

Leisure World of Maryland Trust

Audited Financial Statements

December 31, 2016 and 2015

Malvin, Riggins & Company, P.C.

Certified Public Accountants

One Research Court

Suite 450

Rockville, Maryland 20850

(410) 675-2727

Leisure World of Maryland Trust

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Independent Auditor's Report

To the Board of Directors of
Leisure World of Maryland Trust
Silver Spring, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Leisure World of Maryland Trust, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of revenues and expenses, trust 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 auditor considers internal control relevant to the Trust'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 Trust'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 Leisure World of Maryland Trust as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Cost Center Revenues and Expenses for the year ended December 31, 2016 and 2015 on pages 22-23 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Malvin, Diggins + Company, P.C.

Rockville, Maryland
February 24, 2017

Leisure World of Maryland Trust

Balance Sheets

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	\$ 358,797	\$ 1,212,979
Accounts Receivable, Net	1,422,889	1,539,488
Inventories	518,041	561,308
Prepaid Expenses and Other Current Assets	<u>496,589</u>	<u>261,997</u>
Total Current Assets	2,796,316	3,575,772
Designated Assets	6,382,247	7,990,185
Property and Equipment		
Net of Accumulated Depreciation	<u>15,348,475</u>	<u>13,561,794</u>
Total Assets	<u>\$ 24,527,038</u>	<u>\$ 25,127,751</u>
Liabilities and Trust Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,470,243	\$ 2,152,493
Accrued Payroll and Related Liabilities	1,129,359	1,063,096
Deferred Revenues - Current	<u>715,856</u>	<u>836,392</u>
Total Current Liabilities	3,315,458	4,051,981
Deferred Revenues - Long-Term	200,790	273,786
Trust Equity	<u>21,010,790</u>	<u>20,801,984</u>
Total Liabilities and Trust Equity	<u>\$ 24,527,038</u>	<u>\$ 25,127,751</u>

See the independent auditor's report and accompanying notes.

Leisure World of Maryland Trust
 Statements of Revenue and Expenses
 For the Year Ended December 31, 2016 and 2015

	2016					2015				
	Community Facilities Operations	Combined Mutual Operations	Combined Total before Interdepartmental Eliminations	Interdepartmental Rental Eliminations	Total	Community Facilities Operations	Combined Mutual Operations	Combined Total before Interdepartmental Eliminations	Interdepartmental Rental Eliminations	Total
Revenues										
Assessments	\$ 8,900,712	\$ 2,603,501	\$ 11,504,213	\$ -	\$ 11,504,213	\$ 8,846,674	\$ 2,593,390	\$ 11,440,064	\$ -	\$ 11,440,064
Net Revenues from Cost Centers	2,709,599	4,203,004	6,912,603	(524,500)	6,388,103	2,558,578	3,884,789	6,443,367	(482,898)	5,960,469
Total Revenues	11,610,311	6,806,505	18,416,816	(524,500)	17,892,316	11,405,252	6,478,179	17,883,431	(482,898)	17,400,533
Operating Expenses										
Salaries and Wages	4,784,754	3,297,395	8,082,149	-	8,082,149	4,683,442	3,182,291	7,865,733	-	7,865,733
Contracted Services	2,867,095	1,378,205	4,245,300	-	4,245,300	2,750,443	1,299,973	4,050,416	-	4,050,416
Employee Benefits	1,164,709	895,017	2,059,726	-	2,059,726	1,139,960	835,244	1,975,204	-	1,975,204
Equipment Rental	483,344	262,922	746,266	(524,500)	221,766	473,506	257,011	730,517	(482,898)	247,619
Materials and Supplies	237,162	74,971	312,133	-	312,133	201,914	64,110	266,024	-	266,024
Electric	506,150	45,645	551,795	-	551,795	481,479	50,556	532,035	-	532,035
Janitorial	381,905	26,650	408,555	-	408,555	343,600	22,550	366,150	-	366,150
Repairs and Maintenance	244,151	16,470	260,621	-	260,621	271,565	12,472	284,037	-	284,037
Professional Fees	300,545	172,676	473,221	-	473,221	325,361	171,795	497,156	-	497,156
Telephone	124,569	38,398	162,967	-	162,967	134,817	37,104	171,921	-	171,921
Depreciation	154,717	119,013	273,730	-	273,730	159,661	81,222	240,883	-	240,883
Insurance	127,728	135,602	263,330	-	263,330	122,317	132,655	254,972	-	254,972
Water	121,469	27,637	149,106	-	149,106	112,325	27,169	139,494	-	139,494
Postage	29,396	10,742	40,138	-	40,138	30,739	10,854	41,593	-	41,593
Other	20,892	36,481	57,373	-	57,373	14,996	34,830	49,826	-	49,826
Vehicle Fuel and Oil	18,063	170,031	188,094	-	188,094	16,193	211,522	227,715	-	227,715
Gas	26,566	3,184	29,750	-	29,750	33,630	630	34,260	-	34,260
Total Operating Expenses	11,593,215	6,711,039	18,304,254	(524,500)	17,779,754	11,295,948	6,431,988	17,727,936	(482,898)	17,245,038
Excess of Revenues over Expenses from Operations	17,096	95,466	112,562	-	112,562	109,304	46,191	155,495	-	155,495
Nonoperating Revenue and Expenses										
Royalty Revenue	72,996	-	72,996	-	72,996	72,996	-	72,996	-	72,996
Community Facilities Depreciation	(581,843)	-	(581,843)	-	(581,843)	(586,148)	-	(586,148)	-	(586,148)
Nonoperating Excess of Expenses over Revenue	(508,847)	-	(508,847)	-	(508,847)	(513,152)	-	(513,152)	-	(513,152)
Excess (Deficiency) of Revenues over Expenses	\$ (491,751)	\$ 95,466	\$ (396,285)	\$ -	\$ (396,285)	\$ (403,848)	\$ 46,191	\$ (357,657)	\$ -	\$ (357,657)

See the independent auditor's report and accompanying notes.

