under long-term operating lease agreements. The leases are for the terms of seven years expiring April, 2026, May, 2026 and September 2028. We include in the determination right-of-use assets and liabilities any renewal options when the options are reasonably certain to be exercised.

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

(Continued)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 18 - OPERATING LEASES (Continued)**

The right-of-use assets and lease liabilities at September 30, 2025 is as follows:

	<b>2025</b>
Operating right-of-use assets	\$ <u>175,609</u>
	\$ <u><u>175,609</u></u>
	<b>2025</b>
Operating lease liabilities	\$ <u>175,609</u>
	\$ <u><u>175,609</u></u>

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

	<b>2025</b>
Weighted-average remaining lease term in years:	
Operating lease	2.76
Weighted-average incremental borrowing rate:	
Operating lease	1.44%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of September 30, 2025:

<b>September 30,</b>	<b>Operating</b>
2026	\$ 75,644
2027	51,458
2028	51,458
Total lease payments	178,560
Less interest	(2,951)
Present value of lease liabilities	\$ 175,609

## **SUPPLEMENTARY INFORMATION**

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**SCHEDULE OF INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS  
(Unaudited)  
SEPTEMBER 30, 2025**

FWH Associates, PA, conducted a study with a effective dated March 2025, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair the common property components at the end of their useful lives assuming an inflation rate of 3 percent. A 5 percent funding threshold of \$3,387,645 is being estimated

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

<u>Components</u>	<u>As of 2025 Schedule</u>	
	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
<b>Sitework</b>		
Paved Surfaces	0 - 28	\$ 12,572,614
Illumination	0 - 25	400,821
Fencing	0 - 17	1,559,879
Retaining Walls	30	1,189,604
Irrigation	0	533,341
Stormwater Management	0 - 5	320,616
Miscellaneous	0 - 30	717,918
<b>Recreational</b>		
Willow Hall - Shuffleboard	3 - 10	134,698
Willow Hall - Horseshoe pits	5	1,000
Willow Hall - Outdoor swimming pool	2 - 25	541,552
Club Encore - Bocce	8 - 30	162,704
Club Encore - Pickleball	5 - 20	157,200
Club Encore - Tennis Courts	2 - 30	220,868
Club Encore - Outdoor swimming pool	5 - 13	612,526
<b>Structures</b>		
Gatehouses	0 - 28	80,074
Association Office - Exterior	0 - 10	113,220
Association Office - Interior	1 - 10	64,173
Association Office - Mechanical	0 - 25	33,025
Leisure Fair - Exterior	2 - 43	181,636
Leisure Fair - Interior	5 - 24	77,988
Leisure Fair - Fire Alarm System	0	6,500
Leisure Fair - Mechanical	17 - 27	67,850
Willow Hall - Exterior	2 - 42	419,608
Willow Hall - Interior	8 - 24	181,063
Willow Hall - Fire Alarm System	0	6,500
Willow Hall - Mechanical	0 - 27	76,150

(Continued)

**LEISURE VILLAGE WEST ASSOCIATION, INC.**

**SCHEDULE OF INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)**  
**(Unaudited)**  
**SEPTEMBER 30, 2025**

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

<u>Components</u>	<u>As of 2025 Schedule</u>	
	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
<b>Structures - Continued</b>		
Club Encore - Exterior	3 - 38	245,331
Club Encore - Interior	9 - 28	216,683
Club Encore - Fire Alarm System	0	6,500
Club Encore - Mechanical	3 - 25	152,050
Greenhouse - Exterior	0	144,600
Greenhouse - Interior	2	3,000
Greenhouse - Mechanical	0 - 9	15,875
Maintenance Buildings - Exterior	0 - 26	411,050
Maintenance Buildings - Interior	0 - 10	57,336
Maintenance Buildings - Fire Alarm System	0	6,500
Maintenance Buildings - Mechanical	2 - 23	95,700
Storefront - Mechanical	6	39,200
Residential Buildings - Exterior	0 - 10	41,663,803
<b>Miscellaneous</b>		
Electrical Panels	11 - 32	<u>4,262,157</u>
		<u>\$ 67,752,913</u>
<b>Replacement fund balance as of September 30, 2025</b>		<u><b>\$ 2,747,538</b></u>

