

**CANDLEWICK LAKE ASSOCIATION, INC.**

**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION**

**Year ended April 30, 2011 with  
comparative totals for 2010**

**with**

**Report of Certified Public Accountants**

## CONTENTS

	<u>Page(s)</u>
Report of Certified Public Accountants	1-2
Financial statements for the year ended April 30, 2011 with comparative totals for 2010:	
Balance sheets	3
Statements of revenue, expenditures, comprehensive income and changes in fund balances	4
Statements of cash flows	5-6
Notes to financial statements	7-10
Supplementary information:	
Schedule of certain balance sheet account groups	11
Schedule of revenue over (under) expenditures	12
Schedule of revenue accounts	13-14
Schedule of expenditures	15-25
Schedule of operating expenses	26-27
Schedule of future major repairs and replacements	28

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# NYBORG & COMPANY, LTD.

Member of the AICPA and Illinois CPA Society

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Candlewick Lake Association, Inc.  
Poplar Grove, Illinois

We have audited the accompanying balance sheets of Candlewick Lake Association, Inc. as of April 30, 2011, and the related statements of revenue, expenditures, comprehensive income and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of certain balance sheet account groups (page 11), revenue over (under) expenditures (page 12), revenue accounts (pages 13-14), expenditures (pages 15-25) and operating expenses (pages 26-27) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information (except for the budget information which was compiled without audit or review from information that is the representation of management, on which we do not express an opinion or any other form of assurance) 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.

Information for the year ended April 30, 2010 is presented for comparative purposes only and was extracted from the financial statements which were audited by other auditors whose report, dated July 16, 2010, expressed an unqualified opinion on those statements.

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of 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.

August 30, 2011

*Nyberg & Company, PA*

# CANDLEWICK LAKE ASSOCIATION, INC.

## BALANCE SHEETS

April 30, 2011 with comparative totals for 2010

	2011			2010 Total	
	Operating Fund	Replacement Fund	Property and Equipment Fund		Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,361,853	520,737		1,882,590	2,521,025
Investments held to maturity		1,500,659		1,500,659	995,648
Investments available for sale		473,605		473,605	230,838
Accounts receivable, less allowance of doubtful accounts of \$264,000 in 2011 and \$225,630 in 2010	107,335			107,335	26,514
Inventory	18,742			18,742	18,394
Lots held for resale		77,144		77,144	75,385
Prepaid expenses	3,092			3,092	37,016
Property and equipment, less accumulated depreciation of \$5,992,991 in 2011 and \$6,951,092 in 2010			8,551,149	8,551,149	9,252,418
Construction in process					28,321
Due from funds	36,048	295,956		332,004	239,144
<b>TOTAL ASSETS</b>	<b>\$ 1,527,070</b>	<b>2,868,101</b>	<b>8,551,149</b>	<b>12,946,320</b>	<b>13,424,703</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenditures	\$ 134,707			134,707	165,940
Assessments received in advance and deposits	596,375	226,300		822,675	970,464
Due to funds	295,956		36,048	332,004	239,144
<b>TOTAL LIABILITIES</b>	<b>1,027,038</b>	<b>226,300</b>	<b>36,048</b>	<b>1,289,386</b>	<b>1,375,548</b>
<b>FUND BALANCES</b>					
Available for operations	500,032			500,032	326,587
Unrealized holding gain (loss) on investments available for sale		(6,750)		(6,750)	19,012
Available for replacement of community common areas		2,648,551		2,648,551	2,422,817
Available for replacement of property and equipment			8,515,101	8,515,101	9,280,739
<b>TOTAL FUND BALANCES</b>	<b>500,032</b>	<b>2,641,801</b>	<b>8,515,101</b>	<b>11,656,934</b>	<b>12,049,155</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,527,070</b>	<b>2,868,101</b>	<b>8,551,149</b>	<b>12,946,320</b>	<b>13,424,703</b>

See accompanying notes.