Leisure World of Maryland Trust

Statements of Trust Equity

For the Year Ended December 31, 2016 and 2015

	Operating Surplus (Deficit)	Reserves	Mutuals' Investment in the Trust	Offsite Improvements	Community Facilities Purchased with Reserves	Community Facilities Equity	Valuation Equity	Depreciation	Tele- Communications Fund	Equipment Purchase Fund	New Sales Facility Fund	Total
Balance, January 1, 2016	\$ (318,786)	\$ 7,087,148	\$ 392,575	\$ 442,581	\$ 13,763,110	\$ 13,239,119	\$ 404,500	\$ (15,111,301)	\$ 76,862	\$ 515,125	\$ 311,051	\$ 20,801,984
Community Facilities Depreciation	-	-	-	-	-	-	-	(581,843)	-	-	-	(581,843)
Nonoperating Royalty Revenue	72,996	-	-	-	-	-	-	-	-	-	-	72,996
Transfers Between Funds	250,123	-	-	-	-	-	-	-	-	(250,123)	-	-
Transfer Part of 2015 Surplus to Mutuals	(155,495)	-	-	-	-	-	-	-	-	-	-	(155,495)
Capitalized Work in Progress	-	-	-	-	2,018,402	100,000	-	-	-	-	-	2,118,402
Excess of Revenues over												
Expenses from Operations	112,562	-	-	-	-	-	-	-	-	-	-	112,562
Withdrawals	-	(4,935,531)	-	-	-	-	-	-	(76,862)	(273,730)	(100,000)	(5,386,123)
Contributions	-	3,694,598	-	-	-	-	-	-	-	290,659	43,050	4,028,307
Balance, December 31, 2016	\$ (38,600)	\$ 5,846,215	\$ 392,575	\$ 442,581	\$ 15,781,512	\$ 13,339,119	\$ 404,500	\$ (15,693,144)	\$ -	\$ 281,931	\$ 254,101	\$ 21,010,790
Balance, January 1, 2015	\$ (497,051)	\$ 7,140,398	\$ 392,575	\$ 442,581	\$ 12,831,900	\$ 13,239,119	\$ 404,500	\$ (14,525,153)	\$ 452,012	\$ 635,953	\$ 274,151	\$ 20,790,985
Community Facilities Depreciation	-	-	-	-	-	-	-	(586,148)	-	-	-	(586,148)
Nonoperating Royalty Revenue	72,996	-	-	-	-	-	-	-	-	-	-	72,996
Transfers Between Funds	49,499	95,000	-	-	-	-	-	-	-	(144,499)	-	-
Capitalized Work in Progress	(99,725)	-	-	-	931,210	-	-	-	-	-	-	831,485
Excess of Revenues over												
Expenses from Operations	155,495	-	-	-	-	-	-	-	-	-	-	155,495
Withdrawals	-	(3,612,642)	-	-	-	-	-	-	(375,150)	(235,120)	-	(4,222,912)
Contributions	-	3,464,392	-	-	-	-	-	-	-	258,791	36,900	3,760,083
Balance, December 31, 2015	\$ (318,786)	\$ 7,087,148	\$ 392,575	\$ 442,581	\$ 13,763,110	\$ 13,239,119	\$ 404,500	\$ (15,111,301)	\$ 76,862	\$ 515,125	\$ 311,051	\$ 20,801,984

See the independent auditor's report and accompanying notes.

Leisure World of Maryland Trust

Statements of Cash Flows

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Deficiency of Revenue over Expenses	\$ (396,285)	\$ (357,657)
Adjustments to Reconcile Deficiency of Revenues over Expenses to Net Cash Used in Operating Activities		
Depreciation	855,573	827,031
Bad Debts Charged to the Allowance for Doubtful Accounts	367	2,513
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	116,232	(487,987)
Inventories	43,267	(93,891)
Prepaid Expenses and Other Current Assets	(234,592)	(56,336)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Liabilities	(682,250)	735,382
Accrued Payroll and Related Liabilities	66,263	47,920
Deferred Revenues	(193,532)	(46,848)
Net Cash Provided by (Used in) Operating Activities	(424,957)	570,127
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(2,642,254)	(1,310,827)
Capitalized Work in Progress	2,118,401	931,210
Withdrawals from Designated Assets	5,386,123	4,222,912
Contributions to Designated Assets	(3,778,184)	(3,710,584)
Net Cash Provided by Investing Activities	1,084,086	132,711
Cash Flows from Financing Activities		
Funded Reserve Contributions	4,028,307	3,760,083
Funded Reserve Withdrawals	(5,386,123)	(4,222,912)
Net Cash Used in Financing Activities	(1,357,816)	(462,829)
Surplus Transfer to Mutuals	(155,495)	(99,725)
Increase (Decrease) in Cash	(854,182)	140,284
Cash, Beginning of Year	1,212,979	1,072,695
Cash, End of Year	<u>\$ 358,797</u>	<u>\$ 1,212,979</u>
Supplemental Information:		
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>
Cash Paid for Taxes	<u>\$ -</u>	<u>\$ -</u>

See the independent auditor's report and accompanying notes.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 1 - NATURE OF ORGANIZATION

Leisure World of Maryland Trust (the “Trust”) is governed by two trust documents, Leisure World of Maryland Trust, dated March 9, 1966, and Leisure World of Maryland Trust Number Two, dated April 27, 1979. The Trust was formed for the general purposes of acquiring, constructing, owning, and operating various community properties located within the Leisure World Community (the “Community”), and incurring debt to further these purposes. The Trust holds the community properties in trust for the benefit of the cooperative, condominium, and homeowners association housing organizations, the “Mutuals”, that are trustors and beneficiaries of the Trust.

