



Lake Arrowhead

C O M M U N I T Y , I N C .

ANNUAL REPORT TO MEMBERS
FISCAL YEAR ENDING APRIL 30, 2021



PRESENTED AT THE ANNUAL MEETING ON
AUGUST 7, 2021

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WARRANT

2021 Annual Membership Meeting
Clubhouse 2
206 Old Portland Road
No. Waterboro, Maine
August 7, 2021, at 9:00 a.m.

In accordance with Article II, Sections 3 and 5 of the By-laws of Lake Arrowhead Community, Inc., the Board of Trustees hereby gives notice that the Annual Membership Meeting of the Corporation will be held at Clubhouse 2, 206 Old Portland Road, No. Waterboro, Maine at 9:00 a.m. to conduct the business of the Corporation as stated in this Warrant.

Members of the Corporation are requested to be present to act on the business at hand.

Please note that ballots are due no later than 9:30 a.m. on the day of the meeting.

*The ballots must be returned in the special pre-addressed envelope provided for this purpose. **The pre-addressed envelope must be signed along with your name and lot number noted in the appropriate place on the back of the envelope.** Envelopes returned without this information will be declared invalid. Ballots sent through the mail must arrive on or before August 6, 2021, one business day before the meeting. Mailed ballots received after this date will be declared invalid.*

Your ballot envelope may also be placed in the ballot box located in the LAC office by August 6, 2021 or delivered to the Clerk in person at the ballot box no later than 9:30 a.m., August 7, 2021, the day of the meeting.

Action on Articles 2 through 8 will take place at the open portion of the meeting on August 7, 2021.

- | | |
|-------------------------|--|
| <i>Article 1</i> | Election of 3 trustees for a term of three (3) years. (Vote by secret ballot). |
| <i>Article 2</i> | Approval of the minutes of the Annual Meeting of the Corporation held on August 1, 2020. |
| <i>Article 3</i> | Hear and accept Auditor's Report. |
| <i>Article 4</i> | Ratification of selection of public accountants for the Fiscal Year. |
| <i>Article 5</i> | Hear Officers and Committee Reports. |
| <i>Article 6</i> | Hear Member's concerns. |
| <i>Article 7</i> | Special Announcements. |
| <i>Article 8</i> | Adjournment. |

**LAKE ARROWHEAD COMMUNITY MEETING
2020 ANNUAL MEETING - AUGUST 1, 2020**

Present: President Dave Sanfason, Vice President Michael Fitzpatrick, Trustee George Fowler, Trustee Mary Singelais, Trustee Alan Martel, Trustee Philip Oreto (remote at 9:14), and Trustee Beverly Hudson, and Scott Davis, Public Works Manager, Amy Harris, Director of Finance and Administration, Jason LeBlanc, CPA,(remote) and Michael Traister, Esq. (remote).

Absent: Trustee Mark Berry

Call to Order: The meeting was called to order at 9:00 a.m.

Based on the number of members present and the number of ballots cast, a quorum exists for the purposes of conducting the Annual Meeting.

President Sanfason welcomed everyone and stated that the membership will vote on all matters that come to the Board today. He asked, due to COVID19, that everyone keep masks on if they have not socially distanced with the people near them. The Board members introduced themselves.

Approval of the Minutes

MOTION: Trustee Fowler moved to accept the minutes of the Annual Meeting of August 3, 2019. Seconded by Trustee Martel. **The motion passed unanimously.**

Presentation of Audit Report of FY 2020

Jason LeBlanc of Albin, Randall and Bennett presented the Audit Report for Fiscal Year ending April 30, 2020, and highlighted the following:

- The audit was finished in June and an unqualified opinion was issued with a “clean bill of health”.
- Very strong year resulting in a surplus at year end.

MOTION: Trustee Martel moved to accept the Auditor’s Report for Fiscal Year ending 2020. Seconded by Trustee Singelais. **The motion passed unanimously.**

Appointment of the Corporation’s Auditor

MOTION: Trustee Singelais moved to accept the firm of Albin, Randall, and Bennett as the Corporation’s Auditor. Seconded by Trustee Martel. **The motion passed unanimously.**

Presentation of the Legal Report

Michael Traister, Esq., of Murray, Plumb and Murray reported:

- It has been a quiet year; they are dealing with the ongoing foreclosures and hopefully there will not be any uptick once COVID19 ends.
- Handled a few matters of corporate governance.
- Mostly quiet on legal front because of the Board’s sound stewardship.

President’s Report

President Sanfason presented the President’s report and noted the following:

- Community had a great year despite the pandemic.
- Immediately upon the COVID19 pandemic we followed Governor’s guidance by closing the Clubhouses and only opening when deemed safe, all the while following the restrictive guidelines.

We helped members through deferral of some payments and not charging late fees. We have been fortunate to not see many problems.

- We had a good year financially. Future Reserve is maxed at \$500,000 and we have a healthy balance in the Capital Improvement Account for our future projects including Phase 3 of the Water Improvement Project this fall.
- Crew continues to upgrade the smaller old water mains while we plan for a third well. This will make sure everyone has uninterrupted availability of water.
- We continue to combat milfoil and maintain our community assets. As part of our fiscal responsibility, we are working on plans to upgrade our fleet.
- The recreation committee pulled off our first “socially-distanced” Boat Parade!
- Thank you to the Board of Trustees, Staff and Members for making the community a great place to live.

Treasurer’s Report

Trustee Fowler presented the Treasurer’s report and noted the following:

- We had a good year financially and we ended with a small profit. This money will be set aside for future capital improvements.
- Because of COVID19 we made an allowance for late fees.
- Kept dues the same again but at some point, in the future, we will inevitably have to increase dues.