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULE OF REVENUES, TRANSFERS AND OPERATING EXPENSES  
AS COMPARED TO BUDGET AND PRIOR YEAR  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2025		Variance Favorable (Unfavorable)	2024
	Actual	(Unaudited) Budget		Memo Total Actual
<b>REVENUES</b>				
<b>Residential Assessments</b>				
Residential assessments	\$ 10,069,091	\$ 10,014,671	\$ 54,420	\$ 9,552,232
Residential assessments - allocated to funds	2,313,000	2,313,000	-	2,013,470
Adjustment for probable uncollectible accounts	(36,928)	(28,000)	(8,928)	5,244
<b>Net Residential Assessments</b>	<b>12,345,163</b>	<b>12,299,671</b>	<b>45,492</b>	<b>11,570,946</b>
<b>Other Revenues</b>				
Investment income, net of bank fees - allocated to funds	42,852	49,600	(6,748)	31,950
Administrative fees	376,900	216,000	160,900	415,600
Rental income	60,000	72,000	(12,000)	81,350
Township reimbursement	56,180	47,700	8,480	50,360
Late fee income	13,817	22,000	(8,183)	21,040
Other income	87,600	92,400	(4,800)	129,432
Xfinity commission income	48,456	-	48,456	-
Unit services	27,764	35,700	(7,936)	30,221
Lease fee income	19,950	20,600	(650)	16,300
Advertising income	751	1,000	(249)	561
Printing reimbursement	1,740	1,000	740	1,585
Magazine income, net of expenses	9,600	9,600	-	9,600
Investment income	2,096	600	1,496	1,059
Other income, net - allocated to funds	3,476	-	3,476	-
<b>Total Other Revenues</b>	<b>751,182</b>	<b>568,200</b>	<b>182,982</b>	<b>789,058</b>
<b>Total Revenues</b>	<b>13,096,345</b>	<b>12,867,871</b>	<b>228,474</b>	<b>12,360,004</b>
<b>TRANSFERS</b>				
Residential assessments allocated to the replacement fund	1,973,000	1,973,000	-	1,673,470
Residential assessments allocated to the preventative maintenance fund	30,000	30,000	-	50,000
Residential assessments allocated to the properties fund	310,000	310,000	-	290,000
Investment income, net of bank fees, allocated to:				
Replacement fund	41,500	49,600	8,100	30,523
Properties fund	778	-	(778)	696
Preventative maintenance fund	216	-	(216)	236
Emergency fund	358	-	(358)	495
Administrative fees allocated to the replacement fund	212,900	-	(212,900)	219,950
Administrative fees allocated to the preventative maintenance fund	-	-	-	4,550
Administrative fees allocated to the emergency reserve fund	-	-	-	9,100
Other income allocated to replacement fund	2,926	-	(2,926)	-
Other income allocated to properties fund	550	-	(550)	-
<b>Total revenues, net of transfers to replacement, preventative maintenance properties fund and emergency fund</b>	<b>10,524,117</b>	<b>10,505,271</b>	<b>18,846</b>	<b>10,080,984</b>

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULE OF REVENUES, TRANSFERS AND OPERATING EXPENSES  
AS COMPARED TO BUDGET AND PRIOR YEAR  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2025		Variance Favorable (Unfavorable)	2024
	Actual	(Unaudited) Budget		Memo Total Actual
<b>OPERATING EXPENSES</b>				
Payroll, payroll taxes and employee benefits	4,898,518	5,394,600	496,082	4,885,903
Other operating fund expenses	5,425,046	5,093,600	(331,446)	5,016,693
Federal income taxes	56,078	500	(55,578)	-
<b>Total operating expenses</b>	<u>10,379,642</u>	<u>10,488,700</u>	<u>109,058</u>	<u>9,902,596</u>
Operating contingency	<u>2,500</u>	<u>47,250</u>	<u>44,750</u>	-
<b>Excess (deficiency) of revenues over transfers and operating expenses</b>	<u>\$ 141,975</u>	<u>(30,679)</u>	<u>\$ 172,654</u>	<u>\$ 178,388</u>
<b>Budgeted Surplus Carryover</b>		<u>30,679</u>		
<b>Excess of revenues over expenses after budgeted surplus carryover</b>		<u>\$ -</u>		

