

## **September, 2010**

### **To the Mount Kemble Lake community:**

The following discussion summarizes the Community's financial status through June 30, 2010 by analyzing the revenues and expenditures in comparison to the 2010 budget and 2009 results per the attached statements. The Dues revenues are recorded on an accrual basis, all other items are recorded on the cash basis which generally approximates the accrual basis. Unpaid Dues are reflected in Accounts Receivable on the Balance Sheet. Please remember that many of the community's expenses are not incurred evenly throughout the year and therefore comparisons to the 2010 budget, which reflect the prior years' spending, as well as comparisons to the prior year, while meaningful, may not be indicative of what the actual expenditures for the 2010 full year will be.

### **Revenues**

Total Mount Kemble Lake Association ("MKLA") Operating Revenues through June 30, 2010 of \$85,973 exceeded the 2010 budget of \$79,900 and the \$84,554 for the first six month of 2009. The increase from budget was due primarily to higher Miscellaneous Income related to Late Payment Fees for unpaid dues, of which some of these amounts have not been collected and are included in Accounts Receivable. We do not budget any amount for Late Payment Fees. The \$2,000 budgeted is for the snow refund from Harding; of which \$2,640 was received in August and not included in the Actual of \$7,975. Compared to 2009, Late Payment Fees were approximately \$3,500 greater in 2010 since there were several seriously delinquent members, noted in the 2009 Summary, which resulted in a higher monthly fee. The lower interest income compared to 2009 reflects the lower interest rate earned on our cash balances. There were also fewer Clubhouse rentals in 2010 resulting in lower revenues than in 2009. There are not a lot of parties booked yet for the fall so this may be under budget for the year as well.

Total Lakeshore Operating Revenues through June 30, 2010 of \$67,136 exceeded the 2010 budget of \$59,391 and the \$59,854 for the first six months of 2009. The increase from both the budget and 2009 was due to higher Miscellaneous Income related to Late Payment Fees for unpaid dues; of which some of these amounts have not been collected and are included in Accounts Receivable. We do not budget any amount for Late Payment Fees. The \$11,891 budgeted amount is the MKLA's portion of the loan payments for the loan from the State of NJ for the lake dredging and dam repair.

### **Expenses**

#### **Mount Kemble Lake Association**

**Administration** – Expenses of \$13,353 through June 30<sup>th</sup> were less than the 2010 budget of \$28,610 but exceeded the \$12,092 for the first six months of 2009 primarily due to lower insurance costs and higher legal costs, respectively. The insurance costs are lower due to the timing of payments in 2009, whereas in 2010 the costs are being recognized on a monthly basis, as well as lower total premiums. Insurance expense is charged to MKLA and Lakeshore based upon identifiable assets and revenues depending on the policy. The lower overall premiums reflect the active shopping of the insurance with highly rated underwriters to take advantage of the soft insurance market over the last several years. Of the approximate \$5,000 increase in Professional Fees from both the 2010 Budget and 2009, approximately \$4,100 are related to Finance Committee matters. In addition, approximately \$1,500 in Professional Fees are related to collection efforts and were later charged to the members who necessitated the fees; of which the board is actively pursuing collection.

**Beaches and Docks** – Expenses of \$6,406 exceed 2009 expenses of \$2,153 due to the timing of herbicide treatments and a water quality monitoring program not performed for several years. In addition, approximately \$5,800 was spent to replace the dock that was not included in the \$6,406, but instead was capitalized and is included in Fixed Assets on the Balance Sheet, which is why no spending has been charged to repairs and maintenance. Depending on the costs of any repairs, and the need for herbicide treatments, Beaches and Docks could exceed its 2010 budget. The spending for the dock was included in Other in the Capital Purchases & Reserve Adjustments part of the Budget. As noted in the 2009 Summary, the Water Analysis and Treatment costs were about \$4,000 less than 2008 due to a combination of judicious spending and good luck. Don is hopeful that the dredging of the lagoon and related repairs to the bank will be completed this fall at estimated costs of \$15,000 for the lagoon and at least \$15,000 to construct a "bulkhead" to prevent further erosion. Although the lagoon dredging was budgeted for in Other in the Capital Purchases & Reserve Adjustments part of the Budget in 2010, the retaining wall to minimize the bank erosion was prompted by examination of the bank and was not budgeted for. Without a bulkhead or similar structure, further erosion could damage the road.