Lake Improvement Committee

Trustee Fitzpatrick presented the Lake Improvement Committee report and noted the following:

- A new invasive species was found in the lake recently, the Chinese Mystery Snail. It is not a threat to Lake Arrowhead as we do not have pipes that draw water directly from the lake. It is invasive simply because it is not native to the Lake.
- We had to invest in new compressors this year because the original compressors we purchased were not supplying enough air with the upgraded full-face mask.
- COVID19 has impacted our fundraising abilities this year. We applied for and received grants from each of the Towns and held our Annual Golf Tournament since you can socially distance while playing golf. The Annual Calendar will also be available soon.

Presentation of Voting Results

Article 1

Trustee Hudson reported that there were four candidates running for election to three, three-year, positions; Mike Fitzpatrick (165 votes) and Alan Martel (164 votes) were both re-elected and Megan Exley (161 votes) was elected to the third seat. The fourth candidate Kathie Strout received 36 votes.

Road Committee

Trustee Martel presented the Road Committee report and noted the following:

- We will be filling cracks in the paved roads to keep them in good shape.
- When the water infrastructure is upgraded and complete, we can evaluate road paving again.
- With more people home due to COVID19 there have been more pedestrians out; we have put up signage in some more visibility challenged areas for people to walk.

Scholarship Committee

Trustee Beverly Hudson presented the Scholarship Committee report and noted the following:

- A committee reviewed multiple submissions and selected Karlee Wescott as the winner.
- Karlee is a Club Attendant and will be attending college in the fall. She read her essay for the members present.

Parks and Recreations Committee

Trustee Singelais presented the Parks and Recreation Committee report and noted the following:

- We had our Annual Fourth of July Boat Parade this year with some modifications to allow for “social distancing”. The following families took home bragging rights: First place went to Jill Reynolds & Rich Frost’s “Eagle Boat”, Second place went to the Hazel Family’s “Hawaiian Boat”, Third place went to the D’Onofrio, Fallon & Gallant Family’s “Christmas in July” and Fourth place went to the Metivier Family’s “Candy Lake”. Special recognition went to the “Class of 2020” boat and most patriotic went to the Santella Family.
- The Seventh Annual LAC Tom Sotir Volunteer Service Award is awarded to Sharyn Fowler this year. She is a long-term member and has been active in the garden club since its inception.
- The Garden Club has been working hard for the past five years and has grown significantly; their efforts keep our community beautiful. You can see their work at each Clubhouse and the New Dam Road and Victoria Lane mailbox centers.
- Upcoming events include the Labor Day Ice Cream Social which will be a “grab and go” style event. We also are hoping to have the Pumpkin Carving and Wreath Making events later this year.

MEMBER CONCERNS:

Katherine Howard, Lot A207 – On the Greenfield end of Beaver Dam a new house was built; it finally sold but took a while due to water damage. Can we do something to prevent further problems on this property? Scott Davis responded that a good contractor would take precautions to mitigate those problems. Lake Arrowhead is not the proper entity to tell private contractors how to build their homes.

Jim Carboneau, Lot 1034 – What are we supposed to do to help with milfoil in our coves? Is pay to play the only option? Trustee Fitzpatrick responded the boats can only go into certain coves as they require certain depth clearance to operate the harvesters. Shallow coves can utilize benthic barriers to suffocate the milfoil.

James Exley, Lot 2092 – Is there any way to mark stumps in the lake? Trustee Fitzpatrick responded that we have requested markers from DEP and were directed to DOT as they manage this. DOT requires a plan to be submitted including details and GPS coordinates. He suggests members just drop a brick with a noodle or jug to mark it if they find one.

MOTION: Trustee Fowler moved to adjourn. Seconded by Trustee Martel. **The motion passed unanimously.**

Adjourned at 10:15 a.m.

Nanette Walton, Recording Secretary

PRESIDENT'S MESSAGE and WATER COMMITTEE REPORT

Summer, 2021! We have come through the storm and upheaval of a terrible year. Fortunately, Lake Arrowhead Community has weathered the tempest and emerged in good shape. This year we had fifteen new housing starts and sold several building lots. Additionally, the sale of lake houses has been quite brisk and waterfront house values are skyrocketing! I attribute this “new awareness” as the result of our diligent work over the past several years.

Our recreational infrastructure is without peer: two state-of-the-art clubhouses; three swimming pools; fourteen public beaches; eight tennis/pickleball courts and a super volleyball area. Also, we boast two fabulous playgrounds. We conduct two ice cream socials, a pumpkin carving, and a wreath-making event each year. This year we added the Christmas lighting contest as well. Our LACC wing conducts two fishing derbies, BINGO, a mega golf tournament and combines with the Owens family to put on one of the finest fireworks displays in the State of Maine. Our 4th of July Boat Parade attests to the great patriotic spirit of Lake Arrowhead Community.

Our roads have undergone a positive metamorphosis as well. There was a time when traversing Old Portland Road, Old Country Way and Victoria/Keystone (major LAC arteries) was like driving on the dark side of the moon. Now they are paved and allow for much greater public works attention to our secondary roadways. Remember the old random, ramshackle mailbox clusters dotting New Dam Road? They have been replaced with lighted, paved, secure postal service centers, complete with flowered whiskey barrels!

LAC's water system has undergone complete upgrade as well. New pumps, transmission main, lake crossing, land purchase and water main replacement have completely modernized our water system. Our water is sweet, clean, and pure – as good as Poland Springs. Unlike theirs at a buck a bottle, ours is free! Our next water initiative is the addition of a third production well. It will be done in three pay-as-you-go phases, one per year. Total cost will be around \$300k. This year we will complete phase one: drilling and installing the well. Next year we will design, construct, and erect the pump house and controls. In year three we will connect, test, and bring the pump online. Having three wells will allow us to conduct maintenance on one well, while still operating with two. Now, when we work on one well, we're like a tightrope walker without a net.

