



# Lake Arrowhead

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

**ANNUAL REPORT TO MEMBERS**  
**FISCAL YEAR ENDING APRIL 30, 2022**



**PRESENTED AT THE ANNUAL MEETING ON**  
**AUGUST 6, 2022**

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**WARRANT**

2022 Annual Membership Meeting  
*Lake Arrowhead Community, Inc.*  
Clubhouse 2  
206 Old Portland Road  
No. Waterboro, Maine  
August 6, 2022, 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 5, 2022, 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 5, 2022 or delivered to the Clerk in person at the ballot box no later than 9:30 a.m., August 6, 2022, the day of the meeting.*

***Action on Articles 2 through 8 will take place at the open portion of the meeting on August 6, 2022.***

- Article 1*** Election of 3 trustees for a term of three (3) years. (Vote by secret ballot).
- Article 2*** Approval of the minutes of the Annual Meeting of the Corporation held on August 7, 2021.
- Article 3*** Hear and accept Auditor's Report.
- Article 4*** Ratification of selection of public accountants for the Fiscal Year.
- Article 5*** Hear Officers and Committee Reports.
- Article 6*** Hear Member's concerns.
- Article 7*** Special Announcements.
- Article 8*** Adjournment.

**LAKE ARROWHEAD COMMUNITY MEETING  
2021 ANNUAL MEETING - AUGUST 7, 2021**

**Present:** President Dave Sanfason, Vice President Michael Fitzpatrick, Trustee George Fowler, Trustee Mary Singelais, Trustee Philip Oreto, and Trustee Mark Berry, Dale McMillan, Public Works Supervisor, Amy Harris, Director of Finance and Administration, Carol Carey, Security Officer, Jason LeBlanc, CPA, and Michael Traister, Esq.

**Absent:** Trustee Alan Martel, Trustee Beverly Hudson, and Trustee Megan Exley

**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. The Board members introduced themselves. He thanked the spouses of the Trustees for their support and understanding. He also acknowledged and thanked Scott Davis for his 18 years of dedication to the community and wished him well in his retirement. The community is very thankful and grateful for your involvement.

**Approval of the Minutes**

**MOTION:** Trustee Fowler moved to accept the minutes of the Annual Meeting of August 1, 2020. Seconded by Trustee Singelais. **The motion passed unanimously.**

**Presentation of Audit Report of FY 2021**

Jason LeBlanc of Albin, Randall and Bennett presented the Audit Report for Fiscal Year ending April 30, 2021, and highlighted the following:

- The audit was finished in June and reported no findings or significant issues requiring no modifications.
- Very strong year resulting in a surplus at year end.

**MOTION:** Trustee Fitzpatrick moved to accept the Auditor's Report for Fiscal Year ending 2021. Seconded by Trustee Oreto. **The motion passed unanimously.**

**Appointment of the Corporation's Auditor**

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

**Presentation of the Legal Report**

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

- The firm has a 50-year relationship serving the community and he has been general counsel for the past 25 years.
- They handled a few matters of corporate governance.
- Continued to work with a few matters regarding foreclosures and collections.
- 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:

- We have come through a terrible year due to COVID19 in relatively good shape.

- Fifteen new building starts and sold a few lots. We chose not to raise dues due to COVID; the housing starts and sale of lots allowed us to not raise the dues.
- Real Estate market has been strong with some houses going for as much as \$100,000 over asking price.
- Our amenities are amazing, and we host a variety of family friendly events.
- LACC conducts two fishing derbies, a golf tournament, and a magnificent Fourth of July fireworks display.
- We have three paved three main arteries to the largest population centers. This allows us to spend more time on the secondary roads.
- Water infrastructure has been improved to include a new water main that strictly pumps water to the wells without service to any homes. The next step for our water system will be to add a third well.
- We do face some challenges including a large regrowth of milfoil and a new invasive.
- Despite the challenges the state of Lake Arrowhead Community is healthy.

### **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 loss. However, we did have a cash surplus which allowed us to fund our Future Reserves fully at \$500,000.
- The needs of the community will require us to raise dues at some point to fund our infrastructure requirements.

### **Lake Improvement Committee**

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

- We started before Father's Day this year to service the pay-to-play members.
- The DEP advised us that the temperatures last year were conducive to increased milfoil growth. Additionally, due to increased boating usage from members using the lake during COVID there were more fragments. During the dam drawdown there was more exposed milfoil to make fragments.
- Currently, we only have two tools (benthic barriers and dash boat harvesters) to combat milfoil and with the significant increases this year we are unable to keep up. With some research we've found a new tool that we hope to use soon called the Eco-Harvester.
- Last year we discovered the Chinese Mystery Snail, this year we now also have Brittle Niad. This invasive spreads by seed.