**Grounds** – Expenses of \$4,147 were less than the 2010 budget of \$15,000 because the operations budget was front loaded and the maintenance of trees was deferred, and the tennis court setup did not require the amount of work it did in previous years. The spending was less than the \$14,854 incurred in 2009 because of the reduced tree maintenance and the

\$5,000 spent to repair the beach steps in 2009. Diane and her committee will continue to make improvements in the community's appearance while minimizing the costs.

**Clubhouse Operations and Repairs & Maintenance** – Expenses of \$5,293 exceeded the 2010 budget of \$4,800 but were less than the \$6,451 spent in the first six months of 2009. There were no significant items in 2010 when compared to the 2010 budget or 2009. Bruce and Joyce, and their committees, will continue to work on projects to improve the clubhouse's appearance while also minimizing costs.

**Roads** – Expenses of \$10,512 exceeded the 2010 Budget of \$7,250 and 2009 spending of \$8,281 by \$3,512 and \$2,331, respectively, due to the costs of snow removal. Note that the snow refund from Harding Township is included in Miscellaneous income above. These negative variances will likely be larger for the entire year depending on the plowing needs for the remainder of the year. The board will continue to look for savings in other areas to help ensure that the overall budget for 2010 is not exceeded.

**Summary** – Overall, through June 2010 MKLA operating expenses were \$23,197 less than budgeted and \$4,378 less than the 2009 spending. At June 30<sup>th</sup> cash on hand was \$120,000.

### **The Lakeshore Company**

**Administration** – Expenses of \$22,741 were \$4,379 less than the 2010 budget of \$27,120 but \$3,161 greater than 2009 due to professional fees and insurance as noted in the MKLA section above.

**Water Operations** – Expenses of \$9,359 were \$5,241 less than the 2010 budget of \$14,600 and \$6,308 less than the 2009 spending of \$15,667 due primarily to lower Repairs and Maintenance expenses. Overall, our program to modernize and automate the water company operations should continue to lower our operating costs, as well as the time required of our community volunteers.

**Summary** – Overall, Lakeshore's operating expenses were \$5,947 less than 2009 and \$9,620 less than Budget. However, Lakeshore's cash balance continues to decline. At June 30, Lakeshore had \$35,000 in cash. July Dues of \$47,500 result in projected available cash of approximately \$80,000. Property tax payments in August and November of \$10,000 with the October Loan payment of \$12,000, net of MKLA contribution, total \$32,000. Budgeted expenses for the second half of 2010 are \$40,000 for total spending of \$72,000, resulting in a projected cash balance at year-end of \$8,000; excluding the impact of any budget variances. Lakeshore's cash at December 31, 2009 was approximately \$40,000. Therefore, it is probable that a dues increase beginning January of 2011 for \$250 per year, \$125 per semi-annual payment, will be enacted this fall.

### **Combined Balance Sheet**

**Current Assets** – Current assets consist primarily of cash, all of which is in interest bearing accounts and readily available if required. The overall increase from December 31, 2009 of approximately \$30,000 results primarily from the reduced spending noted above and the collection of accounts receivable at December 31, 2009. While one of the three large receivables at year-end was partially collected, the other two large receivables, as well as some smaller receivables, remain unpaid. The board continues to actively pursue collection and will assess the realizability of all receivables at year-end.

**Liabilities** – The Other Current Liabilities represent the reserves established for dredging, clubhouse repairs and contingencies. These will also be evaluated and adjusted as necessary at year-end. The Long Term Liabilities represent the loans from the State of New Jersey for the Dam and Lake Dredging and Somerset Hills for the Road repairs. Their decrease reflects principal payments.