Leisure World Community Corporation (LWCC) is trustee of the Trust, and as such is empowered with all the rights, powers, duties, and authority conferred and charged upon the Trustee per the respective Trust Agreements referred to above. LWCC is a non-stock, membership corporation whose members are the Mutuals, as identified in Article Seven of the Articles of Incorporation. The Trustee has appointed Leisure World of Maryland Corporation (LWMC) as the management agent of LWCC. LWMC is a wholly-owned subsidiary of LWCC. In February 2009, at the advice of legal counsel, the board of directors requested the general manager to provide counsel with the necessary documents to be placed in the Homeowners Association Depository maintained by the Clerk of the Circuit Court of Montgomery County, Maryland, in accordance with the Homeowners Association Act (HOA) of 1988. In addition, the board of directors agreed to comply with all the requirements of the HOA.

Due to the inseparable nature of the financial activities of the Trust, LWCC, and LWMC in carrying out the purposes of the Trust and the close legal relationships of the three entities as trust, trustee, and wholly-owned subsidiary of the trustee, management does not distinguish among the three entities for accounting purposes and preparation of the Trust’s financial statements. The accompanying financial statements of the Trust include the financial transactions and account balances of all three entities as a single whole.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of asset clarification and reporting cash flows, cash and cash equivalents include cash-on-hand and in banks. Cash on the balance sheets excludes accounts reported in designated assets.

See the independent auditor’s report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Uncollectable Accounts

Accounts receivable arise from credit transactions with residents and Mutuals located in the Community. All accounts receivable are granted on an unsecured basis.

Accounts receivable are due under normal trade terms requiring payment within 30 days of the invoice date. Accounts receivable are stated at the amount billed to the resident or mutual. Account balances over 120 days past due are considered delinquent and, unless strong mitigating factors exist; a dollar-for-dollar allowance is established in addition to other losses estimated by management.

Inventories

Inventories are stated at the lower of cost or market, with cost determined principally by the first-in, first-out method.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of work in process associated with community facility construction and/or renovation projects that are not yet reimbursed from the applicable designated fund responsible for payment of the associated project's costs. Also included are the prepayments of insurance policies and taxes.

Designated Assets

The designated assets are funds set aside for specific purposes such as the purchase of equipment, the construction of new facilities, and payment for repairs and maintenance of community properties. These funds are used only with approval of the board of directors. The designated assets consist of cash that is deposited primarily with thirty-seven financial institutions and also with a mutual fund consisting of short-term U.S. Government Treasury securities. The Trust's policy is to record investments at cost, which approximates fair value.

Property and Equipment

The Trust capitalizes property and equipment with a cost of \$2,000 or more, including smaller amounts purchased in a group when the total cost is \$2,000 or more. Community facilities are being depreciated using the straight-line method over 40 years, once the asset is placed in service. Furniture and equipment are depreciated using the straight-line method over ten years, except for computer equipment, which uses a five-year useful life. Vehicles are depreciated using the straight-line method over ten years for cars and smaller trucks and seven years for large or heavy duty trucks. Offsite improvements consist of land improvements that the Trust considers as non-depreciable.

Depreciation of furniture, equipment, and vehicles is included in operating expenses and depreciation of community facilities is included in non-operating expenses in the accompanying statements of revenues and expenses.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenues

Payments received for revenues before they are earned are deferred and recognized over the periods to which the payments relate.

Assessments

The major source of revenue for the Trust is assessments made by the Mutuals. These assessments are used to pay the current and future operating expenses of the Trust.

Income Taxes

Accounting principles generally accepted in the United States of America require the Trustee to evaluate tax positions taken by the Trust and recognize a tax liability (or asset) if the Trust has taken an uncertain position that is considered material to the financial statements and would not be sustained upon examination by the federal and State of Maryland authorities. The Trustee has analyzed the tax positions taken by the Trust, and has concluded that as of December 31, 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Trust is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Trust's 2015, 2014, and 2013 Forms 1041 that have been filed with the Internal Revenue Service and the State of Maryland as of December 31, 2016 are subject to audit, generally for three years after the date they were filed.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Trust maintains cash and cash equivalents deposited at financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash at these institutions can at times exceed federally insured limits throughout the year. At December 31, 2016, the Trust's cash balances exceeded the insured limit, and may exceed the insured limit from time to time during the year due to operating needs. The Trust has experienced no losses.

The Securities Investor Protection Corporation (SIPC) covers up to \$100,000 of the money market mutual funds held in the brokerage firm accounts. Securities are insured up to \$500,000 less the \$100,000 for money market insurance by the SIPC and up to the net equity value by a private insurance company.