### **Presentation of Voting Results**

#### **Article 1**

Trustee Fowler reported that there were four candidates running for election to three, three-year, positions; Mary Singelais and Phil Oreto were both re-elected and Scott Davis was elected to the third seat. The fourth candidate Thomas Hale will be considered in the future should a seat become open.

### **Real Estate Committee**

Trustee Sanfason reported for Megan Exley:

- We took a few lots back that were non-performing and sold them; now they are performing.
- If not able to be a performing lot, we make it green space.

### **Road Committee**

Trustee Sanfason reported for Trustee Martel presented the Road Committee Report and noted the following:

- Paved the postal service center.
- It been 10 years since we've paved three main roads which has allowed us to keep other secondary roads better.
- Currently, there is nothing on the near horizon to be paved.

### **Scholarship Committee**

Trustee Mark Berry presented the Scholarship Committee Report and noted the following:

- Fourth year that we have been able to give back to the community and help the future of our members.
- A committee reviewed multiple submissions and selected Ricki Hendrix as the winner.
- Ricki and his family have lived here many years and they enjoy biking in the community and using the facilities. Ricki read his 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 that and for the first time, it had to be postponed due to weather. We had an enthusiastic group of families participate. First place went to the Burham Family's "Celebrate Maine", Second place went to the D'Onofrio Family's "Safari Boat", Third place went to the Frost Family's "DIRIGO Boat" and there was a three-way tie for Fourth, Fifth and Sixth place between the Walker Family, the McAllister Family, and the Sanfason Family. LACC Captain Charlotte Sanfason & Sophia DaSilva brought out the Limwater dash boat.
- Thanks to Merrill's for volunteering to sponsor the Boat Parade and provide snacks. Boat winners received gift cards to Merrill's.
- The Eighth Annual LAC Tom Sotir Volunteer Service Award is awarded to Deborah Mousseau this year. She is a long-term member and has been involved with the Garden Club as well as the walking, tennis, and pickle ball groups.
- Thank you to the Garden Club for all their efforts to make the clubhouses beautiful.

### **MEMBER CONCERNS:**

Deb Mousseau, Lot 1512 – Would like to know if the pickle ball lines can be painted? Trustee Sanfason replied, yes, we can get the lines painted.

Rob Berger, Lot 0007 – Asked if the lake will be lowered for property improvements? Trustee Sanfason replied it was lowered in the spring for flashboard repair and we do not think it will be lowered other than to the winter level.

Lee Lauritsen, Lot 1969 – She was out for the first time in a kayak this weekend and saw what she thought was an algae bloom. Trustee Fitzpatrick replied that it could be a mud bog; but typically, in August we start seeing those blooms that are the sign of a healthy lake.

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

Adjourned at 9:56 a.m.

Nanette Walton, Recording Secretary

## **PRESIDENT'S MESSAGE and WATER COMMITTEE REPORT**

Lake Arrowhead Community members, my joy at reporting we have come thru the Covid pandemic relatively unscathed has to be tempered by the fact that we have sailed directly into the path of an “inflation storm.” Last year diesel fuel was \$2.70 per gallon, now it’s over \$6.00 per gallon. As you know the price for all goods and services has risen dramatically, almost overnight. We will do our best to economize wherever we can, but, at the end of the day (or year), this inflation will be costly.

Some good news: we have drilled our third production well. Unlike production wells one and two, production well three will be glass-packed rather than gravel-packed. The new glass-pack technology allows for easier absorption of aquifer water and insures a longer life for the well. Additionally, well number three will be built to be completely “stand alone” if needed or it can work in consort with wells one and two. The well three project will take at least two years to finish. We have found the correct spot. We’ve drilled the well. Next the contractors will install the casing, the glass pack and the motor components. This phase should be completed by the end of August. Next, we construct a cinder block pump house with caustic soda facility and variable frequency drive setup. Then we connect to our water system and synchronize the new well into the entire system. When completed (2023?) Lake Arrowhead Community will have a modernized state-of-the-art water system to carry us well into the future. This project is the largest, most important and most impactful project we have ever undertaken.

Over the past three years your board of trustees has taken steps to modernize our fleet of rolling stock and equipment. Our fleet is in the best shape it has ever been. Our Lake Improvement program has removed over a half a million pounds of Variable Water Milfoil from Lake Arrowhead, preventing the invasive plant from overrunning our lake. We are in the attack mode in battling a new invasive Brittle Naiad. Our recreation program and clubhouses, tennis courts and pickle ball courts are in great shape. Our 14 public beaches are in great demand during these summer days. Though we are deeply concerned over the inflationary trend in the economy, it is my distinct pleasure to report to you that the state of Lake Arrowhead Community at this our 2022 Annual Meeting is **OUTSTANDING!**

Dave Sanfason  
President

## TREASURER'S REPORT

The Association finished the year with an operating surplus. Part of this amount was put into the Future Reserve so that we would have funds available for equipment and other items that are needed in the future. We will also need funds to pay for the new well.