We are not without challenges, however. As Mike will articulate in his section, we had record milfoil regrowth this year. If this isn't bad enough, we discovered a new invasive plant - European (brittle) Naiad. LAC and our LACC has been battling and controlling the invasive aquatic plants in Lake Arrowhead for over 16 years. We will continue to do so well into the future. Mike will explain the new initiatives we are undertaking in this challenging arena. Rest assured, however, that we will do whatever it takes to keep our lake the awesome water body that it is.

Finally, I call your attention to your board members and full-time personnel around this table. None of these gains, improvements, renovations, or upgrades would have happened without them. Operationally, recreationally, financially, legally, and even emotionally this board and these key paid personnel have created this “new awareness” of our community. I am therefore pleased to announce that the state of Lake Arrowhead Community in 2021 is outstanding!

Dave Sanfason
President

TREASURER'S REPORT

After a number of years showing a small profit, the Association ended up the year with a loss. Even with a loss there was enough surplus available to transfer \$106,986 into the Future Reserve Account. This is money that is not directly budgeted and is available for new equipment and special projects such as the new well we will be adding in the near future. Part of the operating surplus came from the sale of acquired lots and new building fees. Both of these are an indication that we will be receiving more dues income from new members in the future.

Because we will be adding one new well to our system there will be a need to increase dues in the near future. We can save some money as a normal course of business but a large expenditure such as a new well is beyond our savings effort. We have not increased dues for several years, but we all knew that eventually it would become necessary to do so. The Board will be working to keep the cost of the well project at a reasonable level. The sooner that this project is completed the less expensive it will be as costs are continually rising.

The auditors were pleased with the way the finances were reported and all of our books were in accordance with GAAP requirements with no detrimental notes to the financial statements.

George Fowler
Treasurer

LAKE IMPROVEMENT COMMITTEE

The Lake Improvement Committee and LACC are well into our harvesting season with both DASH boats operating. Our CBI program also started right after Father's Day at Ledgemere Dam and Saturday and Sundays at the Member Boat Ramp on Bay Cove.

This spring/summer we saw a large resurgence of VLM and the lake being lowered in May unfortunately didn't help as we all saw the floating fragments caused by normal boating activity. The DEP is also attributing a warm spring combined with an early ice-out as contributing factors to go along with the unprecedented use of the lake last summer due to the pandemic and folks unable to travel.

Our second invasive, Naiad, is not to be overlooked in our planning and actions. Unlike VLM, Naiad truly has a specific harvesting season. The DEP Invasive Plant Team led by John McPhedran was on the lake last week to perform a survey/search for Naiad. Leaving from Bay Cove, the DEP slowly dragged two divers up to Love Island, through the S turn and headed towards Beach 3. Two plants were identified and mapped as part of that effort. At the conclusion of the day, the DEP gave us approval to start



harvesting Naiad on Monday, July 26th. With a firm date, one of the harvesters will be dedicated to removing Naiad at mapped locations and the other will remain harvesting VLM. The Naiad boat has a different collection system using a stainless-steel drum lined with mesh netting. We are outfitting the end of the suction hose with a large DOG collar, similar to what VETS use on animals. This would allow us to lower the collar over the plant and have an upwards suction of any seeds that may be present as the plant is removed.

Surveying for Naiad is an active activity on the lake with LAC Members Debbie Broderick and Dale Shultz leading the effort. Deb and Dale are actively involved with coordinating paddling surveys with YCIAP leader Laurie Callahan. The LACC web site shares the information as it becomes available. Through their efforts, we can designate the Naiad Dash team to the plant locations and remove them before they can spread.

I am working with the DEP on permitting a new harvester called the ECO-Harvester. Please do a search on YouTube and watch the longer 9+ minute video. This is a harvester that would go a long way in helping manage milfoil on the lake allowing us access to areas we cannot use the current harvesters. It is unique in that it's not a MOWER, but it harvests the plant by ripping out the roots and using a conveyer system to load the VLM on the rear of the harvester. It is a complete one-person operation. There is a special permit required by the Land Bureau of Maine. The DEP will be providing the link to me, and I plan on kicking off the application process. We need more tools in the tool kit. Hopefully this will be one of them!



Enjoy the coming warm weather!

See you on the lake.

Mike Fitzpatrick
LAC Vice President and Lake Improvement, Chair
LACC, President

REAL ESTATE COMMITTEE

The Real Estate Committee along with the Board of Trustees continues to acquire lots that were in arrears to the community. During this process it gives the community the opportunity to clear the books of bad debt and create additional green space/common land for the community or the lots are sold to become a performing lot again.

We asked the membership by way of a vote to approve the sale of several buildable lots within the community that we have acquired. At the beginning of this Fiscal Year, we sold all four lots, one to an abutter and the remaining three were put out to bid and those lots were awarded to the highest bidder.

Growth within our community continues to grow with 15 new home permit applications over the past Fiscal Year and several into Fiscal Year 22. The additional membership will help by adding to the funding of the expenses of the community.

The Real Estate Committee will continue with our initiative on the collection of past due accounts and will continue to find ways to reduce the financial burden on its membership.

Megann Exley
Real Estate Chair

ROAD COMMITTEE

It has been 10 years since we paved Old Portland Road. I am not sure how many of you remember all the potholes we had back then or all the resources we had to dedicate to Old Portland Road just to make it passable. Last year we had all the cracks sealed on Old Portland Road and Old Country Way. The investment was well worth it and both roads are in good shape. This will further extend the life of the roads and maintain our investment.

This July we had the postal center on New Dam Road paved. Many of our members use this postal center and it will be easier for our crew to plow and maintain.