**CANDLEWICK LAKE ASSOCIATION, INC.**  
**STATEMENTS OF REVENUE, EXPENDITURES ,**  
**COMPREHENSIVE INCOME AND CHANGES IN FUND BALANCES**  
**Year ended April 30, 2011 with comparative totals for 2010**

	2011			2010 Total
	Operating Fund	Replacement Fund	Property and Equipment Fund	
<b>REVENUE</b>				
Assessments	\$1,809,523	622,697		2,432,220
Interest		24,976		24,976
Restaurant				132,193
Golf course	151,476			151,476
Gain on sale of investments				137,281
Other	295,132	109,375		109,375
<b>TOTAL REVENUE</b>	<b>2,256,131</b>	<b>801,292</b>		<b>3,057,423</b>
				<b>3,110,279</b>
<b>EXPENDITURES</b>				
General and administrative	689,678			689,678
Public safety	535,402			535,402
Maintenance	391,990			391,990
Pool	72,721			72,721
Recreation	82,970			82,970
Lake	38,755			38,755
Restaurant	6,257			6,257
Golf course	244,913			244,913
Depreciation			765,638	765,638
Capital expenditures	20,000	575,558		595,558
<b>TOTAL EXPENDITURES</b>	<b>2,082,686</b>	<b>575,558</b>	<b>765,638</b>	<b>3,423,882</b>
				<b>3,040,305</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>173,445</b>	<b>225,734</b>	<b>(765,638)</b>	<b>(366,459)</b>
				<b>69,974</b>
<b>CHANGES IN NET UNREALIZED HOLDING GAIN (LOSS) ON INVESTMENTS AVAILABLE FOR SALE</b>		<b>(25,762)</b>		<b>(25,762)</b>
				<b>19,012</b>
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 173,445</b>	<b>199,972</b>	<b>(765,638)</b>	<b>(392,221)</b>
				<b>88,986</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>\$ 326,587</b>	<b>2,422,817</b>	<b>9,280,739</b>	<b>12,030,143</b>
				<b>11,960,169</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>173,445</b>	<b>225,734</b>	<b>(765,638)</b>	<b>(366,459)</b>
				<b>69,974</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 500,032</b>	<b>2,648,551</b>	<b>8,515,101</b>	<b>11,663,684</b>
				<b>12,030,143</b>

See accompanying notes.

**CANDLEWICK LAKE ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS**

Year ended April 30, 2011 with comparative totals for 2010

	2011			2010 Total
	Operating Fund	Replacement Fund	Property and Equipment Fund	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	\$ 1,381,067	1,139,958		2,521,025
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				1,611,867
Member assessments received	1,614,507	609,853		2,224,360
Interest received		24,976		24,976
Gain on sale of investments		109,375		109,375
Other revenue received	425,510	42,485	28,321	496,316
Operating expenses paid	(2,079,995)			(2,079,995)
Capital expenditures paid		(575,558)		(575,558)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	(39,978)	211,131	28,321	199,474
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				878,750
Investments sold or matured		775,769		775,769
Purchase of property and equipment			(64,369)	(64,369)
Investments purchased		(1,549,309)		(1,549,309)
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		(773,540)	(64,369)	(837,909)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				30,408
Interfund borrowings	20,764	(56,812)	36,048	
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	20,764	(56,812)	36,048	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(19,214)	(619,221)		(638,435)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,361,853	520,737		1,882,590
				2,521,025

Continued...

See accompanying notes.

**CANDLEWICK LAKE ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011			Total	2010 Total
	Operating Fund	Replacement Fund	Property and Equipment Fund		
...Continued					
<b>RECONCILIATION OF REVENUE OVER (UNDER) EXPENDITURES TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Revenue over (under) expenditures	\$ 173,445	225,734	(765,638)	(366,459)	69,974
Depreciation			765,638	765,638	824,217
Bad debts	100,324			100,324	100,694
Effects of all deferrals and accruals on operating receipts and payments:					
Changes in accounts receivable	(181,145)			(181,145)	(96,237)
Changes in inventory	(348)			(348)	5,674
Changes in lots held for resale		(1,759)		(1,759)	(2,517)
Changes in prepaid expenses	33,924			33,924	(28,321)
Changes in construction in process			28,321	28,321	
Changes in accounts payable and accrued expenses	(31,233)			(31,233)	46,156
Changes in advance assessments and deposits	(134,945)	(12,844)		(147,789)	(40,890)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (39,978)</b>	<b>211,131</b>	<b>28,321</b>	<b>199,474</b>	<b>878,750</b>

See accompanying notes.

# CANDLEWICK LAKE ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

April 30, 2011 and 2010

### 1. Significant accounting policies

The Candlewick Lake Association, Inc. (the "Association") financial statements and income tax returns are prepared on the accrual basis of accounting, which recognizes revenue when it is earned or due and expenditures when they are incurred.

The Association uses the fund method of accounting, which requires that funds such as operating funds, funds restricted for future major repairs and replacements and funds restricted for property and equipment be classified separately for accounting and reporting purposes. Expenses from the operating fund are generally at the discretion of the Board of Directors, while expenditures from the replacement fund and property and equipment fund are to be made only for their designated purposes.