This year we increased the dues by 5%. The dues have remained the same for several years and it is now required that we raise them by this nominal amount to pay for of our expenses. Due to strict budgeting and expense control, we have been able to keep a tight rein on our expenditures. We are continually looking several years into the future as to what we will need to spend. Each year we try to put monies away in our Future Reserves so that there are no major surprise expenditures. So far, we have been lucky because of close planning by the Board. Hopefully, this will continue in the future.

George Fowler  
Treasurer



## LAKE IMPROVEMENT COMMITTEE

The Lake Improvement Committee and LACC continue to operate our DASH Harvesting and CBI programs as we look to grow a Plant Patrollers or Lake Survey Program during the summer and into the fall.

As we all know, these efforts are primarily run by volunteers now for going on fourteen years and the responsibilities seem to keep growing. With three confirmed invasive aquatic species and the Chinese Mystery snail to deal with; our team of volunteers keep coming back year after year to pick up what seems like a thankless battle at times.

I had hoped to be making inroads by now on a different tool for removing milfoil, the ECO-Harvester, however, the DEP turned out to be more adversary on this route than friend. Basically, as I sought to obtain a permit, I was stonewalled or ghosted in today's parlance! I could never get a response on what type of permit I would need to apply for, especially since there were multiple types. I guess in politics they call this a pocket veto. I call it turning your back on a group that's trying to solve issues for its members.

With us now moving into August, one of the DASH boats will be converted to harvest our second invasive, Brittle Naiad. Its removal is a completely different approach than VLM and is more delicate as we hope to control the seeds of this plant as we remove it.

Our third invasive species is an invasive bladder wart. This was also discovered by Deb Broderick a LAC member. Deb and her husband Dale Schultz have been instrumental in identifying and removing bladder wart which floats on the surface in shallow areas as well as Naiad. LACC has also taken a survey and removal approach. Each Friday, LAC trustee, Mark Berry kayaks to various shallow water covers and searches for these plants and removes them by hand. The good news is that the last few weeks he has been having a much harder time finding any.

Our fundraising efforts continue with the annual LACC/LAC Golf Tournament run by LAC trustee, Phil Oreto. This year's results were the best ever in terms of the contributions made to LACC. The 50/50 which is run by Tracie Doyle on behalf of LACC has been sold out completely the last two years. We hope to make it three years in a row. So please reach out and purchase a raffle ticket.

See you on the lake.

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

## REAL ESTATE COMMITTEE

It has been a good year for real estate sales in Lake Arrowhead. We had 14 new home starts in FY 2022 resulting in \$70,000 worth of income from the \$5,000 building impact fee and for FY 23 we already have four homes starts at \$5,000 each resulting in \$20,000 in building impact fees. All home starts were at the \$5,000 rate which means they were larger homes, increasing the value of all homes within Lake Arrowhead. These new homes will result in additional dues put right back into our community.

In FY 2022, Bob Pomerleau worked with the town and owners who no longer wanted to keep their property, to transfer their property to Lake Arrowhead. Six properties were transferred from either the town or owners to LAC. This resulted in sales to new owners, which equates to more dues paid to LAC. These sales netted the association \$70,907. No one can predict the coming real estate market; however, we will continue to do what is best for our community as we move forward.

Alan Martel  
Real Estate Chair

## ROAD COMMITTEE

Hello LAC Members, anybody who has ever lived on a gravel road knows what an ongoing challenge it is to consistently maintain such roads year-round. LAC is no exception. The work to maintain our roads is continuous. There is no such thing as an "off season" for our public works crew. Mother Nature and traffic is the bane of our existence. Each year our crew spends the majority of their time fixing what weather and traffic have beaten up. Water of course is our number one priority but the minute our crew is finished with a water mission it's back to the road work. Not always but quite often these projects run parallel. When time allows water system upgrades are followed by a full Right of Way "pin to pin" road upgrade including tree removal, ditching, culvert replacement and surface upgrades.

This year our crew has been busy on several projects including a road widening and ditching project on Beaver Dam Road in Waterboro. Water runoff from the Chadborne Ridge area had been a problem for years causing parts of that road to become saturated and unstable most of the time. The crew will finish that job with an overlay of new gravel. Other projects have been time sensitive like the culvert replacement on Grandview Drive in Limerick. Our crew had to take quick action to mitigate spring flooding. There the road was just barely above the adjacent swamp and stream, quite often during the spring thaw it was under water. Our crew replaced failed culverts and raised the road to keep the road dry year-round. Additional projects include a combined water/road upgrade on Deerfield Road in Waterboro where the crew installed new 2" water main and made connections to improve flow and pressure there. In addition, our crew patched the paved road aprons in both Limerick and Waterboro. Those road aprons are about 15 years old and need replacement which the road committee plans to seek funding for in the FY 24 budget.