Brokered certificates of deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account owner per depository institution. The portion of the fair market value of brokered certificates of deposit that are in excess of the face value or cost of the certificates of deposit is not insured by the FDIC and subjects the Corporation to credit risk.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
Chargeable Service/Intercompany Charges		
Mutuals	\$ 1,167,992	\$ 1,362,243
Residents	187,735	123,505
	<u>1,355,727</u>	<u>1,485,748</u>
Other Receivables	111,671	99,615
Less Allowance for Uncollectible Accounts	<u>(44,509)</u>	<u>(45,875)</u>
Total Accounts Receivable	<u>\$ 1,422,889</u>	<u>\$ 1,539,488</u>

NOTE 5 - INVENTORIES

Inventories consisted of the following:

	<u>2016</u>	<u>2015</u>
Physical Properties	\$ 383,786	\$ 355,873
Supplies		
Special Projects	26,852	48,015
Snow Chemicals	40,913	84,272
Golf Pro Shop	10,913	14,679
Administrative	23,227	20,613
Restaurant	10,807	10,807
Vehicle Maintenance	4,261	4,261
Golf Maintenance	2,579	2,579
Fuel Inventory	14,703	20,209
	<u>\$ 518,041</u>	<u>\$ 561,308</u>

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 6 - DESIGNATED ASSETS

Summaries of designated asset components and activity for 2016 and 2015, are as follows:

	Reserves							Tele-communications Fund	Equipment Purchase Fund	New Sales Facility Fund	Total Designated Assets
	Contingency Fund	Resale Improvement Fund	Replacement Fund	Snow Removal Fund	Salary Fund	Facilities Maintenance Fund	Total Reserves				
2016											
Balance, January 1, 2016	360,552	5,716,164	807,305	32,112	169,535	1,480	7,087,148	76,862	515,125	311,051	7,990,186
Transfers between Funds	-	-	-	-	-	-	-	-	(250,123)	-	(250,123)
Contributions	116,564	1,578,397	413,745	79,905	25,716	1,480,272	3,694,598	-	290,659	43,050	4,028,307
Withdrawals	(157,949)	(2,861,458)	(365,501)	(69,622)	-	(1,481,000)	(4,935,531)	(76,862)	(273,730)	(100,000)	(5,386,123)
Balance, December 31, 2016	<u>\$ 319,167</u>	<u>\$ 4,433,103</u>	<u>\$ 855,549</u>	<u>\$ 42,395</u>	<u>\$ 195,251</u>	<u>\$ 752</u>	<u>\$ 5,846,215</u>	<u>\$ -</u>	<u>\$ 281,931</u>	<u>\$ 254,101</u>	<u>\$ 6,382,247</u>
2015											
Balance, January 1, 2015	283,969	5,557,376	956,613	103,332	143,176	95,932	7,140,398	452,012	635,953	274,151	8,502,514
Transfers between Funds	35,000	-	-	60,000	-	-	95,000	-	(144,499)	-	(49,499)
Contributions	61,533	1,513,914	413,232	79,806	26,359	1,369,548	3,464,392	-	258,791	36,900	3,760,083
Withdrawals	(19,950)	(1,355,126)	(562,540)	(211,026)	-	(1,464,000)	(3,612,642)	(375,150)	(235,120)	-	(4,222,912)
Balance, December 31, 2015	<u>\$ 360,552</u>	<u>\$ 5,716,164</u>	<u>\$ 807,305</u>	<u>\$ 32,112</u>	<u>\$ 169,535</u>	<u>\$ 1,480</u>	<u>\$ 7,087,148</u>	<u>\$ 76,862</u>	<u>\$ 515,125</u>	<u>\$ 311,051</u>	<u>\$ 7,990,186</u>

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 6 - DESIGNATED ASSETS (CONTINUED)

The following are descriptions of the purposes of the various funded reserves:

Contingency Fund

The purpose of this fund is to pay for unplanned expenditures. The monthly per unit contribution to the fund was \$0.44 in 2016 and 2015. Within 2015, The LWCC Board of Directors approved transferring \$35,000 of the 2014 operating surplus to the Contingency Fund for 50th Anniversary celebration. In November of 2016, \$35,000 was transferred back to the Contingency Fund as recommended by the committee.

Resale Improvement Fund

The purpose of this fund is to pay for improvements and additions to facilities within the Community. Funding comes from contributions received from the resale of existing units.

Facilities Replacement Fund

The purpose of this fund, which was established in 2010, is to fund future improvements and replacements of existing facilities. Funding is based on an internal reserve analysis incorporating components costing greater than \$25,000. The current internal reserve analysis is a 20-year cash flow projection prepared by LWMC. Funding consisted of \$6.11 per unit in 2016 and 2015.

Snow Removal and Storm Damage Fund

The purpose of this fund is to pay for snow removal chemicals used within the Community. Funding during 2016 and 2015 consisted of per unit contributions of \$1.18 per year. A recommendation was made by management, to the board of directors, to expand the purpose of the fund to include expense associated with storm damage clean-up on the property of the Trust. The LWCC Board of Directors approved transferring \$60,000 of the 2014 operating surplus to the Snow Removal and Storm Damage Fund in 2015.

Salary Fund

The purpose of this fund is to accumulate funding for the 27th payroll, which occurs approximately every 11 years. The last year with 27 payrolls was 2009. The next year with 27 payrolls will be 2020. Funding during 2015 and 2014 consisted of per unit contributions of \$0.38 and \$0.39 each year, respectively.

Facilities Maintenance Fund

The purpose of this fund is to pay for repairs and maintenance to community property based on the pre-approved plan. Funding during 2016 and 2015 consisted of per unit contributions of \$21.86 and \$20.25, respectively.

Telecommunications Fund

As part of the ten-year extension of the contract to provide cable service in the Community, Comcast agreed to pay the Community \$870,015. Through board action, the Contingency Fund was reimbursed \$140,000 to address both legal and consulting fees incurred as part of the contract negotiations. The telecommunications fund contribution in 2010 is the net \$730,015 paid by

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 6 - DESIGNATED ASSETS (CONTINUED)

Telecommunications Fund (Continued)

Comcast upon full execution of the contract between Comcast of Potomac, LLC, (Comcast) and LWCC on August 19, 2010. Expenditures from this fund are identified and approved by LWCC's board of directors. In 2015, disbursements from the fund were made for fiber optics project. In 2016, the balance of the fund was made to Hartman Executive Advisors for IT projects.