Cash and cash equivalents include all checking accounts, money market accounts and certificates of deposit with maturity dates of three months or less and are recorded at cost plus accrued interest. Investments held to maturity include United States Treasury notes at their amortized cost and certificates of deposit with maturity dates of more than three months and are recorded at cost plus accrued interest. Investments available for sale consist of government backed securities which are recorded at their fair market value. Insurance costs are amortized over the periods covered by the premiums.

Comprehensive income includes unrealized gains and losses on investments classified as available for sale.

Accounts receivable are unit owner obligations due for unpaid assessments and other charges. Payments on receivables that are received after May 1 are assessed a late fee of seven percent for thirty days past due and \$100 for fifty days past due. Late fees are recognized as income when billed. Accounts receivable are stated at the amount billed to the unit owner. Unit owner account balances with invoices dated over 30 days old are considered delinquent. Payments of accounts receivable are allocated to the specific charges identified on the unit owner's remittance advice or, if unspecified, are applied to the earliest unpaid balances.

The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects the Association's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from the due date and based on an assessment of the current legal status, estimates the portion, if any, of the balance that will not be collected.

The Association maintains inventory of food and liquor for resale to unit owners at the restaurant and golf course. Such inventory is stated at cost. Cost is determined on a first-in, first-out basis.

Property acquired in foreclosure by the Association is reported at the lower of cost or fair market value.

Property and equipment for which the Association holds title is recorded at cost and is depreciated using the straight-line method over the estimated useful life of the property and equipment.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

## **2. Date of management's review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 30, 2011, the date that the financial statements were available to be issued.

## **3. Association organization and operations**

The Association, which began operation in 1973, is a private recreation planned unit development (PUD) organized as an Illinois not-for-profit corporation for the purpose of maintaining and preserving common areas for its members. The property consists of approximately 2,400 individual lots on 1,800 acres, including a 210 acre lake and other recreational facilities.

In 2006, another PUD was developed (Savannah Oaks) which included fifty-two residential lots and a golf course. The lots were completed in 2007. The PUD had commenced selling these lots in 2006 with one lot remaining unsold at April 30, 2010. The golf course was completed in July 2007. Savannah Oaks financial information is included as part of Candlewick Lake Association, Inc.'s financial statements.

Member annual assessments are collected in accordance with the Association's Declaration.

The Association is responsible for the common areas and other assets for which it holds title. The Association's amenities include the Savannah Oaks Golf Course and clubhouse, lake, marina, Dock Side restaurant, recreation center, parks, pool and a management building. In addition, the Association is responsible for over 26 roads.

## **4. Future major repairs and replacements**

The Association's governing documents require funds to be accumulated for major repairs and replacements. Replacement funds are held in a separate bank and investment accounts and are generally not available for operating purposes. It is the Association's policy to allocate interest earned on such funds to the replacement fund.

An independent engineer conducted a study in July 2009 to estimate the remaining useful lives and the replacement costs of the components of common areas. The estimates were based on 2009 estimated replacement costs. Funding requirements consider an annual inflation rate of three percent and an interest rate of four percent on amounts funded for future major repairs and replacements.

The Board is funding for future major repairs and replacements over the remaining useful lives of the components based on the study's estimates of 2009 replacement costs. The Association has decided to partially fund the study's requirement of \$1,019,100 and has included \$621,730 in the 2012 budget.

Funds are being accumulated in the replacement fund based on the 2009 estimated costs for the future replacement of common element components. Actual expenditures and investment income may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available. As of April 30, 2011, the Association had accumulated \$2,648,551 of equity in the replacement fund for future major repairs and replacements.

#### **5. Income taxes**

Under current federal income tax laws, a homeowners' association may elect each year to file its federal income tax return as a not-for-profit homeowners' association or as a for-profit corporation. For fiscal year 2010, the Association filed its income tax returns as a for-profit corporation with no income tax liability. For fiscal year 2011, the Association intends to file its income tax returns as a not-for-profit homeowners' association with no income tax liability.

For income tax purposes, the Association has cumulative net operating losses for federal purposes in the amount of \$86,955 if the for-profit corporation method of reporting is elected and for state purposes has cumulative net losses in the amount of \$174,121. The net operating losses begin to expire in 2020.

In 2011, the Association adopted the new accounting policy for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Association's tax filings are subject to audit by various taxing authorities. The Association's federal and state income tax returns for fiscal year 2010, 2009 and 2008 remain open to examination by the Internal Revenue Service and by the state. In evaluating the Association's tax provision and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

#### **6. Fair value of financial instruments**

All financial instruments are held or issued for other than trading purposes. Management applied the following methods and assumptions to estimate the fair value of financial instruments:

Cash and cash equivalents - The carrying amount of cash and cash equivalents approximates its fair value because of the close proximity to maturity.