As always, I would like to remind everybody that if you have a road condition concern the fastest way to get our crew out there is to call the office at 247-5239. Someone is on call 24/7 for road and water emergencies. For non-emergencies please call during normal business hours and your concern will be added to the list for repairs. Complaining on social media is counterproductive and **will not** get a response from our crew. So please call, be patient, slow down and avoid the potholes as best you can until our repair crew gets there. Thank You.

Scott Davis  
Road Committee Chair

## EQUIPMENT COMMITTEE

Another year has gone by, and our road equipment is another year older. We now have stainless steel dump bodies on all our sanding trucks. This is saving us much time and money rebuilding the bodies that rot away.

Our largest recent purchase was a Western Star plow and dump truck, everyone on the Road Crew like really it. We also recently purchased a riding mower to mow the beaches and common areas.

We have some major expenses in the near future to deal with, we have two excavators that we use all the time and will need replacement. One is a John Deere from 2001 and the other is a Komatsu from 2007 and it gets harder and harder to find parts for both of these machines. We have also been using a low bed trailer, which has been rebuilt twice, from 1987 to move our equipment around. The trailer is on its last legs.

The Public Works Crew has been doing a great job keeping these things going, but they can't keep cobbling them together much longer. This will definitely have to be addressed in the near future.

Mark Berry  
Equipment 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 5<sup>th</sup> Annual LAC Scholarship to Mary Duffy, the daughter of Stephen and AnneMarie Duffy of North Waterboro, Maine. Mary is a current graduate of Massabesic High School and will be studying Psychology at Roanoke College in the fall.

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

When asked what Lake Arrowhead means to me, the first thing that comes to mind is the word home. This is where I grew up and where all of my childhood memories come from. These are the core memories that I will remember and one day tell my kids. My earliest memories are riding my bike to the clubhouse with my siblings and swimming in the pools. My favorite game was to go from the indoor pool and then run and jump into the outdoor pool. My body would be instantly hit with a cold freezing sensation that gave me such a thrill, that was unmatched at 6 years old. The atmosphere at the clubhouse was immaculate and every memory I have there is a good one. Lake Arrowhead is someplace where I feel safe, and I am so grateful for that because not everyone feels safe in their community. I know that I can go to anyone one of my neighbors and they will help me with anything I need, and they know they will get the same from my house. There isn't a day in the summer where I don't drive by and see kids playing with each other and riding their bikes and scooters around. It makes me smile every time because I can relate to riding my bike around the neighborhood and making new friends as I rode. I wouldn't want to call another place home and that is what Lake Arrowhead means to me.

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

Megann Exley  
Scholarship Chair

## PARKS AND RECREATION COMMITTEE

Hello LAC members, we're off to a wonderful summer, with warm sunny days and comfortable nighttime temperatures. Lake Arrowhead is a great place to spend time with family and friends. Head to one of our beaches or enjoy cruising around the lake for a relaxing day on the water.

Once again, we had a fantastic boat parade out on the lake. Many onlookers waved and honked enthusiastically from their boats, as the colorful parade cruised by. Everyone enjoyed a thoroughly beautiful day on the lake, celebrating the 4<sup>th</sup> of July holiday with family and friends. What a great crowd we had. Thanks to all our members who turned out for our annual gala boat parade!

Thanks to LAC member Nanette Walton for volunteering to take pictures of the boat parade. Please go to [lacinc.org](http://lacinc.org) and check out the photographs. Great photos Nanette! Thanks too to Nanette's son, Travis, for the drone video he produced. Awesome Job! The video is on the Lake Arrowhead Community page. Please go to <https://www.facebook.com/LakeArrowheadCommunityInc> to see the video.

**Boat Parade:** First place went to the Hart Family. They had the amazing "Rock N' Roll Heaven" boat. Kathy Hart emailed me it was two years in the making, with covid, travel issues, and then the rained out 2021 parade on the 4<sup>th</sup> to deal with. Finally, the family was able to get together and rock it out! On board was Kyle (Prince) and Debbie (Amy Winehouse) McLaughlin visiting from Georgia. Rick (Elvis) Robitaille and Christine (Michael Jackson) O'Brien from New Hampshire. John (Freddy Mercury) and Megan (Janis Joplin) Hart from Massachusetts, and of course the Lake's own senior John (Kenny Rogers) Hart. Our darling rocker angels were the McLaughlin girls, Lily, Ella, and Sophia, along with the Hart crew Reagan, Brynn, and Max. The whole crowd had the best time, singing, dancing, and acting out our respective roles. The angels love an audience and passing out Pop Rocks at Tower Beach was fun. The whole family looks forward to the boat parade every year. The Hart's won a \$50 gift card. Congratulations Hart Family!