If you have any questions please do not hesitate to contact the Treasurer, Bob Yingling, or any of the board members.

Sincerely,

Austin Godfrey, President  
Bob Yingling, Treasurer,  
Nancy Priscu, Secretary  
Rick Barrett, Water Operations  
Diane Bonar, Grounds  
Gail Chalfant, Roads  
Barbara Coe, Newsletter  
Don Kuhn, Beaches and Docks  
Joyce Murray, Housekeeping  
Bruce Scolnick, Clubhouse Maintenance

**Mount Kemble Lake**  
**Profit & Loss: Lakeshore and MKLA**

January - June, 2010

	Lakeshore			MKLA			TOTAL		
	Jan - Jun, 2010	Jan - Jun, 2009 (PY)	\$ Change	Jan - Jun, 2010	Jan - Jun, 2009 (PY)	\$ Change	Jan - Jun, 2010	Jan - Jun, 2009 (PY)	\$ Change
<b>Income</b>									
4211 Dues - MKLA				75,800	73,625	2,175	\$75,800	\$73,625	\$2,175
4221 Interest Income	770	317	452	1,298	1,796	-498	\$2,068	\$2,113	\$ -46
4241 Clubhouse Private Rentals				900	2,689	-1,789	\$900	\$2,689	\$ -1,789
4261 Misc Income	18,866	12,036	6,830	7,975	6,444	1,531	\$26,841	\$18,480	\$8,361
4311 Dues-Lakeshore	47,500	47,500	0				\$47,500	\$47,500	\$0
<b>Total Income</b>	<b>\$67,136</b>	<b>\$59,854</b>	<b>\$7,282</b>	<b>\$85,973</b>	<b>\$84,554</b>	<b>\$1,419</b>	<b>\$153,109</b>	<b>\$144,407</b>	<b>\$8,701</b>
<b>Expenses</b>									
5210 Administration - Combined							\$0	\$0	\$0
5211 Administration	500	50	450	108	949	-841	\$608	\$999	\$ -391
5212 Bank Charges		49	-49	8	8	0	\$8	\$57	\$ -49
5214 Professional Fees	1,169		1,169	5,682	989	4,692	\$6,851	\$989	\$5,861
5215 Property Taxes	19,069	18,623	446				\$19,069	\$18,623	\$446
5216 Insurance	1,829	287	1,543	3,397	5,655	-2,258	\$5,226	\$5,942	\$ -715
5217 Office Supplies & Misc.				76	76	0	\$76	\$0	\$76
5218 Utilities				4,082	3,866	216	\$4,082	\$3,866	\$216
5219 Community	174	571	-397		625	-625	\$174	\$1,196	\$ -1,023
<b>Total 5210 Administration - Combined</b>	<b>22,741</b>	<b>19,580</b>	<b>3,161</b>	<b>13,353</b>	<b>12,092</b>	<b>1,261</b>	<b>\$36,093</b>	<b>\$31,672</b>	<b>\$4,421</b>
5220 Beaches & Docks							\$0	\$0	\$0
5221 Beach Operations				462	704	-242	\$462	\$704	\$ -242
5226 Water Analysis & Treatment				5,944	1,449	4,495	\$5,944	\$1,449	\$4,495
<b>Total 5220 Beaches &amp; Docks</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,406</b>	<b>2,153</b>	<b>4,253</b>	<b>\$6,406</b>	<b>\$2,153</b>	<b>\$4,253</b>
5250 Grounds							\$0	\$0	\$0
5251 Grounds Operations				963	8,553	-7,590	\$963	\$8,553	\$ -7,590
5254 Tennis Court				3,184	6,301	-3,117	\$3,184	\$6,301	\$ -3,117