Capital Equipment Purchase Fund

The purpose of this fund is to purchase replacement equipment. Contributions to this fund are made annually by transferring, at a minimum, an amount equal to the annual depreciation of equipment. Beginning in 2003, management began transferring a portion of the Mutuals' assessments for each year into the fund.

Equipment depreciation expenses for the years ended December 31, 2016 and 2015 totaled \$273,730 and \$240,883, respectively. Contributions to the fund totaled equipment depreciation expense plus mutual contributions of \$0.25 and \$0.35 per unit in 2016 and 2015, respectively.

New Sales Improvement Fund

The new sales facility fund was established to pay for the construction or acquisition of new facilities within the Community. The funding of this reserve is generated from new sales contributions, which are considered capital contributions and, accordingly, included as a part of the trust equity and designated as "Community Facilities Equity" in the statements of trust equity.

On March 20, 2012, LWCC and Villas of Leisure, L.L.C., (developer of Building V of Villa Cortes) entered into an agreement related to, among other things, contributions to the Trust from the settlement of new units for the purpose of funding construction or acquisition of new facilities within the Community. The agreement stipulates that the Trust will receive \$6,150 each for all units settled in Villa Cortese Building V. Seven units settled in 2016 and 2015, contributing \$43,050 and \$36,900 (one unit fee waived upon approval of management) to the fund, respectively, with nine units remaining unsettled as of December 31, 2016.

Investment Earnings

All investment earnings are available for operations. The investment earnings available for operations were \$67,998 and \$33,942 in 2016 and 2015, respectively. The earnings were included in net revenues from cost centers on the statements of revenues and expenses.

NOTE 7 - PROPERTY AND EQUIPMENT

The Trust depreciates the Mutuals' investment in community facilities and offsite improvements on a straight-line basis over the estimated useful life of 40 years. This depreciation represents a noncash charge that is not billed to the members and is reflected as a non-operating expense in the statements of revenue and expenses.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 7 - PROPERTY AND EQUIPMENT (CONTINUED)

Additionally, the Trust owns assets in the form of furniture and equipment and vehicles used for operations. These assets are depreciated on a straight-line basis over the estimated useful lives of the respective assets, ranging from five to ten years. The depreciation recorded on these assets is considered a part of normal operations and is reflected in the statements of revenues and expenses as part of operating expenses.

Property and equipment consisted of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Community Facilities	\$ 28,389,822	\$ 26,481,862
Furniture and Equipment	3,728,626	3,091,299
Offsite Improvements	442,580	442,580
Software	124,722	124,722
Vehicles	1,885,241	1,788,274
	34,570,991	31,928,737
Less Accumulated Depreciation	(19,222,516)	(18,366,943)
	<u>\$ 15,348,475</u>	<u>\$ 13,561,794</u>

Community facilities consisted of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Administration Building	\$ 631,007	\$ 631,007
Clubhouse I	5,926,338	4,367,103
Clubhouse II	12,701,567	12,701,567
Medical Center	4,628,399	4,628,399
Physical Properties, Warehouse, and Office	1,269,451	920,726
Golf Course	1,603,731	1,603,731
Golf Maintenance	341,000	341,000
Golf Pro Shop	372,058	372,058
Donated Land	490,000	490,000
Main Gatehouse	110,000	110,000
Connecticut Avenue Gate	187,932	187,932
Norbeck Gate	128,339	128,339
	<u>\$ 28,389,822</u>	<u>\$ 26,481,862</u>

Offsite Improvements – Montgomery Mutual, Inc., (the “Mutual”) has deeded to the Trust its offsite improvements with no consideration being paid by the Trust. These improvements are recorded at their approximate cost to the Mutual. These offsite improvements included underground utilities, drainage structures, the adjoining land, and the grading of grounds outside the boundaries of the Mutual.

See the independent auditor’s report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 7 - PROPERTY AND EQUIPMENT (CONTINUED)

Total depreciation expense for facilities and equipment in 2016 and 2015 was \$855,573 and \$827,031, respectively.

NOTE 8 - DEFERRED REVENUE

Deferred revenues consisted of the following:

	<u>2016</u>	<u>2015</u>
Cable Television Royalties	\$ 273,787	\$ 346,783
Maintenance Service Agreements	563,887	613,486
PPD Deposits - Showroom	36,474	129,882
Rent/Other	42,498	20,027
	<u>\$ 916,646</u>	<u>\$ 1,110,178</u>

Deferred revenue is expected to be earned as follows:

For the Years Ending December 31,

2017	\$ 715,856
2018	72,997
2019	72,997
2020	72,997
2021	54,796
	<u>\$ 989,643</u>

NOTE 9 - TRUST EQUITY

Operating Surplus (Deficit)

It is the practice of the Trust, through board action each year, to decide the disposition of any operating surplus or deficit and any unused or uncommitted amounts in the contingency fund at the end of the fiscal year (Note 6).