Investments held to maturity - Investments have been categorized as held to maturity because the Association has the intent and ability to hold to maturity. This category is comprised of United States Treasury notes at their amortized cost and certificates of deposit with maturity dates of more than three months which are recorded at cost plus accrued interest. The latest maturity date on an investment is July 15, 2018 at April 30, 2011 and 2010, respectively.

SUPPLEMENTARY INFORMATION

Investments available for sale - All government backed securities have been categorized as investments available for sale and are recorded at their fair market value based upon quoted market price. The corresponding unrealized gain or loss in the fair market value in relation to cost is accounted for as a separate item in the fund balance section of the balance sheet. Gains and losses on the sale of investments are accounted for using the specific identification method.

	Cost	Unrealized Gains (Losses)	Fair Value
Investments available for sale			
April 30, 2011	\$ 480,355	(6,750)	473,605
April 30, 2010	\$ 211,826	19,012	230,838
Unrealized holding gain (loss) on investments:			
Beginning of year	\$ 19,012		
Change in fair value		(25,762)	
End of year	\$ (6,750)		

#### 7. Defined contribution plan

The Association offers a 401k retirement plan to all full-time and part-time employees who have completed at least three months of continuous service with the Association. Employees may contribute, on an annual basis, to the extent of the maximum allowed by tax law. The Association contributes a matching percentage of the contribution up to a maximum of 3% of the employee's annual salary. The Association paid matching contributions totaling \$10,026 and \$10,506 for the years ended April 30, 2011 and 2010, respectively.

#### 8. Uninsured cash balances

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions, which from time to time exceed the Federal Depository Insurance Corporation insurance limits. Amounts exceeding federally insured limits totaled approximately \$666,000 at April 30, 2010. These funds were subsequently divested to other insured accounts as the Association maintains its cash balances at several financial institutions to eliminate any potential concentrations of cash.

#### 9. Reclassification

Certain 2010 items have been reclassified to conform to the 2011 financial statement presentation.

SUPPLEMENTARY INFORMATION

**CANDLEWICK LAKE ASSOCIATION, INC.**  
**SCHEDULE OF CERTAIN BALANCE SHEET ACCOUNT GROUPS**  
**April 30, 2011 with comparative totals for 2010**

	<b>2011</b>	<b>2010</b>
	<b>Total</b>	<b>Total</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Petty cash	\$ 934	1,054
Checking	1,067,610	1,027,460
Money market	558,578	1,311,019
Certificates of deposit	255,468	181,492
	<u>\$ 1,882,590</u>	<u>2,521,025</u>
<b>INVESTMENTS HELD TO MATURITY</b>		
Certificates of deposit	\$ 1,201,797	236,005
United States Treasury notes	298,862	759,643
	<u>\$ 1,500,659</u>	<u>995,648</u>
<b>ACCOUNTS RECEIVABLE</b>		
Assessments, and other amounts due from owners	\$ 371,335	252,144
Less allowance for doubtful accounts	(264,000)	(225,630)
	<u>\$ 107,335</u>	<u>26,514</u>
<b>ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES</b>		
Accounts payable-operating	\$ 57,241	101,410
Accrued expenditures-		
Payroll, payroll taxes and benefits	27,610	25,671
Vacation	35,705	35,629
Other	14,151	3,230
	<u>\$ 134,707</u>	<u>165,940</u>
<b>ASSESSMENTS RECEIVED IN ADVANCE AND DEPOSITS</b>		
Assessments received in advance	\$ 792,745	919,784
Deposits	29,930	50,680
	<u>\$ 822,675</u>	<u>970,464</u>

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF REVENUE OVER (UNDER) EXPENDITURES**