The Road Committee is constantly looking at our infrastructure to determine what our next project will be. We are not planning any new paved roads currently. Our dedicated crew continues to keep our roads in the best possible condition also ditching and grading the shoulders. We never know what the weather in Maine will be like, but the lack of snow last winter also helped to keep our roads in good condition. I am pleased to say that our road system is in the best shape it has been. This gives our board the ability to allocate funds to other areas to further improve our community.

Alan Martel
Road Committee Chair

LAKE ARROWHEAD COMMUNITY SCHOLARSHIP

In 2018, Lake Arrowhead Community started offering an educational scholarship to a child, grandchild, stepchild, or step grandchild of a member of the community in good standing in the amount of \$1,000.00 to be used to promote their education in a secondary form of study. LAC received an outstanding response again this year. The Independent Scholarship Review Committee enjoyed reading every essay we received. It is always so rewarding for us to hear from the young members of the community.

Lake Arrowhead Community is proud to award the 4th Annual LAC Scholarship to Ricky Hendrix, Jr., the son of Ricky and Beverly Hendrix, Sr. of North Waterboro, Maine. Rickey is a current graduate of Massabesic High School and will be studying Criminal Justice at Husson University in the fall.

Below is Ricky's essay which she will read to us today

Lake Arrowhead to me is home. I have lived here since the day I was born and I cannot imagine a better place for me and my siblings to have grown up. One of my favorite things about living here has to be the many beaches that always make for a great place to cool off in the summer. There is nothing quite like sitting outside on a cool summer night listening to the sound of loon calls from out on the lake. The wildlife in Lake Arrowhead is incredible, I will never forget the canoe rides on the lake where we would find anything from beavers and loons to snakes and turtles. Something I love to do is to bike and these are some of the best roads to bike on. I have spent hundreds of hours biking all over the community and it is something I have never gotten tired of. I love that there are community basketball and tennis courts where me and my family and our friends could always enjoy practicing our shot and intense tennis matches. I have always felt safe here and I am proud and thankful to have called Lake Arrowhead my home for the last eighteen years. I believe that this will continue to be an incredible place for kids like me who enjoy nature and exploring with their friends to live and grow in.

For further information on the Lake Arrowhead Scholarship please visit the LAC Community website.

Beverly Hudson
Scholarship Chair

PARKS AND RECREATION COMMITTEE

Thankfully, the summer of 2021 has a brighter future in store for our members. We have powerful vaccines available to protect us from the COVID virus that interrupted all our lives over a year ago. Please protect yourself and your family as we move forward through these unprecedented times. Stay safe this summer, while enjoying our beautiful beaches, the clubhouses, and of course, the lake, with all the fishing, boating, and family outings that we look forward to every year.

For the first time that I can remember, we had to postpone the 4th of July Boat Parade due to so much rain. So instead of the parade on the 4th, we gathered instead on the 10th for a wonderful cruise around the lake with an awesome group of decorated boats that were just fantastic. Hope you were able to see the parade that Saturday. Everyone had a great time. Thanks to all our members who turned out and participated in our annual parade!

You can see all the great pictures from the parade at lacinc.org. Thanks to LAC member Nanette Walton for volunteering to take the pictures this year. Great photos Nanette! Thanks very much!



Boat Parade: First place went to the Burnham family. Their theme was “Celebrate Maine”. Each family member picked something special to represent what Maine means to them. Dale Burnham picked lobster. Pamala Burnham picked the loon. Sue Burnham picked the eagle. Mark Madore picked the bear. Mitch Cashman picked the deer. Laural Cashman picked the moose. All of these crustaceans and critters were represented on the boat. The whole family is from Maine. They wanted to support what Maine stands for. Hand painted banners showed the Nubble, Head Light, and Quoddy lighthouses. Pamala

topped the banners with Katahdin, Mount Blue and Sugarloaf with its winter runs. The family wanted to show the natural diversity within the state. Great Job Burnham Family! They received a \$50 gas card to Merrill’s Country Store.

Second place went to the D’Onofrio family. Mike and the whole family went “wild” with a Safari themed boat that was absolutely wonderful! On deck was Mike D’Onofrio, Kathy Fallon, Julie Gallant, Kenny Gallant, and Sophia D’Onofrio. Mike told me about the idea for the boat was the perfect combination of fun combined with some yard clean up, LOL! Great job D’Onofrio family! They received a \$30 gas card to Merrill’s Country Store.

Third place went to the Frost family. Their theme was “DIRIGO”, which means “I direct”. DIRIGO is written on the banner at the top part of the Maine State Flag. The Reynolds Frost family included Rich, Jill, Bennett, and Noah. Also on board were members of the Dalzell family, Mike, Kate, John, Catherine, and Bubba Tim. The kids, Bennett, Noah, John, and Catherine picked a moose to represent Maine too. Rich told me the kids cut out all the pieces for the moose from plywood and painted them too over several weekends. Great job everyone! They received a \$20 gas card to Merrill’s Country Store.

We had an awesome three-way tie for 4th, 5th, and 6th place. The Walker family, the MacAllister family, and the Scott and Chrissy Sanfason family each won a \$10 gas card to Merrill’s Country Store. Congratulations to everyone!

Tamara MacAllister, along with her husband Bob, and their two daughters Kaitlin and Abigail, shared their story with me. They wanted to show support for the First Responders. Bob is a Massachusetts

State Trooper. They decorated the boat all blue with flags saying, “We Support Our Police” and “Thank You”. It was their way to show support for Bob and others in law enforcement. Tamara said the whole family always has a fun time participating in the boat parade. Thank you for your service, Bob, and congratulations to the MacAllister family. Great Job!

Representing Lake Arrowhead Conservation Council (LACC) was the Limwater dash boat. On board was Captain Charlotte Sanfason and first mate Sophia DaSilva. During the week the dash boat and its crew are busy removing milfoil from the lake. The work they do is vital to supporting the quality of the lake. I encourage all LAC members to support this worthwhile organization.