Second place went to the Burnham family. Pamala Burnham credited their five-year-old grandson with their boat theme. He wanted to have dragons, so the family put together the Dragon Slayers of Arrowhead boat. What a fantastic boat! Family and friends included Pamala Crabb Burnham, Dale Burnham, Cara Crabb Burnham, Ray Bradford, Dash Ogborn, Laurel Cashman, Ray and Janie Kinsella, Maggie Kinsella, Nick Handson, and Ballard the dog. The family won a \$40 gift card. Great Job Burnham family!

Third place went to the Berger family. Their boat was transformed into a fire truck, complete with a dalmatian dog mascot on top. Rob Berger emailed me the story behind their boat. We came up with the idea for the fire truck, because we have many friends and family that are firefighters and police officers. I am in the Hazardous Materials disposal profession and work with fire departments around New England. On board for the event, were Rob and Sue Berger, Shannon Berger, Allison and Dan Angelico. They love the lake and the community. The boat parade is a Grand Event, and they love being part of it! They're already planning for next year! Bigger and better. Congratulations to the Berger family! They won a \$30 gift card.

Fourth place went to the D'Onofrio family. Mike D'Onofrio told me the family has been members since 2004, and along with his wife Kathy, they have seen their two daughters grow up every summer at the lake. Onboard with Mike, was his wife Kathy Fallon, Mike's sister and brother-in-law, Julie and Kenny Gallant and another sister-in-law Christina Clifford. The whole family had a great time decorating their boat into a giant lobster pot! Congratulations to the D'Onofrio family. They received a \$10 gift card

Fifth place went to the Frost family. Watch out! There's a giant shark heading your way on Lake Arrowhead! Rich Frost, along with family and friends, created the biggest shark that has ever swam in the boat parade. Great job! Rich emailed me their story. We had decided on Jaws pretty quickly after the 2021 parade. Each year we challenge ourselves to top our entry the previous year. It is so much fun to get in line at the parade and see what our neighbors have come up with – especially the Fallon D'Onofrio family. Along with Rich was Jill Reynolds, Bennett Frost, Noah Frost, Sarah Durand, Brian Beachkofski, Finn Beachkofski, and Liam Beachkofski. Congratulations Frost family! They won a \$10 gift card.

A big Thank You to Merrill's Country Store in N. Waterboro for sponsoring all the gift cards for the parade! Owner and LAC member, Jonathan Rideout, along with business partner, Nate Richard, were happy to support the celebratory 4<sup>th</sup> of July event. Support our local businesses. You can gas up at Merrill's Country Store, or order pizza, burgers, and much more from their huge menu. Thanks, guys, for your community spirit!

Lake Arrowhead Conservation Council (LACC): Representing Lake Arrowhead Conservation Council (LACC) was the Limwater dash boat. On board was Captain Jack Jarosz, Captain Charlotte Sanfason, Matt Jarosz, Ben Jarosz, Caitlin Brannelly, Ryan Sicchio, Ryan Carlucci, and Braeden Leonard. During the week the dash boat and its crew are busy removing milfoil and naiad plants from the lake. These plants are invasive to the lake. The work LACC accomplishes is vital to supporting the quality of the lake.

Some LAC members don't realize LACC is a separate organization from LAC, and that LACC is supported by your donations, government grants, and fundraising events. I encourage all LAC members to support LACC so LACC can continue the important work they perform around the lake.

There were many other boats that participated in the parade, and to all the families, I say thank you to everyone for making our parade as spectacular and memorable as ever!

The 9th Annual LAC Tom Sotir Volunteer Service Award: I'm very pleased to announce that LAC member, Bob Pomerleau, is the 2022 LAC Tom Sotir Volunteer Service Award recipient. I had the chance to talk with Bob recently, and I asked him about some of the projects he undertook as a member, over the years, that greatly facilitated our LAC community. In 2020, as a volunteer on the Real Estate committee, Bob headed up an effort to auction off several lots that LAC was paying town taxes on annually. Bob coordinated the sale of the lots with Amy Harris, our Finance Director. Approximately \$70,000 was raised from the sale of all the lots. With COVID impacting many LAC families, Bob was elated by the impact the profits had from this project, offsetting any increase in dues at that time. Bob told me he's most proud of his work to wipe out real estate taxes to the community, when lots can be turned into conservation land or can be sold to members.

Prior to his volunteer efforts with the Real Estate committee, Bob was very involved with the Road Committee. Their recommendation to the board was to pave Old Portland Road. For new members, who might not know this, Old Portland Road had been a dirt road like other roads throughout LAC. Along with Trustee Alan Martel, the two worked together to move the project forward, getting bids from contractors and handling all aspects of the road project. Old Portland Road was paved in July 2011. I'm sure no one today can imagine not having this essential LAC road paved. Great Job!