Year ended April 30, 2011 with comparative totals for 2010

	2011			*Budget	2010 Total
	Operating Fund	Replacement Fund	Property and Equipment Fund		
<b>REVENUE</b>					
Assessments	\$ 1,809,523	622,697		2,432,220	2,431,546
Interest		24,976		24,976	53,052
Restaurant				14,500	132,193
Golf course	151,476			151,476	137,281
Gain on sale of investments		109,375		109,375	70,000
Other	295,132	44,244		339,376	356,207
<b>TOTAL REVENUE</b>	<b>2,256,131</b>	<b>801,292</b>		<b>3,057,423</b>	<b>2,966,666</b>
<b>EXPENDITURES</b>					
General and administrative	689,678			689,678	731,239
Public safety	535,402			535,402	541,363
Maintenance	391,990			391,990	465,788
Pool	72,721			72,721	81,840
Recreation	82,970			82,970	89,835
Lake	38,755			38,755	51,730
Restaurant	6,257			6,257	14,500
Golf course	244,913			244,913	245,793
Depreciation			765,638	765,638	207,101
Capital expenditures	20,000	575,558		595,558	824,217
<b>TOTAL EXPENDITURES</b>	<b>2,082,686</b>	<b>575,558</b>	<b>765,638</b>	<b>3,423,882</b>	<b>3,268,534</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ 173,445</b>	<b>225,734</b>	<b>(765,638)</b>	<b>(366,459)</b>	<b>(301,868)</b>
					<b>69,974</b>

\*Unaudited

**CANDLEWICK LAKE ASSOCIATION, INC.**  
**SCHEDULE OF REVENUE ACCOUNTS**

**Year ended April 30, 2011 with comparative totals for 2010**

REVENUE	2011		2010
	*Budget	Actual	Actual
Assessments	\$ 2,431,707	2,432,220	2,431,546
Interest		24,976	53,052
Restaurant	14,500		132,193
Golf course	133,750	151,476	137,281
Gain on sale of investments	70,000	109,375	
Other-operating fund			
Finance charge	52,000	39,566	33,096
Associate member fee	45,000	69,229	46,310
Newsletter	26,000	23,824	26,565
C-pass	24,000	27,315	24,551
Fishing permits	17,300	13,350	13,755
Franchise	16,500	18,001	18,159
Dock rental	13,310	12,180	13,040
Paid assessment/PUD letter	13,000	11,950	12,395
Lien fee	12,000	13,305	17,655
Building department fees	10,275	5,270	8,089
NSF fee	9,100	7,084	7,921
Off-season storage charge	8,800	9,000	8,545
Ecc work order	8,500	5,510	4,260
Building rental	8,000	8,095	10,925
Maintenance work order	7,500	7,209	7,456
Miscellaneous	7,500	1,817	6,203
Pool pass	7,500	9,705	24,835
Activity	6,250	9,033	5,991
Snack bar	4,000	4,052	2,260
YMCA activities	3,000	(1,371)	(3,206)
Decal fees	1,970	475	8,890
Boat rentals	350	333	348
Reinspection fees	250	200	150
Web page/internet	30		10

\*Unaudited

Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF REVENUE ACCOUNTS**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
Other-replacement fund			
Construction fees	\$ 20,000		8,000
Citations		36,631	49,179
Gain/(loss) on sale of assets		11,175	
Cost of lots-acquired	(5,426)	(3,562)	825
	316,709	339,376	356,207
<b>TOTAL REVENUE</b>	<b>\$ 2,966,666</b>	<b>3,057,423</b>	<b>3,110,279</b>

**\*Unaudited**

# CANDLEWICK LAKE ASSOCIATION, INC.

## SCHEDULE OF EXPENDITURES

Year ended April 30, 2011 with comparative totals for 2010

	2011		2010
	*Budget	Actual	Actual
<b>GENERAL AND ADMINISTRATIVE</b>			
Full-time wages	\$ 275,000	278,604	272,610
Bad debts	100,000	100,324	100,694
Liability insurance	45,895	44,994	50,543
Part-time wages	37,180	37,390	15,888
Health and life insurance	34,248	35,386	25,792
Newsletter-printing and postage	26,600	26,601	25,759
Small equipment	23,598	28,960	13,661
FICA	19,355	18,090	17,028
Budget contingency	17,887	2,380	1,705
Legal fees	15,000	5,527	126,226
Audit fees	10,000	9,000	11,406
Workers compensation	9,593	10,930	14,386
Benefits-retirement	8,460	1,805	1,940
Office supplies	8,230	6,696	12,217
Legal-collection	8,000	6,315	6,981
Outside services-payroll/accountant	7,050	7,752	7,516
Postage	7,000	7,249	4,871
Printing and duplication	6,500	4,120	5,893
Education	6,500	1,349	4,470
Public relations	6,500	2,329	2,003
Electric	5,500	5,703	4,777
Stipend expense	5,100	1,649	4,750
Bank fees-credit card fees	5,000	5,570	11,284
Telephones and pagers	4,560	3,599	5,077
Medicare	4,528	4,253	3,982
Outside services-computer	4,460	2,896	4,845
SUTA	4,272	5,565	3,585
Cost of lots-water and sewer	3,840	3,796	4,881
Employee recognition	2,500	2,432	1,178
Employee relations	2,500	846	1,054
Memberships/dues/filing fees	2,200	1,276	2,579
Outside services-contracts	2,150	2,188	2,099
Bank fees	2,000	2,972	8,308
Volunteer dinner	2,000	1,343	
Expense reimbursement	1,500	1,041	2,010
Sewer and water	1,300	1,343	1,363
Bank fees-investments	900		2,042