New to participating in our Boat Parade, Merrill’s Country Store wanted to be a community sponsor and help with the event. Owner and LAC member, Jonathan Rideout, reached out to LAC and offered to supply snacks for everyone. He donated individual bags of chips that were handed out at Tower Beach. The snacks were great! Thanks to Jon and his business partner, Nate Richard, for their support. Merrill’s Country Store in North Waterboro is a quick and convenient place to gas up, grab a drink or a slice of pizza, and much more. Let’s support our local businesses!



The 8th Annual LAC Tom Sotir Volunteer Service Award: I’m very pleased to announce that LAC member, Debbie Mousseau, is the 2021 LAC Tom Sotir Volunteer Service Award recipient. Debbie has been very involved with hosting the free exercise class that meets at Club 1. She is also the key contact person for the LAC tennis group, organizing times to play and inspiring members to have fun. I had the chance to talk with Debbie recently, and she shared some of her favorite things about Lake Arrowhead with me. Debbie and her husband, Roland, moved to Lake Arrowhead in September of 2016. Debbie’s favorite part of Lake Arrowhead is the beautiful lake itself. They live on the water and have a beautiful view of the lake. She loves that the lake is not your typical round lake, but a unique lake with many coves and fingers. She loves how peaceful the area is. Debbie and Roland chose this community to make it their retirement home and they do not regret it. It’s a beautiful place, and they’ve met many people and continue to meet people on the lake. They love the amenities here at Lake Arrowhead and use them all, the pools, the exercise rooms, tennis courts, and even the game room from time to time. She loves to play tennis and plays about three times a week when it’s not raining, LOL. Her newest sport is pickle ball. Love, love, love it! It’s so much fun and great exercise. She has a vision of getting more people out to play this sport. Maybe one day people will associate Lake Arrowhead with pickle ball. She’d like to see us offering pickle ball clinics for those who have never played before.

Debbie, you’re the perfect person to help our community with those great ideas! Congratulations and thank you for your wonderful volunteer spirit and community support!

LAC Garden Club News: The Garden Club has been busy this summer weeding, watering, and maintaining the gardens at both Clubhouse 1 and Clubhouse 2. They created big planters with beautiful flowers at all the mail stations. They have also taken care of the window boxes at the maintenance office and the wonderful plants and flowers at the end of Old Portland Road. Thanks to all the members, Carol Carey, Bonnie Defeo, Lou Defeo, Bill Juffre, Anne Hodgkins, Sharyn Fowler, and Rebecca Bonner.

Would you like to volunteer and help with a Garden Club project? Please call Carol Carey at 207-247-4058 for more information.

I’d like to extend a very special thank you to all the volunteer Garden Club Members from the entire Board of Trustees. We truly appreciate your efforts and the beautiful gardens you have made for our

community. The past year has been especially challenging. Your passion to beautify Lake Arrowhead is deeply appreciated by all our members.

2021 Events and Activities around Lake Arrowhead: Earlier this year we offered yoga classes at Club 1, by LAC member Kelly Patterson. Kelly is a registered yoga teacher and has years of experience at her studio in the Portland area. She reached out to us, and we were happy to help her start up a program at Club 1. For more information about future classes, please contact Kelly at 207-651-1183.

We had our Memorial Day ‘grab-n-go’ ice cream event at Club 2. Everyone gets to pick their own individual ice cream from the assortment pictured on the poster board. We had over a dozen novelty ice cream choices. Thanks to Beth Howard for hosting the event. Hope you came by and enjoyed a yummy treat!

Upcoming events include:

Sept. 5th - Labor Day ice cream ‘grab-n-go’ event planned at Club 2.

Oct. 24th - Pumpkin ‘grab-n-go’ event planned at Club 2

Dec. 8th – Dec. 16th is our holiday lights contest

We will do our best to host our family-friendly events, being mindful of changes we feel are important due to COVID continuing to be a nationwide dilemma.

Many thanks to Dale McMillan and the entire LAC crew who work very hard to keep our club houses, tennis courts, beaches, and other amenities in great shape.

I want to add a special thank you to Scott Davis, our Public Works Director for many years. His leadership, dedication, and community involvement has been tremendous. He will be retiring this year, and we all wish him the very best.

Many thanks as well to Amy and Nanette in the office for all their help throughout the year with the various activities we host for our members and friends. Their assistance is very much appreciated!

Enjoy the summer!

Mary Singelais
Parks and Recreation Chair

INDEPENDENT AUDITORS' REPORT

To the Trustees and Members
Lake Arrowhead Community, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Arrowhead Community, Inc. (the Community) which comprise the balance sheets as of April 30, 2021 and 2020, and the related statements of revenues and expenses, changes in membership equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Arrowhead Community, Inc. as of April 30, 2021 and 2020, 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on Future Major Repairs and Replacements on Page 15 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, 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.

Albin, Randall & Bennett

June 29, 2021

LAKE ARROWHEAD COMMUNITY, INC.

BALANCE SHEETS

APRIL 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and temporary cash investments	\$ 265,603	230,974
Cash - future reserve fund	500,000	500,000
Cash - designated operating surplus funds	<u>297,474</u>	<u>260,211</u>
Total cash and cash equivalents	1,063,077	991,185
Membership receivables, net of allowance for doubtful membership receivables of \$312,268 and \$352,491	64,389	66,468
Inventory	38,840	57,434
Prepaid expenses	<u>8,330</u>	<u>7,720</u>
Total current assets	<u>1,174,636</u>	<u>1,122,807</u>
PROPERTY AND EQUIPMENT:		
Land	291,964	291,964
Roads	1,311,405	1,311,405
Buildings and improvements	1,458,616	1,426,114
Water system	3,386,940	3,195,811
Motor vehicles	1,565,459	1,410,480
Tools and equipment	280,032	262,342
Furniture and fixtures	154,623	149,198
Construction in progress	<u>25,965</u>	<u>136,160</u>
	8,475,004	8,183,474
Less accumulated depreciation	<u>6,153,383</u>	<u>5,881,648</u>
Net property and equipment	<u>2,321,621</u>	<u>2,301,826</u>
OTHER ASSET - Land inventory	<u>54,869</u>	<u>52,769</u>
	<u>\$ 3,551,126</u>	<u>3,477,402</u>