Bob's latest endeavor, just last month, was to volunteer to re-stripe a tennis court at Club 1 for pickleball. This effort saved the community over \$1000 dollars and provided a third pickleball court for use to our members. Thanks so much Bob! Our number of pickleball players has been increasing year by year. We all thank you for your community spirit and hard work.

On a personal note, Bob and his wife, Deb, came to LAC in 1996, bought land, and built their house in 1997. They moved to the lake full time in 2003. When I asked Bob what he likes to do best, he replied,

“I love to do family things, having the kids and grandchildren up the lake. We’ll go boating, jet skiing, and hang out together on the dock.”

Bob, you’re an outstanding person in our community. Congratulations and thank you for your wonderful volunteer spirit and community support!

**LAC Garden Club News:** The Garden Club has been busy this summer watering, weeding, and maintaining the gardens at both Clubhouse 1 and Clubhouse 2. They added new planters with beautiful flowers at the mail station on New Dam Road. They have also planted bushes and flowers at the beginning of Old Portland Road. It’s a beautiful spot and very colorful. Looking ahead to fall, they’re planning on putting in mums around the garden areas. Thanks to all the members, Carol Carey, Bonnie and Lou Defeo, Anne Hodgkins, Sharyn Fowler, and Rebecca and Brian Bonner. Would you like to volunteer and help out 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. Please know your hard work is greatly admired and enjoyed by all our members.

**2022 Events and Activities around Lake Arrowhead:** We had our Memorial Day ‘grab-n-go’ ice cream event at Club 2. Everyone picks their own individual ice cream from the assortment pictured on the poster board. We had over a dozen novelty ice cream choices. Thanks to Amy Harris for helping me run the event. Hope you came by and enjoyed a yummy treat!

July 4th was our annual gala boat parade cruising around the lake.

**Upcoming events include:**

- Sunday Sept. 4<sup>th</sup> - Labor Day ice cream ‘grab-n-go’ event planned at Club 2.
- Sunday Oct. 23<sup>rd</sup> - Pumpkin ‘grab-n-go’ event planned at Club 2
- Dec. 8<sup>th</sup> – Dec. 15<sup>th</sup> 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.

Many thanks as well to Amy and Nanette in the office for all their help throughout the year with the various activities we host. Their assistance is very much appreciated! I want to wish Nanette all the best, as she has moved on to a new job. I also want to welcome Wendy Staples, our new Administrative Assistant. She has lived in LAC for over twenty years. Wendy will be working closely with Amy in the office. We’re happy for you to join our LAC staff.

Enjoy the summer,

Mary Singelais  
Parks and Recreation Chair



INDEPENDENT AUDITORS' REPORT

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

**Opinion**

We have audited the accompanying financial statements of Lake Arrowhead Community, Inc. (the Community) which comprise the balance sheets as of April 30, 2022 and 2021, 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.

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, 2022 and 2021 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 16 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.

**Basis for Opinion**

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

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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.

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

## **Auditors' 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 auditors' 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 U.S. 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.

In performing an audit in accordance with U.S. 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 Lake Arrowhead Community, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Arrowhead Community, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

## Other information included in the Organization's Annual Report

Management is responsible for the other information included in the Community's Annual Report. The other information comprises management and governance discussion and analysis but it does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Albin, Randall & Bennett*

July 26, 2022

## LAKE ARROWHEAD COMMUNITY, INC.

## BALANCE SHEETS

APRIL 30, 2022 AND 2021

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and temporary cash investments	\$ 310,641	265,603
Cash - future reserve fund	480,000	500,000
Cash - designated operating surplus funds	<u>399,002</u>	<u>297,474</u>
Total cash and cash equivalents	1,189,643	1,063,077
Membership receivables, net of allowance for doubtful membership receivables of \$249,846 and \$312,268	76,458	64,389
Inventory	68,834	38,840
Prepaid expenses	<u>8,653</u>	<u>8,330</u>
Total current assets	<u>1,343,588</u>	<u>1,174,636</u>
PROPERTY AND EQUIPMENT:		
Land	292,289	291,964
Roads	1,332,904	1,311,405
Buildings and improvements	1,458,616	1,458,616
Water system	3,414,430	3,386,940
Motor vehicles	1,615,138	1,565,459
Tools and equipment	297,780	280,032
Furniture and fixtures	154,623	154,623
Construction in progress	<u>80,440</u>	<u>25,965</u>
	8,646,220	8,475,004
Less accumulated depreciation	<u>6,492,487</u>	<u>6,153,383</u>
Net property and equipment	<u>2,153,733</u>	<u>2,321,621</u>
OTHER ASSET - Land inventory	<u>2,425</u>	<u>54,869</u>
	<u>\$ 3,499,746</u>	<u>3,551,126</u>