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
<b>GENERAL AND ADMINISTRATIVE</b>			
Utilities-gas	800	441	680
Repairs-small equipment	750	78	1,050
Advertising	750	598	1,350
Fuel/fluids	700	76	
FUTA	448	527	400
Vehicle repairs	400	64	400
Web page/internet	400	164	881
Vehicle license and registration	85	136	85
Consulting			150
Overtime wages		167	312
Vacation pay benefits		1,948	(185)
Real estate taxes		3,775	
Pop machine		(569)	
<b>Total general and administrative</b>	731,239	689,678	790,526

**\*Unaudited**

Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>PUBLIC SAFETY</b>			
Full-time wages	\$ 320,287	313,564	256,034
Health and life insurance	43,464	33,998	28,380
Part-time wages	36,500	52,053	60,164
Outside services-contracts	21,228	20,346	75
FICA	21,114	22,732	19,748
Fuel/fluids	16,000	15,173	13,204
Benefits-retirement	9,264	1,804	2,639
Workers compensation	9,189	11,608	11,145
SUTA	8,696	11,211	6,939
Liability insurance	8,149	6,490	
Overtime wages	7,900	4,159	4,506
Telephones and pagers	6,720	7,751	5,377
Medicare	4,992	5,401	4,587
Electric	4,100	3,388	4,094
Small equipment	4,045	2,034	1,520
Vehicle repairs	3,500	4,470	8,804
Equipment-communication	3,355	3,597	342
Supplies-first aid	2,580	2,080	619
Sewer and water	2,500	2,229	2,243
Education	1,830	1,527	1,215
Uniforms	1,800	2,239	4,057
Utilities-gas	1,400	864	912
FUTA	900	1,221	1,255
Repairs-small equipment	800	927	928
Repairs-boat and trailer	750	1,290	2,573
Vehicle license and registration	300	135	320
Office supplies		62	
Vacation pay benefits		3,049	4,023
<b>Total public safety</b>	<b>541,363</b>	<b>535,402</b>	<b>445,703</b>

\*Unaudited

Continued...

# CANDLEWICK LAKE ASSOCIATION, INC.

## SCHEDULE OF EXPENDITURES

Year ended April 30, 2011 with comparative totals for 2010

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>MAINTENANCE AND REPAIRS</b>			
Full-time wages	\$ 168,189	166,111	163,650
Outside services-grounds maintenance	40,000	25,240	27,994
Health and life insurance	34,250	29,195	18,604
Repairs-roads	30,000	21,410	26,351
Part-time seasonal	25,727	21,185	14,672
Ice control material	22,000	19,308	20,245
Fuel/fluids	21,400	17,495	15,258
Outside services-contracts	17,000	5,028	7,853
Maintenance supplies	15,500	7,993	7,330
Repairs-heavy equipment	13,000	11,876	6,698
FICA	12,395	11,013	10,821
Workers compensation	7,077	7,916	5,800
Benefits-retirement	6,760	6,417	5,782
Overtime wages	6,000	5,269	3,479
Electric	5,500	3,137	3,153
Repairs-fence and gate	4,500	2,274	3,878
Vehicle repairs	4,200	4,732	3,373
Janitorial supplies	4,200	3,251	3,856
Small equipment	4,200	2,933	4,022
Utilities-gas	4,000	2,290	2,179
SUTA	3,931	4,514	3,218
Equipment rental	3,500	3,241	2,278
Medicare	2,899	2,648	2,531
Vehicle license and registration	2,300	2,112	2,231
Telephones and pagers	1,900	1,650	1,575
Repairs-small equipment	950	187	323
Education	700	576	1,040
Building and grounds material	700	(122)	687
Mailbox repairs	600	477	671
Office supplies	525	391	363
Supplies-first aid	500	476	15
Outside services-mats and towels	450		126
FUTA	435	434	428
Uniforms	300	379	246
Equipment-communication	200	106	
Vacation pay benefits		848	(423)
<b>Total maintenance and repairs</b>	<b>465,788</b>	<b>391,990</b>	<b>370,307</b>
<b>*Unaudited</b>			Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>POOL</b>			
Outside services YMCA	\$ 42,000	37,534	34,342
Utilities-gas	7,800	4,767	6,310
Electric	7,100	7,051	5,996
Supplies-pool chemicals	7,000	8,593	6,601
Maintenance supplies	4,825	4,282	533
Small equipment	4,345	4,237	893
Repairs-small equipment	3,000	614	4,231
Outside services-maintenance	2,300	2,423	2,105
Snack bar	2,000	2,586	1,291
Office supplies	650		345
Telephones and pagers	540	574	393
Uniforms	200		98
Filing fees	80	60	160
<b>Total pool</b>	<b>81,840</b>	<b>72,721</b>	<b>63,298</b>