LIABILITIES AND MEMBERSHIP EQUITY

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 81,822	50,014
Accounts payable	31,872	19,649
Accrued expenses	7,112	19,981
Deferred revenue	<u>234,949</u>	<u>199,065</u>
Total current liabilities	<u>355,755</u>	<u>288,709</u>
LONG-TERM DEBT, net of current portion	<u>280,045</u>	<u>213,962</u>
MEMBERSHIP EQUITY:		
Contributed capital	1,186,700	1,186,700
Retained earnings	931,152	1,027,820
Board-designated funds	297,474	260,211
Future reserve fund	<u>500,000</u>	<u>500,000</u>
Total membership equity	<u>2,915,326</u>	<u>2,974,731</u>
	<u>\$ 3,551,126</u>	<u>3,477,402</u>

LAKE ARROWHEAD COMMUNITY, INC.
 STATEMENTS OF REVENUES AND EXPENSES
 YEARS ENDED APRIL 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES:		
Membership dues	\$ 1,623,002	1,619,005
Member revenue	82,017	103,956
New building fees	104,230	62,265
Other revenue	19,479	23,654
Interest income	<u>4,858</u>	<u>10,811</u>
Total revenues	<u>1,833,586</u>	<u>1,819,691</u>
EXPENSES:		
Amenities	33,265	27,717
Depreciation	353,214	311,999
Donations	20,000	20,000
Employee benefits	100,026	90,943
Employee education and travel	1,770	1,850
Fuel and oil	32,582	40,951
Heat and electricity	91,167	84,473
Insurance	107,502	98,843
Interest	5,625	3,498
Maintenance - roads and beaches	102,121	107,809
Maintenance - vehicles	122,085	120,952
Meetings and memberships	3,434	3,395
Miscellaneous	4,602	4,136
Office and administrative	53,400	43,728
Payroll taxes	48,541	44,808
Pension	17,675	19,431
Professional services	45,442	49,873
Property and excise taxes	25,165	17,330
Salaries and wages	575,212	539,244
Telephone and internet	17,678	18,387
Trustees' expenses	5,203	10,509
Uncollectible member receivables	35,697	62,380
Water system	<u>98,967</u>	<u>71,543</u>
Total expenses	<u>1,900,373</u>	<u>1,793,799</u>
NON-OPERATING INCOME:		
Gain on disposal of property and equipment	7,382	27,450
In-kind contribution of land	<u>-</u>	<u>42,830</u>
Total non-operating income	<u>7,382</u>	<u>70,280</u>
Excess of (expenses over revenue and non-operating income) revenues and non-operating income over expenses	<u>\$ (59,405)</u>	<u>96,172</u>

LAKE ARROWHEAD COMMUNITY, INC.
 STATEMENTS OF CHANGES IN MEMBERSHIP EQUITY
 YEARS ENDED APRIL 30, 2021 AND 2020

	Contributed <u>capital</u>	Retained <u>earnings</u>	Board- designated <u>funds</u>	Future reserve <u>fund</u>	<u>Total</u>
Membership equity at April 30, 2019	\$ 1,186,700	885,324	306,535	500,000	2,878,559
Excess of revenues over expenses	-	96,172	-	-	96,172
Expenditures of board-designated funds	-	337,525	(189,596)	(147,929)	-
Appropriation of retained earnings for board-designated funds	<u>-</u>	<u>(291,201)</u>	<u>143,272</u>	<u>147,929</u>	<u>-</u>
Membership equity at April 30, 2020	1,186,700	1,027,820	260,211	500,000	2,974,731
Excess of expenses over revenues	-	(59,405)	-	-	(59,405)
Expenditures of board-designated funds	-	225,265	(118,279)	(106,986)	-
Appropriation of retained earnings for board-designated fund	<u>-</u>	<u>(262,528)</u>	<u>155,542</u>	<u>106,986</u>	<u>-</u>
Membership equity at April 30, 2021	<u>\$ 1,186,700</u>	<u>931,152</u>	<u>297,474</u>	<u>500,000</u>	<u>2,915,326</u>

LAKE ARROWHEAD COMMUNITY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES:		
Excess of (expenses over revenues) revenues over expenses	\$ (59,405)	96,172
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation	353,214	311,999
Provision for doubtful membership receivables	(35,697)	(68,080)
Gain on disposal of property and equipment	(7,382)	(27,450)
Land acquired in settlement of membership receivables	(2,100)	(5,700)
In-kind contribution of land	-	(42,830)
Change in current assets and liabilities:		
Membership receivables	37,776	97,230
Inventory	18,594	5,958
Prepaid expenses	(610)	152
Land inventory	-	(450)
Accounts payable	12,223	12,610
Accrued expenses	(12,869)	3,593
Deferred revenue	<u>35,884</u>	<u>(6,298)</u>
Net cash provided by operating activities	<u>339,628</u>	<u>376,906</u>
INVESTING ACTIVITY - Purchases of property and equipment	<u>(202,689)</u>	<u>(364,067)</u>
FINANCING ACTIVITY - Repayments of long-term debt	<u>(65,047)</u>	<u>(49,107)</u>
Increase (decrease) in cash and cash equivalents	71,892	(36,268)
Cash and cash equivalents and restricted cash at beginning of year	<u>991,185</u>	<u>1,027,453</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,063,077</u>	<u>991,185</u>
COMPOSITION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR:		
Cash and cash equivalents	\$ 265,603	230,974
Cash restricted for future reserve fund	500,000	500,000
Cash designated for capital improvements and equipment	<u>297,474</u>	<u>260,211</u>
	<u>\$ 1,063,077</u>	<u>991,185</u>