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 9 - TRUST EQUITY (CONTINUED)**Operating Surplus (Deficit; Continued)**

The net excess of revenues over expenses from operations for the years ended December 31, 2016 and 2015, consisted of the following:

	Community Facilities Operations	Combined Mutual Operations	Total
December 31, 2016			
Total Revenues	\$ 11,610,311	\$ 6,806,505	\$ 18,416,816
Total Operating Expenses	11,593,215	6,711,039	\$ 18,304,254
Excess (Deficiency) of Revenues over Expenses from Operations - Amount Due to (from) Operating Surplus (Deficit)	\$ 17,096	\$ 95,466	\$ 112,562
December 31, 2015			
Total Revenues	\$ 11,405,252	\$ 6,478,179	\$ 17,883,431
Total Operating Expenses	11,295,948	6,431,988	\$ 17,727,936
Excess (Deficiency) of Revenues over Expenses from Operations - Amount Due to (from) Operating Surplus (Deficit)	\$ 109,304	\$ 46,191	\$ 155,495

Reserves

The governing documents of LWCC (Trust Agreements) were amended in 2005 to allow for the accumulation of reserve funds for future major repairs and replacements. LWCC continues to maintain the Trust assets by budgeting funds for planned facilities maintenance and facilities replacement on an annual basis. The 2016 budget continues to follow this practice.

Funding of \$1,480,272 and \$1,369,548 was budgeted and contributed to the Facilities Maintenance Fund as part of the maintenance for 2016 and 2015, respectively. Funding of \$413,745 and \$413,232 was budgeted and contributed to the Facilities Replacement Reserve as part of the replacement reserve plan for 2016 and 2015, respectively.

Mutuals' Investment in the Trust

Prior to January 1, 1983, at the time of the settlement, each new unit was required to contribute a stipulated amount to the Trust. This amount represented the Mutuals' investment in the Trust. Effective January 1, 1983, the amount of this contribution is allocated to the New Sales Facility Fund.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 9 - TRUST EQUITY (CONTINUED)

Community Facilities Equity

This account represents each unit's one-time contribution to the Trust at the time of the Unit's original settlement as utilized. This amount is representative of the Mutuals' allocable shares of the community facilities under the Trust's control. When this amount was received from settlement, it was credited to the New Sales Facilities Fund. Future fees from the settlement of Villa Cortese Building V. will be similarly credited to the New Sales Facility Fund. Upon expenditure, the capitalized amount is transferred to Community Facilities Equity.

Valuation Equity

At the time of the transfer of the golf course, Rossmoor Construction Corporation transferred several buildings, parcels of land, and streets to the Community with no additional cash outlay by the Community. The Trust valued these assets at \$490,000. During 1991 and 1990, portions of these donated community facilities were renovated and sold. The estimated cost of the Community's facilities sold in 1991 and 1990 was \$45,000 and \$40,500, respectively. These amounts were removed from the valuation equity leaving a balance of \$404,500 at December 31, 1991. The balance remained \$404,500 at December 31, 2016 and 2015.

NOTE 10 - LEASES

Trust As Lessor

The Trust is a lessor of space within the Community, as discussed below.

In 2014, the bank branch lease was extended for a two-year period of time commencing on January 1, 2015. Rent charged under the lease was \$130,500 and \$127,500 in 2016 and 2015, respectively. In July of 2016, the bank notified the Community that they would not request an extension and would let the lease naturally expire on December 31, 2016. The bank ceased operating in the leased space effective November of 2016. Management of LWMC is currently in negotiations with a financial institution to lease the current space. The General Manager provided the Leisure World Community Corporation Board of Directors a status report at their meeting on February 28, 2017.

Effective February 1, 2010, LWMC entered into an agreement to lease office space to Weichert Realtors for a period of five years. The agreement calls for payments of \$40,000 in year one, \$46,000 in year two, and \$50,000 in years three, four, and five. The Parties agreed to extend the Lease Term for a period of two (2) years from February 1, 2015 through January 31, 2017 (the "Extension Term"). Weichert shall pay to LWMC Minimum Guaranteed Rent during the Extension Term at the yearly rates \$50,000 each year in equal monthly installments. In April of 2016, the lease extended an additional year (February 1, 2017 to January 31, 2018) at an annual rate of \$50,000.

Prior to May 17, 1993, the Trust leased space for the operation of a post office at \$1 per year. Effective May 17, 1993, LWMC entered into an agreement with the United States Postal Service (USPS) for LWMC to operate the Leisure World Post Office. The USPS pays an annual fee of \$10,000 for LWMC to operate the facility.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 10 - LEASES (CONTINUED)

Trust As Lessor (Continued)

The Trust leases space in Clubhouse I to Eyre Tour and Travel Ltd. for \$425 a month through April 2019.

Effective January 1, 2013, LWMC entered into an agreement to lease approximately 20,000 square feet of space in its medical center to MedStar Ambulatory Services, Inc., for a period of five years. Lease terms require a rent of \$35,000 monthly.

Effective November 1, 2013, the agreement was amended to include additional space of approximately 3,500 square feet on the second floor of the Medical Center. This space will be used to provide rehabilitation services. Amended lease terms require a rent of \$44,794 monthly and \$536,530 annually.

Minimum lease payments to be received from all leases are as follows:

For the Years Ending December 31,

2017	\$ 601,630
2018	65,100
2019	65,100
	<u>\$ 1,208,730</u>

Trust As Lessee

The Trust is the lessee under several operating leases for equipment. Lease terms range from three to five years. For the years ended December 31, 2016 and 2015, rental and operating costs expense totaled \$746,266 and \$730,517, respectively. The equipment rental expense reported in the accompanying statements of revenues and expenses excludes amounts allocated to the Mutuals but includes interdepartmental rental fees, before eliminations. For the years ended December 31, 2016 and 2015, equipment lease payments to vendors totaled \$221,766 and \$247,619, respectively.