\*Unaudited

Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>RECREATION</b>			
Electric	\$ 31,000	28,273	30,252
Activity	16,000	17,549	15,158
Sewer and water	8,500	9,529	8,424
Utilities-gas	6,300	6,173	4,814
Repairs-small equipment	4,500	4,368	2,006
Outside services-maintenance	4,500	4,021	6,715
Building and grounds material	4,000	2,564	2,684
Maintenance supplies	3,500	2,969	2,737
Small equipment	2,500	2,271	461
Office supplies	2,500	1,391	1,731
Janitorial supplies	2,250	3,013	1,894
Telephones and pagers	2,100	857	1,026
Outside services YMCA	1,500		
Public relations	300	150	
Outside services-mats and towels	200		96
Expense reimbursement	100		
Memberships/dues/filing fees	85		
Pop machine		(158)	
<b>Total recreation</b>	<b>89,835</b>	<b>82,970</b>	<b>77,998</b>

\*Unaudited

Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>LAKE</b>			
Supplies-chemicals	\$ 15,000	16,675	23,614
Fish stocking	10,000	5,000	7,201
Outside services-maintenance	6,700	4,949	10,589
Consulting	5,000	5,724	2,282
Dam inspection	4,000	1,800	1,800
Fowl control	2,700	1,526	1,517
Electric	2,200	1,851	1,925
Building and grounds material	1,300	15	2,300
Repairs-small equipment	1,300	185	137
Education	1,100		425
Lake quality test	850	283	122
Small equipment	700	729	353
Printing and duplication	500		49
Expense reimbursement	250		
Memberships/dues/filing fees	100		
Vehicle license and registration	30	18	18
<b>Total lake</b>	<b>51,730</b>	<b>38,755</b>	<b>52,332</b>

\*Unaudited

Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>RESTAURANT</b>			
Liquor	\$ 12,000	1,228	3,169
Licensing-permits	2,500		3,040
Medicare			1,140
FUTA			483
SUTA			1,901
Workers compensation			3,566
Health and life insurance			2,465
Benefits-retirement			145
Expense reimbursement			85
Outside services-maintenance		260	2,539
Full and part-time wages			68,655
Outside services-computer			1,518
Public relations			61
Electric			7,865
Utilities-gas		3,126	5,728
Telephones and pagers			1,220
Janitorial supplies			(187)
Maintenance supplies			989
Office supplies			689
Supplies-disposables			3,712
Food		1,200	86,194
FICA			4,873
Small equipment			1,324
Repairs-small equipment		82	4,484
Vehicle license and registration			99
Equipment rental		361	1,313
Supplies-chemicals			1,753
<b>Total restaurant</b>	<b>14,500</b>	<b>6,257</b>	<b>208,823</b>

\*Unaudited

Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>GOLF COURSE</b>			
Part-time wages	\$ 75,350	60,121	25,986
Full-time wages	30,000	31,555	25,817
Liquor	17,750	29,151	22,351
Equipment rental	12,000	12,392	7,321
Supplies-chemicals	11,500	11,074	11,501
Food	9,700	10,653	8,360
Outside services-contracts	8,890	3,501	3,639
Electric	8,400	10,096	8,597
Repairs-small equipment	7,690	8,616	4,198
FICA	6,531	4,864	3,780
Fuel/fluids	6,500	6,222	6,919
Building and grounds material	5,420	4,985	4,421
Health and life insurance	5,112	4,975	
Small equipment	4,800	5,492	4,156
Activity	3,650	1,624	2,141
Workers compensation	3,239	3,547	1,862
SUTA	3,178	4,033	1,745
Sewer and water	2,700	2,444	2,557
Supplies-disposables	2,500	1,996	211
Telephones and pagers	2,500	2,230	2,497
Utilities-gas	2,300	1,500	1,678
Advertising	2,000	607	1,360
Pro shop	2,000	2,188	717
Memberships/dues/filing fees	1,800	1,540	2,438
Medicare	1,527	1,645	884
Education	1,500	623	162
Public relations	1,500	288	
Clubhouse activity	1,350	997	
Maintenance supplies	1,000	1,427	1,210
Benefits-retirement	900		
Office supplies	650	669	843
Janitorial supplies	600	760	824
Outside services-management	500	509	47,617
FUTA	451	511	354
Uniforms	300	301	240
Property tax	5	6,309	