<b>Total 5250 Grounds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,147</b>	<b>14,854</b>	<b>-10,707</b>	<b>\$4,147</b>	<b>\$14,854</b>	<b>\$ -10,707</b>
5270 Clubhouse							\$0	\$0	\$0
5271 Clubhouse Operations				2,424	2,173	251	\$2,424	\$2,173	\$251
5272 Clubhouse Repairs & Maint				2,869	4,278	-1,409	\$2,869	\$4,278	\$ -1,409
<b>Total 5270 Clubhouse</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,293</b>	<b>6,451</b>	<b>-1,158</b>	<b>\$5,293</b>	<b>\$6,451</b>	<b>\$ -1,158</b>
5280 Road							\$0	\$0	\$0
5281 Road Operations				119	258	-139	\$119	\$258	\$ -139
5285 Snow Removal				10,393	8,281	2,112	\$10,393	\$8,281	\$2,112
<b>Total 5280 Road</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,512</b>	<b>8,539</b>	<b>1,973</b>	<b>\$10,512</b>	<b>\$8,539</b>	<b>\$1,973</b>
5331 Lakeshore Dam Operations							\$0	\$0	\$0
5332 Maintenance		2,800	-2,800				\$0	\$2,800	\$ -2,800
<b>Total 5331 Lakeshore Dam Operations</b>	<b>0</b>	<b>2,800</b>	<b>-2,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>	<b>\$2,800</b>	<b>\$ -2,800</b>
5341 Lakeshore Water Operations	6,032	6,925	-893				\$6,032	\$6,925	\$ -893
5342 Utilities	2,261	2,227	34				\$2,261	\$2,227	\$34
5343 Repair & Maintenance	1,066	6,515	-5,449				\$1,066	\$6,515	\$ -5,449
<b>Total 5341 Lakeshore Water Operations</b>	<b>9,359</b>	<b>15,667</b>	<b>-6,308</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$9,359</b>	<b>\$15,667</b>	<b>\$ -6,308</b>
<b>Total Expenses</b>	<b>\$32,100</b>	<b>\$38,047</b>	<b>\$ -5,947</b>	<b>\$39,712</b>	<b>\$44,090</b>	<b>\$ -4,378</b>	<b>\$71,812</b>	<b>\$82,137</b>	<b>\$ -10,325</b>
<b>Net Operating Income</b>	<b>\$35,036</b>	<b>\$21,806</b>	<b>\$13,229</b>	<b>\$46,261</b>	<b>\$40,464</b>	<b>\$5,797</b>	<b>\$81,297</b>	<b>\$62,270</b>	<b>\$19,027</b>
<b>Other Expenses</b>									
5292 Interest Expense	6,485	6,826	-341	4,001	5,708	-1,707	\$10,487	\$12,534	\$ -2,047
7000 Income Tax Expense		930	-930		950	-950	\$0	\$1,880	\$ -1,880
<b>Total Other Expenses</b>	<b>\$6,485</b>	<b>\$7,756</b>	<b>\$ -1,271</b>	<b>\$4,001</b>	<b>\$6,658</b>	<b>\$ -2,657</b>	<b>\$10,487</b>	<b>\$14,414</b>	<b>\$ -3,927</b>
<b>Net Other Income</b>	<b>\$ -6,485</b>	<b>\$ -7,756</b>	<b>\$1,271</b>	<b>\$ -4,001</b>	<b>\$ -6,658</b>	<b>\$2,657</b>	<b>\$ -10,487</b>	<b>\$ -14,414</b>	<b>\$3,927</b>
<b>Net Income</b>	<b>\$28,550</b>	<b>\$14,050</b>	<b>\$14,500</b>	<b>\$42,260</b>	<b>\$33,806</b>	<b>\$8,454</b>	<b>\$70,810</b>	<b>\$47,856</b>	<b>\$22,954</b>