Effective April 1, 2014, the trust entered into a lease with CEC Leasing, Inc. for four commercial buses expiring March 31, 2017. The trust is responsible for a monthly payment of \$2,284 per bus for a total annual amount of \$109,632, this amount was included in the above totals. Within 2016 the CEC lease was extended for a three-year term commencing on April 1, 2017 and expiring March 31, 2020. The trust is responsible for a monthly payment of \$2,795 per bus for a total annual amount of \$134,160.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 10 - LEASES (CONTINUED)

Trust As Lessee (Continued)

Future minimum lease payments are as follows:

For the Years Ending December 31,

2017	\$ 128,028
2018	134,160
2019	134,160
2020	33,540
	<u>\$ 429,888</u>

NOTE 11 - RETIREMENT PLAN

The Trust maintains a defined contribution pension plan. The Internal Revenue Service advised the Trust on December 1, 1986 that the Plan qualified under Section 401(a) of the Internal Revenue Code. Contributions made to the Plan are, therefore, exempt from federal income taxes.

An employee must be at least 21 years of age and must be employed at least one year to be eligible for participation in this Plan. The Plan is funded by employee and employer contributions. Employees may contribute up to the maximum allowed under Internal Revenue Service regulations. The employer contributes a matching amount up to 4% of the employee's gross salary. The employer's contribution represents the pension expense for the period. Employer contributions to the Plan for the years ended December 31, 2016 and 2015 were \$205,894 and \$205,797, respectively, and are reflected as part of employee benefits in the statements of revenues and expenses. Because the plan is a defined contribution, there is no unfunded liability after contributions are made.

NOTE 12 - INCOME TAXES

The Trust files fiduciary tax returns for both federal and Maryland income tax purposes. During 2016 and 2015, the Trust did not incur any liability for federal and Maryland income taxes due to its net operating losses for tax purposes in prior years. The Trust has net operating loss carryovers of \$1,521,996 expiring between 2016 and 2026. The deferred tax asset associated with the net operating loss carryovers is \$608,800 as of December 31, 2016. Because of the unlikelihood of realization of any benefit from the loss carryovers, the Trust also recognizes a deferred tax asset valuation allowance in the same amount.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Landscaping and Snow Removal

A contract to receive landscaping maintenance and snow removal services effective January 1, 2013, was renewed by the Trust, along with the Mutuals, to the landscape company McFall & Berry. The term of the agreement was from January 1, 2013 through December 31, 2015, with a three-year renewal option. In 2015, the LWCC Board directed management to negotiate a one-year extension effective January 1, 2016. The contract may be adjusted in the event that a Mutual is deleted from the contract agreement. During the term of the contract and during any renewal term thereafter, either party may give written notice of termination without cause at least 90 days prior to termination or with cause at least 30 days prior to the date on which termination shall be effective. The contract required payments of \$1,274,624 and \$1,225,600 for the years ended December 31, 2016 and 2015, respectively. The contract requires payment of \$1,380,000 for the year ending December 31, 2017.

Cable

Proceeds of an exclusive cable television agreement are deferred and being amortized over the ten-year term of the agreement and are reflected as royalty revenue on the statements of revenues and expenses. In the event of an LWCC default that is not cured, the right to receive the compensation shall terminate immediately and a prorated refund shall be made to Comcast.

In addition to the royalty revenue, LWCC is in a ten year service agreement with Comcast effected July 28, 2010 for cable television services. The agreement for services is for \$23.49 per unit per month plus applicable taxes and fees. At December 31, 2016 and 2015 there were 5,650 units using this service.

Restuarant

Effective July 2, 2013, the Trustee entered into an Operating and Management Agreement with Perrie LLC for three years with the option to extend for five additional years. The agreement is for the operation of the restaurant and catering food services at Leisure World. For 2016, Perrie LLC was compensated \$24,000.

MedStar

Effective December 30, 2012, the Trustee entered into an Operating Agreement with MedStar Ambulatory Services, Inc. for the purpose of providing healthcare services to the residents of the Community in the Medical Facility located at 3305 North Leisure World Boulevard. Effective November 1, 2013, the agreement was amended to include additional space of approximately 3,500 square feet on the second floor of the Medical Center. This space will be used to provide rehabilitation services. The Operating Agreement specifies operating hours and services to be provided. The term of the agreement is for five years, with an option for an additional five years.

In addition, the Trustee entered into a Lease with MedStar Ambulatory Services, Inc. (the "Tenant" or MedStar) effective January 1, 2013. The expiration of the lease is December 31, 2017. The Tenant will lease approximately 20,000 square feet for medical offices and ancillary uses at an annual rental payment of \$420,000.

See the independent auditor's report.

Leisure World of Maryland Trust

Notes to Financial Statements

December 31, 2016 and 2015

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

MedStar (Continued)

As part of the negotiations, MedStar Ambulatory Services, Inc. agreed to purchase certain assets owned by the Trustee, including the inventory of pharmaceuticals and Medical Center furniture and equipment, for an agreed upon amount. Valuations were provided by an independent appraiser.

NOTE 14 - SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through February 24, 2017, the date on which the financial statements were available to be issued.

See the independent auditor's report.