LAKE ARROWHEAD COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Lake Arrowhead Community, Inc. (the Community) is located in Limerick and North Waterboro, Maine. Membership is comprised of approximately 1,500 members, all owners of lots in the Community which encompasses 2,600 acres of land and 1,100 acres of water. Members pay annual fees to the Community in return for the administration of common services and the maintenance of common facilities in the Community. Additional fees are assessed for water hook-up, building permits, fines, and service charges.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - The Community considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Membership receivables - Membership receivables are stated at the balance of unpaid dues, including interest and late fees, less an allowance for doubtful membership receivables. Membership assessments are billed annually at the beginning of the fiscal year; accordingly, balances receivable at year-end are all in arrears. In order to collect unpaid membership dues and the interest accrued thereon, the Community has recourse to place liens on the related properties. In the event that lots with significant unpaid assessments are seized by local taxing authorities, any lien for unpaid membership dues remains with the prior owners. Membership receivables, less the allowance for doubtful membership receivables, totaled \$95,618 at April 30, 2019.

Inventory - Inventory represents materials purchased for eventual use in construction and repairs and maintenance for the Community. Inventory is valued at the lower of cost and net realizable value, determined on a first-in, first-out (FIFO) basis. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable costs of disposal and transportation.

Property and equipment - Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair market value at the date of donation. Major additions and improvements are included in the property accounts while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed as incurred. The Community's policy is to capitalize property and equipment and improvements of assets that extend the asset's useful life with a cost of at least \$2,500.

Buildings are generally depreciated over estimated useful lives by the straight-line method. Other classes are generally depreciated over estimated useful lives by the straight-line method for items acquired prior to January 1, 1981, and by various methods for items acquired subsequent to December 31, 1980.

Land inventory - Land inventory consists of land owned by the Community and is stated at the lower of fair market value or the balance due on the account at the time the Community acquired the land in exchange for past-due accounts. The Community's bylaws require a majority vote of its members to approve the sale or transfer of its land.

LAKE ARROWHEAD COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Dues and assessments - Dues and assessments are recognized as revenue as the related performance obligations are satisfied. Deferred revenue is recorded when the Community receives payment in advance of the satisfaction of the performance obligations related to dues and assessments.

Interest expense - Interest costs are expensed as incurred and totaled \$5,625 and \$3,498 for the years ended April 30, 2021 and 2020, respectively.

Revenue recognition - Effective May 1, 2020, the Community adopted Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, which amends the accounting guidance for revenue recognition. The Community applied Topic 606 using the modified retrospective transition method; however, because adoption of the standard did not change the timing or amount of the Community's recognition of revenue, there was no adjustment to retained earnings as part of the adoption of the new standard. The comparative information for the year ending April 30, 2020, has not been adjusted and continues to be reported under ASC Topic 605, *Revenue Recognition*.

Revenue consists of membership dues, member revenue and new building fees. The majority of the Community's revenue is from transactions with members. The amount of revenue recognized is measured based on the consideration specified in contracts with customers. The Community recognizes revenue when a performance obligation is satisfied, over time as services are performed or at a point in time depending on the nature of the services provided as further discussed below.

Contract assets and liabilities - When the timing of the provision of goods or services is different from the timing of the payments made by customers, the Community recognizes either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). Contract liabilities represent payments received in advance of providing services or goods under certain contracts for which the Community's performance obligations have not been satisfied. Contract liabilities are included in deferred revenue on the accompanying balance sheets. The change in contract liabilities primarily relate to either party's performance under the contracts. Contract liabilities totaled \$234,949 and \$199,065 at April 30, 2021 and 2020, respectively.

Membership dues - Community members are subject to annual assessments to provide funds for the Community's operating expenses. The Community's dues are based on the Community's cost of service and are approved by the Board of Trustees. Membership dues are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Community's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. Unearned membership revenue is reflected as deferred revenue on the balance sheets, as discussed previously.

Member revenue, new building fees and other revenue - These revenues consists primarily of additional fines, late fees and service charges to members. New building fees consists primarily of fees assessed for water hook-up and building permits. Other revenue primarily consists of loam and fill sales and credit card processing fees. Revenue is recognized at a point in time when the good or service is provided.

LAKE ARROWHEAD COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Sales taxes - Sales taxes collected from members and remitted to taxing authorities are excluded from revenues and expenses, respectively.

Income taxes - The Community is exempt from income taxes under Internal Revenue Code Section 501(c)(4). It is only subject to tax on income from activities unrelated to its exempt purpose.

U.S. GAAP prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the organization has taken or expects to take on a tax return. Accordingly, the Community recognizes the tax benefits from uncertain tax positions if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Subsequent events - The Community has evaluated events, if any, that have occurred subsequent to April 30, 2021, through June 29, 2021, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary.