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULE OF PAYROLL, PAYROLL TAXES AND EMPLOYEE BENEFITS  
AS COMPARED TO BUDGET AND PRIOR YEAR  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2025		Variance Favorable (Unfavorable)	2024
	Actual	(Unaudited) Budget		Memo Total Actual
<b>PAYROLL, PAYROLL TAXES AND EMPLOYEE BENEFITS</b>				
Grounds maintenance payroll	\$ 1,004,052	\$ 1,482,000	\$ 477,948	\$ 1,212,195
Administrative payroll	571,731	557,600	(14,131)	571,344
Building maintenance payroll	504,454	523,800	19,346	460,912
Clerical payroll	369,188	354,700	(14,488)	345,418
Lead/mechanic payroll	251,443	252,600	1,157	240,741
Janitor payroll	213,452	210,500	(2,952)	188,962
Appliance mechanic	171,951	178,700	6,749	171,841
Golf course payroll	65,528	88,200	22,672	67,756
Payroll taxes	371,986	363,300	(8,686)	395,111
Fringe benefits	1,374,733	1,383,200	8,467	1,231,623
<b>Total payroll, payroll taxes and employee benefits</b>	<b>\$ 4,898,518</b>	<b>\$ 5,394,600</b>	<b>\$ 496,082</b>	<b>\$ 4,885,903</b>

(Continued)

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULES OF OTHER OPERATING FUND EXPENSES  
AS COMPARED TO BUDGET AND PRIOR YEAR  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2025			2024
	Actual	(Unaudited) Budget	Variance Favorable (Unfavorable)	Memo Total Actual
<b>OTHER OPERATING FUND EXPENSES</b>				
Insurance	\$ 1,702,659	\$ 1,715,300	\$ 12,641	\$ 1,594,785
Community TV service	1,121,828	1,179,000	57,172	1,074,020
Lawn maintenance	439,306	510,300	70,994	533,941
Contracted landscaping	376,742	-	(376,742)	-
Building maintenance	190,252	184,000	(6,252)	169,394
Sanitation non-contract	75,535	76,800	1,265	74,573
Gatehouse entry contract	248,754	249,200	446	243,851
Outdoor lighting and wells	152,182	114,200	(37,982)	130,680
Community buildings maintenance and repair	273,422	221,000	(52,422)	283,795
Building electric	77,522	84,600	7,078	93,390
Snow clearing	26,581	25,300	(1,281)	29,024
Auto and truck expense	32,022	42,500	10,478	55,086
Office expense	163,520	153,500	(10,020)	157,689
Bus expense	88,769	93,800	5,031	91,777
Appliance maintenance	64,561	82,800	18,239	81,984
Building heating	79,043	56,000	(23,043)	52,802
Exterminating	29,855	29,900	45	29,855
Professional fees	156,117	132,700	(23,417)	200,913
Bookkeeping and computer services,	67,274	65,400	(1,874)	61,562
Golf course maintenance	8,029	17,000	8,971	18,548
Concrete repairs	17,237	18,700	1,463	22,649
Building water and sewer	13,743	16,400	2,657	12,263
Recreation expense, net of income	14,282	22,400	8,118	3,183
Road maintenance	2,985	2,800	(185)	929
Insurance claim expense, net of proceeds	2,826	-	(2,826)	-
<b>Total other operating fund expenses</b>	<b>\$ 5,425,046</b>	<b>\$ 5,093,600</b>	<b>\$ (331,446)</b>	<b>\$ 5,016,693</b>

LEISURE VILLAGE WEST ASSOCIATION, INC.

SCHEDULES OF PREVENTATIVE MAINTENANCE FUND, EMERGENCY RESERVE FUND,  
CAPITAL IMPROVEMENT FUND AND REPLACEMENT FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Preventative Maintenance Fund Expenditures**

Painting/Siding project	\$ <u>26,199</u>
<b>Total preventative maintenance fund expenditures</b>	\$ <u><u>26,199</u></u>

**Emergency Reserve Fund Expenditures**

No expenditures	\$ <u>-</u>
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**Capital Improvement Fund Expenditures**

No expenditures	\$ <u>-</u>
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**Replacement Fund Expenditures**

Roof replacement - units	\$ 577,348
PVC trim project	422,683
Roads	389,636
Cedar shake replacements	293,347
Common buildings	236,136
Concrete Driveway Replacements	76,169
Electric panel replacements	67,233
Pumps/motors/well replacement	<u>31,231</u>
<b>Total replacement fund expenditures</b>	\$ <u><u>2,093,783</u></u>