Leisure World of Maryland Trust
Schedule of Cost Center Revenues and Expenses
For the Year Ended December 31, 2016

	Revenues	Costs of Revenues	Net Revenues	Operating Expenses	Excess of Operating Expense (over) under Net Revenues	Assessments	Excess (Deficiency) of Revenue over Expenses from Operations
Administration	\$ 576,071	\$ -	\$ 576,071	\$ 4,089,855	\$ (3,513,784)	\$ 3,554,626	\$ 40,842
Clubhouse I	86,134	(39,678)	46,456	864,204	(817,748)	799,940	(17,808)
Clubhouse II	170,695	(89,369)	81,326	758,210	(676,884)	662,501	(14,383)
Leisure World News	361,998	(67,700)	294,298	261,318	32,980	(36,693)	(3,713)
Food Service	-	-	-	76,273	(76,273)	74,250	(2,023)
Medical Center	536,530	-	536,530	128,861	407,669	(408,450)	(781)
Social Service	-	-	-	240,677	(240,677)	235,445	(5,232)
PPD - Management	884,480	(28,160)	856,320	905,342	(49,022)	45,085	(3,937)
PPD - Grounds Maintenance	-	-	-	1,436,898	(1,436,898)	1,453,006	16,108
Special Projects	396,323	(57,239)	339,084	298,154	40,930	-	40,930
Refuse/Recycling	53,853	-	53,853	564,615	(510,762)	534,950	24,188
Community Services	163,100	-	163,100	261,094	(97,994)	99,943	1,949
Vehicle	586,075	(80,100)	505,975	505,975	-	-	-
Housekeeping	466,500	-	466,500	466,500	-	-	-
After Hours Maintenance	159,616	(20,293)	139,323	174,956	(35,633)	26,387	(9,246)
Electrical Maintenance	596,927	(151,045)	445,882	420,349	25,533	-	25,533
Plumbing Maintenance	952,208	(292,261)	659,947	660,322	(375)	-	(375)
Carpentry Maintenance	1,419,086	(1,005,068)	414,018	418,354	(4,336)	3,000	(1,336)
HVAC Maintenance	1,009,264	(456,838)	552,426	522,428	29,998	-	29,998
Appliance Maintenance	589,154	(308,593)	280,561	285,869	(5,308)	-	(5,308)
Cable Television	-	-	-	2,007,401	(2,007,401)	2,002,720	(4,681)
Bus Transportation	9,250	-	9,250	351,253	(342,003)	331,683	(10,320)
Supplemental Transportation	25,027	-	25,027	179,473	(154,446)	206,907	52,461
Security	132,460	-	132,460	1,493,050	(1,360,590)	1,350,994	(9,596)
Community Street Lights	-	-	-	200,861	(200,861)	176,000	(24,861)
Golf Course Maintenance	246,030	-	246,030	529,725	(283,695)	289,027	5,332
Golf Pro Shop	99,069	(10,901)	88,168	174,816	(86,648)	66,892	(19,756)
Community Call System	-	-	-	27,423	(27,423)	36,000	8,577
Total	\$ 9,519,850	\$ (2,607,245)	\$ 6,912,605	\$ 18,304,256	\$ (11,391,651)	\$ 11,504,213	\$ 112,562

See the independent auditor's report.

Leisure World of Maryland Trust
Schedule of Cost Center Revenues and Expenses
For the Year Ended December 31, 2015

	Revenues	Costs of Revenues	Net Revenues	Operating Expenses	Excess of Operating Expense (over) under Net Revenues	Assessments	Excess (Deficiency) of Revenue over Expenses from Operations
Administration	\$ 538,868	\$ -	\$ 538,868	\$ 3,954,048	\$ (3,415,180)	\$ 3,505,734	\$ 90,554
Clubhouse I	75,814	(31,826)	43,988	776,029	(732,041)	794,218	62,177
Clubhouse II	176,450	(89,336)	87,114	776,227	(689,113)	703,981	14,868
Leisure World News	331,988	(64,388)	267,600	197,121	70,479	(28,732)	41,747
Food Service	-	-	-	90,603	(90,603)	91,250	647
Medical Center	525,580	-	525,580	125,417	400,163	(393,550)	6,613
Social Service	-	-	-	237,354	(237,354)	224,135	(13,219)
PPD - Management	812,429	(13,390)	799,039	888,340	(89,301)	78,862	(10,439)
PPD - Grounds Maintenance	-	-	-	1,387,234	(1,387,234)	1,400,738	13,504
Special Projects	351,464	(38,154)	313,310	308,611	4,699	-	4,699
Refuse/Recycling	56,096	-	56,096	579,009	(522,913)	538,054	15,141
Community Services	102,938	-	102,938	203,242	(100,304)	98,911	(1,393)
Vehicle	568,400	(67,296)	501,104	500,912	192	-	192
Housekeeping	436,969	-	436,969	436,969	-	-	-
After Hours Maintenance	149,202	(22,818)	126,384	171,007	(44,623)	44,581	(42)
Electrical Maintenance	559,988	(135,774)	424,214	406,203	18,011	-	18,011
Plumbing Maintenance	1,234,334	(621,146)	613,188	599,114	14,074	-	14,074
Carpentry Maintenance	512,312	(186,130)	326,182	365,147	(38,965)	-	(38,965)
HVAC Maintenance	789,079	(295,450)	493,629	486,252	7,377	-	7,377
Appliance Maintenance	561,876	(235,941)	325,935	348,435	(22,500)	-	(22,500)
Cable Television	-	-	-	1,951,626	(1,951,626)	1,957,000	5,374
Bus Transportation	11,750	-	11,750	329,034	(317,284)	327,125	9,841
Supplemental Transportation	28,441	-	28,441	227,705	(199,264)	198,984	(280)
Security	112,320	-	112,320	1,423,440	(1,311,120)	1,311,482	362
Community Street Lights	-	-	-	207,813	(207,813)	179,000	(28,813)
Golf Course Maintenance	227,216	-	227,216	557,666	(330,450)	304,781	(25,669)
Golf Pro Shop	91,060	(9,559)	81,501	165,952	(84,451)	67,510	(16,941)
Community Call System	-	-	-	27,425	(27,425)	36,000	8,575
Total	\$ 8,254,574	\$ (1,811,208)	\$ 6,443,366	\$ 17,727,935	\$ (11,284,569)	\$ 11,440,064	\$ 155,495

See the independent auditor's report.