2. ALLOWANCE FOR DOUBTFUL MEMBERSHIP RECEIVABLES

A summary of activity for the allowance for doubtful membership receivables is as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 352,491	401,268
(Decrease) increase to provision	(11,191)	14,910
Accounts charged off	(78,021)	(116,858)
Recoveries	<u>48,989</u>	<u>53,171</u>
Balance at end of year	<u>\$ 312,268</u>	<u>352,491</u>

An aging analysis of membership receivables is as follows:

	<u>2021</u>	<u>2020</u>
Current	\$ 79,144	82,620
One year past due	47,405	81,574
Two years past due	60,048	66,597
Greater than two years past due	<u>190,060</u>	<u>188,168</u>
Total membership receivables	376,657	418,959
Less allowance for doubtful membership receivables	<u>312,268</u>	<u>352,491</u>
Net membership receivables	<u>\$ 64,389</u>	<u>66,468</u>

LAKE ARROWHEAD COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Note payable to Maine Municipal Bond Bank due in annual installments of varying amounts, including interest at 1.70%, plus a 5.00% loan servicing fee, through October 2023. Secured by substantially all Community assets with a net book value of \$3,551,126.	\$ 117,388	154,764
Non-interest bearing note payable to Maine Municipal Bond Bank due in semi-annual installments of \$3,150, plus a 5.00% loan servicing fee, through April 2029. Secured by substantially all Community assets with a net book value of \$3,551,126.	50,400	56,700
Note payable to Maine Municipal Bond Bank due in annual installments of varying amounts, including interest at 1.70%, plus a 5.00% loan servicing fee, through October 2023. Secured by substantially all Community assets with a net book value of \$3,551,126.	46,174	52,512
Note payable to Partners Bank due in monthly installments of \$2,976, including interest at 3.60%, through October 2025. Secured by a motor vehicle with a net book value of \$197,947.	<u>147,905</u>	<u>-</u>
	361,867	263,976
Less current portion	<u>81,822</u>	<u>50,014</u>
Net long-term debt	<u>\$ 280,045</u>	<u>213,962</u>

Future maturities of long-term debt are as follows:

2022	\$ 81,822
2023	83,902
2024	86,038
2025	47,300
2026	30,379
Thereafter	<u>32,426</u>
	<u>\$ 361,867</u>

LAKE ARROWHEAD COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. DESIGNATED OPERATING SURPLUS FUNDS

The Board of Trustees designates a portion of the Community's operating surplus funds as of April 30, for expenditures anticipated in the following fiscal year.

Surplus funds designated for such purposes are as follows:

	<u>2021</u>	<u>2020</u>
Capital improvements	<u>\$ 297,474</u>	<u>260,211</u>

5. FUTURE RESERVE FUND

As of April 30, 2021 and 2020, the Board of Trustees has designated \$500,000 and \$500,000, respectively, as a future reserve fund. There are no legal or constitutional requirements that such a fund be established; however, State of Maine Private and Special Law 1995, Chapter 37, establishes a maximum of \$500,000 for such a fund. The maximum limit of the fund may be increased by a 2/3 majority vote of the Community's membership. Aware that old equipment might need to be replaced and that the capacity of the water system would need to be increased, the Board began setting aside funds in 1989. No formal study was made. The Board members relied on their own knowledge and the advice of the manager and maintenance chief to determine future needs. Actual expenditures, however, may vary from estimated amounts and the variations may be material; therefore, amounts accumulated in the future reserve fund may not be adequate to meet future needs.

6. CONCENTRATIONS OF CREDIT RISK

The Community's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents and membership receivables. At times, the Community maintains cash balances with financial institutions in excess of amounts federally insured. The Community has entered into a cash management agreement with a bank to mitigate this risk. Member accounts receivable are primarily attributable to the Community's broad membership of lot and homeowners. The Community has the ability to place liens on the underlying property to ensure payment of member dues.

LAKE ARROWHEAD COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

7. COMMITMENTS

The Community leases equipment from third parties under operating lease agreements with varying lease terms and options for renewal. The Community pays substantially all operating costs on the leased property. Rent expense was \$4,028 and \$3,836 for the years ended April 30, 2021 and 2020, respectively.

Future minimum lease obligations on noncancelable operating leases with terms greater than one year are as follows:

2022	\$	3,800
2023		3,551
2024		2,304
2025		2,304
2026		2,304
Thereafter		<u>384</u>
	\$	<u>14,647</u>

8. RETIREMENT PLAN

The Community sponsors a 401(k) plan (the Plan) available to substantially all employees as certain eligibility requirements are met. The Plan provides for the Community to make discretionary matching contributions up to 5% of employee wages. Community contributions to the Plan totaled \$17,675 and \$19,431 for the years ended April 30, 2021 and 2020, respectively.

9. UNCERTAIN CONDITIONS

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Community's business and financial results will depend on future developments, including duration and spread of the outbreak within the markets in which the Community operates and the related impact on suppliers, consumer confidence, and spending, all of which are highly uncertain.

LAKE ARROWHEAD COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2021</u>	<u>2020</u>
Cash paid for interest	\$ <u>5,625</u>	<u>3,498</u>
Schedule of noncash investing and financing transactions:		
Land acquired in settlement of membership receivables	\$ <u>2,100</u>	<u>5,700</u>
Land deeded to the Community by a member	\$ <u>-</u>	<u>42,380</u>
Acquisition of equipment through trade-in:		
Cost of equipment	\$ 230,938	168,990
Fair value of trade-in	(18,000)	(27,450)
Amount financed through long-term debt	<u>(162,938)</u>	<u>-</u>
Cash paid for equipment	\$ <u>50,000</u>	<u>141,540</u>

LAKE ARROWHEAD COMMUNITY, INC.

REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

APRIL 30, 2021

The Board of Trustees frequently reviews and updates the analysis of the Community's infrastructure taking into account recent updates, the estimated remaining useful lives, and the replacement costs of the components of common property. Replacement costs were estimated by the manager and maintenance chief based on their own knowledge and understanding of the Community. A water system master plan and a building needs assessment were prepared by an engineering firm in 2003. The public works manager and the Board of Trustees have assessed prior estimates based on these reports and an evaluation of future Community needs over the next ten years.

<u>Component</u>	<u>Estimated future replacement costs (10 year estimate)</u>
Buildings - rehabilitation	\$ 50,000
Furniture and equipment	50,000
Vehicles	600,000
Water system	<u>1,000,000</u>
	<u>\$ 1,700,000</u>