CANDLEWICK LAKE ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES

Year ended April 30, 2011 with comparative totals for 2010

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>GOLF COURSE</b>			
Expense reimbursement		653	
Overtime wages		21	715
Tobacco products		3,640	
Vacation pay benefits		1,154	
<b>Total golf course</b>	<b>245,793</b>	<b>244,913</b>	<b>207,101</b>

\*Unaudited

Continued...

**CANDLEWICK LAKE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES**

**Year ended April 30, 2011 with comparative totals for 2010**

	2011		2010
	*Budget	Actual	Actual
...Continued			
<b>DEPRECIATION</b>	\$	765,638	824,217
<b>CAPITAL EXPENDITURES</b>			
Lake	816,790	575,558	
Recreation	81,102		
Maintenance	55,451		
Pool	48,925		
Public safety	11,330		
Recreation	6,848		
Engineer fees	26,000	20,000	
<b>Total capital expenditures</b>	<b>1,046,446</b>	<b>595,558</b>	
<b>TOTAL EXPENDITURES</b>	<b>\$3,268,534</b>	<b>3,423,882</b>	<b>3,040,305</b>

\*Unaudited

**CANDLEWICK LAKE ASSOCIATION, INC.**  
**SCHEDULE OF OPERATING EXPENSES**

Year ended April 30, 2011 with comparative totals for 2010

Expenses	Department Name											Totals				
	Administraion	Public							Golf Course	Restaurant	Lake	Recreation	2011		2010	
		Safety	Maintenance	Pool	Recreation	Lake	Restaurant	Golf Course					*Budget	Actual	Budget	Actual
Wages	\$ 318,109	372,825	193,413										982,133	977,198	915,903	
Payroll taxes	28,435	40,565	18,609										95,652	98,662	89,682	
Workers compensation	10,930	11,608	7,916										29,098	34,001	36,759	
Health and life insurance	35,386	33,998	29,195										117,074	103,554	75,241	
Retirement	1,805	1,804	6,417										25,384	10,026	10,506	
Employee relations	3,278												2,500	3,278	2,232	
Professional fees	20,842									5,724			38,000	26,566	147,045	
Education and training	1,349	1,527	576										11,630	4,075	7,312	
Uniforms		2,239	379										2,600	2,919	4,641	
Expense reimbursement	1,041												1,850	1,694	2,095	
Insurance	47,374	6,490											71,931	53,864	52,248	
Outside services	2,188	20,346	30,268							4,949	260		146,768	105,999	145,567	
Mats and towels													650		222	
Bookkeeping	7,752												7,050	7,752	7,516	
Computer services	2,896												4,460	2,896	6,363	
Membership fees and due	1,276												4,265	2,876	5,177	
Postage	7,249												7,000	7,249	4,871	
Public relations	2,329												8,300	2,767	2,064	
Newsletter	26,601								150				26,600	26,601	25,759	
Janitor supplies													7,050	7,024	6,387	
Printing and duplication	4,120												7,000	4,120	5,942	

\*Unaudited

Continued...



**CANDLEWICK LAKE ASSOCIATION, INC.**  
**SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS**

**April 30, 2011**

(UNAUDITED)

An independent engineer conducted a study in July 2009 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on 2009 estimated replacement costs. Funding requirements consider an annual inflation rate of three percent and an interest rate of four percent on amounts funded for future major repairs and replacements. The Board of Directors has not designated the amount of current replacement funds accumulated for each component.

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

Components	2009 Estimated remaining useful lives	2009 Estimated replacement cost	2012 Funding requirement	Components of fund balance at April 30, 2011
Property site elements	0-25 yrs	\$ 20,587,872	\$	\$
Recreation center elements	0-35 yrs	2,420,982		
Administration building elements	0-20 yrs	680,454		
Maintenance elements	0-30 yrs	2,988,915		
Pool elements	0-60 yrs	1,596,640		
Golf elements	0-25 yrs	3,085,839		
		<u>\$ 31,360,702</u>	<u>\$ 1,019,100</u>	<u>\$2,648,551</u>