**LIABILITIES AND MEMBERSHIP EQUITY**

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 83,902	81,822
Accounts payable	13,029	31,872
Accrued expenses	9,632	7,112
Deferred revenue	<u>296,632</u>	<u>234,949</u>
Total current liabilities	<u>403,195</u>	<u>355,755</u>
LONG-TERM DEBT, net of current portion	<u>196,211</u>	<u>280,045</u>
MEMBERSHIP EQUITY:		
Contributed capital	1,186,700	1,186,700
Retained earnings	834,638	931,152
Board-designated funds	399,002	297,474
Future reserve fund	<u>480,000</u>	<u>500,000</u>
Total membership equity	<u>2,900,340</u>	<u>2,915,326</u>
	<u>\$ 3,499,746</u>	<u>3,551,126</u>

LAKE ARROWHEAD COMMUNITY, INC.  
 STATEMENTS OF REVENUES AND EXPENSES  
 YEARS ENDED APRIL 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES:		
Membership dues	\$ 1,627,966	1,623,002
Member revenue	87,168	82,017
New building fees	88,280	104,230
Other revenue	27,490	19,479
Interest income	<u>4,008</u>	<u>4,858</u>
Total revenues	<u>1,834,912</u>	<u>1,833,586</u>
EXPENSES:		
Amenities	30,112	33,265
Depreciation	361,162	353,214
Donations	20,000	20,000
Employee benefits	105,451	100,026
Employee education and travel	2,715	1,770
Fuel and oil	49,301	32,582
Heat and electricity	114,727	91,167
Insurance	109,874	107,502
Interest	6,988	5,625
Maintenance - roads and beaches	99,463	102,121
Maintenance - vehicles	92,633	122,085
Meetings and memberships	3,434	3,434
Miscellaneous	3,943	4,602
Office and administrative	50,765	53,400
Payroll taxes	48,629	48,541
Pension	17,699	17,675
Professional services	42,152	45,442
Property and excise taxes	16,877	25,165
Salaries and wages	595,833	575,212
Telephone and internet	20,225	17,678
Trustees' expenses	4,438	5,203
Uncollectible member receivables	27,697	35,697
Water system	<u>48,718</u>	<u>98,967</u>
Total expenses	<u>1,872,836</u>	<u>1,900,373</u>
NON-OPERATING INCOME:		
Gain on disposal of property and equipment	4,800	7,382
Gain on sale of land	<u>18,138</u>	<u>-</u>
Total non-operating income	<u>22,938</u>	<u>7,382</u>
Excess of expenses over revenue and non-operating income	<u>\$ (14,986)</u>	<u>(59,405)</u>

LAKE ARROWHEAD COMMUNITY, INC.  
 STATEMENTS OF CHANGES IN MEMBERSHIP EQUITY  
 YEARS ENDED APRIL 30, 2022 AND 2021

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Board- designated funds</u>	<u>Future reserve fund</u>	<u>Total</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 funds	<u>-</u>	<u>(262,528)</u>	<u>155,542</u>	<u>106,986</u>	<u>-</u>
Membership equity at April 30, 2021	1,186,700	931,152	297,474	500,000	2,915,326
Excess of expenses over revenues	-	(14,986)	-	-	(14,986)
Expenditures of board-designated funds	-	167,037	(100,655)	(66,382)	-
Appropriation of retained earnings for board-designated fund	<u>-</u>	<u>(248,565)</u>	<u>202,183</u>	<u>46,382</u>	<u>-</u>
Membership equity at April 30, 2022	<u>\$ 1,186,700</u>	<u>834,638</u>	<u>399,002</u>	<u>480,000</u>	<u>2,900,340</u>

LAKE ARROWHEAD COMMUNITY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED APRIL 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES:</b>		
Excess of expenses over revenues	\$ (14,986)	(59,405)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities:		
Depreciation	361,162	353,214
Provision for doubtful membership receivables	(27,697)	(35,697)
Gain on disposal of property and equipment	(4,800)	(7,382)
Gain on sale of land inventory	(18,138)	-
Land acquired in settlement of membership receivables	-	(2,100)
Change in current assets and liabilities:		
Membership receivables	15,628	37,776
Inventory	(29,994)	18,594
Prepaid expenses	(323)	(610)
Accounts payable	(18,843)	12,223
Accrued expenses	2,520	(12,869)
Deferred revenue	61,683	35,884
Net cash provided by operating activities	<u>326,212</u>	<u>339,628</u>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from sale of land inventory	70,907	-
Proceeds from disposal of property and equipment	4,800	-
Purchases of land inventory	(325)	-
Purchases of property and equipment	<u>(193,274)</u>	<u>(202,689)</u>
Net cash used by investing activities	<u>(117,892)</u>	<u>(202,689)</u>
<b>FINANCING ACTIVITY - Repayments of long-term debt</b>		
Increase in cash and cash equivalents	126,566	71,892
Cash and cash equivalents and restricted cash at beginning of year	<u>1,063,077</u>	<u>991,185</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR</b>	<u>\$ 1,189,643</u>	<u>1,063,077</u>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR:</b>		
Cash and cash equivalents	\$ 310,641	265,603
Cash restricted for future reserve fund	480,000	500,000
Cash designated for capital improvements and equipment	<u>399,002</u>	<u>297,474</u>
	<u>\$ 1,189,643</u>	<u>1,063,077</u>



LAKE ARROWHEAD COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022 AND 2021

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 \$66,468 at April 30, 2020.

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, common 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

Interest expense - Interest costs are expensed as incurred and totaled \$6,988 and \$5,625 for the years ended April 30, 2022 and 2021, respectively.

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 members. 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 members, the Community recognizes either a contract asset (performance precedes contractual due date) or a contract liability (member 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 \$296,632 and \$234,949 at April 30, 2022 and 2021, 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. Membership dues totaled \$1,627,966 and \$1,623,002 at April 30, 2022 and 2021, respectively.

*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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2022, through July 26, 2022, 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. MEMBERSHIP RECEIVABLES

An aging analysis of membership receivables is as follows:

	<u>2022</u>	<u>2021</u>
Current	\$ 75,101	79,144
One year past due	51,271	47,405
Two years past due	35,684	60,048
Greater than two years past due	<u>164,248</u>	<u>190,060</u>
Total membership receivables	326,304	376,657
Less allowance for doubtful membership receivables	<u>249,846</u>	<u>312,268</u>
Net membership receivables	<u>\$ 76,458</u>	<u>64,389</u>

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 312,268	352,491
(Decrease) increase to provision	(12,774)	(11,191)
Accounts charged off	(90,119)	(78,021)
Recoveries	<u>40,471</u>	<u>48,989</u>
Balance at end of year	<u>\$ 249,846</u>	<u>312,268</u>

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

3. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</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 \$3,499,746.	\$ 79,149	117,388
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 \$3,499,746.	44,100	50,400
Note payable to Maine Municipal Bond Bank due in annual installments of varying amounts, including interest at 1.00%, plus a 5.00% loan servicing fee, through October 2027. Secured by substantially all Community assets with a net book value of \$3,499,746.	39,773	46,174
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 \$141,391.	<u>117,091</u>	<u>147,905</u>
	280,113	361,867
Less current portion	<u>83,902</u>	<u>81,822</u>
Net long-term debt	<u>\$ 196,211</u>	<u>280,045</u>

Future maturities of long-term debt are as follows:

2023	\$ 83,902
2024	86,037
2025	47,300
2026	30,451
2027	13,027
Thereafter	<u>19,396</u>
	<u>\$ 280,113</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>2022</u>	<u>2021</u>
Capital improvements	<u>\$ 399,002</u>	<u>297,474</u>

5. FUTURE RESERVE FUND

As of April 30, 2022 and 2021, the Board of Trustees has designated \$480,000 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 \$3,799 and \$4,028 for the years ended April 30, 2022 and 2021, respectively.

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

2023	\$	3,792
2024		3,792
2025		3,792
2026		3,792
2027		1,872
Thereafter		<u>248</u>
	\$	<u>17,288</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 \$17,699 and \$17,675 for the years ended April 30, 2022 and 2021, respectively.

9. UNCERTAIN CONDITIONS

The coronavirus pandemic and efforts to mitigate the disease's effects continue to disrupt the global economy. The future effects on the financial position, results of operations, and cash flows of the Community are indeterminable; however, management continues to monitor developments

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

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2022</u>	<u>2021</u>
Cash paid for interest	\$ <u>6,988</u>	<u>5,625</u>
Schedule of noncash investing and financing transactions:		
Land acquired in settlement of membership receivables	\$ <u>-</u>	<u>2,100</u>
Acquisition of equipment through trade-in:		
Cost of equipment	\$ -	230,938
Fair value of trade-in	-	(18,000)
Amount financed through long-term debt	<u>-</u>	<u>(162,938)</u>
Cash paid for equipment	\$ <u>-</u>	<u>50,000</u>

LAKE ARROWHEAD COMMUNITY, INC.

REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

APRIL 30, 2022

The Board of Trustees periodically 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	\$ 100,000
Furniture and equipment	75,000
Vehicles	1,000,000
Water system	<u>1,000,000</u>
	<u>\$ 2,175,000</u>