**Mount Kemble Lake**  
**Budget vs. Actuals: MKLAss&LkComb2010Budget - FY10 P&L Classes**  
 January - June, 2010

	Lakeshore			MKLA			TOTAL		
	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget	Actual	Budget	\$ Over Budget
<b>Income</b>									
4211 Dues - MKLA				75,800	76,000	-200	\$75,800	\$76,000	\$ -200
4221 Interest Income	770	0	770	1,298	500	798	\$2,068	\$500	\$1,568
4241 Clubhouse Private Rentals				900	1,400	-500	\$900	\$1,400	\$ -500
4261 Misc Income	18,866	11,891	6,975	7,975	2,000	5,975	\$26,841	\$13,891	\$12,950
4311 Dues-Lakeshore	47,500	47,500	0				\$47,500	\$47,500	\$0
<b>Total Income</b>	<b>\$67,136</b>	<b>\$59,391</b>	<b>\$7,745</b>	<b>\$85,973</b>	<b>\$79,900</b>	<b>\$6,073</b>	<b>\$153,109</b>	<b>\$139,291</b>	<b>\$13,818</b>
<b>Expenses</b>									
5210 Administration - Combined							\$0	\$0	\$0
5211 Administration	500	960	-460	108	1,200	-1,092	\$608	\$2,160	\$ -1,552
5212 Bank Charges		60	-60	8	60	-53	\$8	\$120	\$ -113
5214 Professional Fees	1,169	1,500	-331	5,682	1,200	4,482	\$6,851	\$2,700	\$4,151
5215 Property Taxes	19,069	18,600	469				\$19,069	\$18,600	\$469
5216 Insurance	1,829	6,000	-4,171	3,397	23,000	-19,603	\$5,226	\$29,000	\$ -23,774
5217 Office Supplies & Misc.				76		76	\$76	\$0	\$76
5218 Utilities				4,082	2,550	1,532	\$4,082	\$2,550	\$1,532
5219 Community	174	0	174		600	-600	\$174	\$600	\$ -426
<b>Total 5210 Administration - Combined</b>	<b>22,741</b>	<b>27,120</b>	<b>-4,379</b>	<b>13,353</b>	<b>28,610</b>	<b>-15,257</b>	<b>\$36,093</b>	<b>\$55,730</b>	<b>\$ -19,637</b>
5220 Beaches & Docks							\$0	\$0	\$0
5221 Beach Operations				462	550	-88	\$462	\$550	\$ -88
5222 Repairs & Improvements					1,200	-1,200	\$0	\$1,200	\$ -1,200
5226 Water Analysis & Treatment				5,944	5,500	444	\$5,944	\$5,500	\$444
<b>Total 5220 Beaches &amp; Docks</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,406</b>	<b>7,250</b>	<b>-844</b>	<b>\$6,406</b>	<b>\$7,250</b>	<b>\$ -844</b>
5250 Grounds							\$0	\$0	\$0
5251 Grounds Operations				963	11,500	-10,537	\$963	\$11,500	\$ -10,537
5254 Tennis Court				3,184	3,500	-316	\$3,184	\$3,500	\$ -316
<b>Total 5250 Grounds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,147</b>	<b>15,000</b>	<b>-10,853</b>	<b>\$4,147</b>	<b>\$15,000</b>	<b>\$ -10,853</b>
5270 Clubhouse							\$0	\$0	\$0
5271 Clubhouse Operations				2,424	1,800	624	\$2,424	\$1,800	\$624
5272 Clubhouse Repairs & Maint				2,869	3,000	-131	\$2,869	\$3,000	\$ -131
<b>Total 5270 Clubhouse</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,293</b>	<b>4,800</b>	<b>493</b>	<b>\$5,293</b>	<b>\$4,800</b>	<b>\$493</b>
5280 Road							\$0	\$0	\$0
5281 Road Operations				119	250	-131	\$119	\$250	\$ -131
5285 Snow Removal				10,393	7,000	3,393	\$10,393	\$7,000	\$3,393
<b>Total 5280 Road</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,512</b>	<b>7,250</b>	<b>3,262</b>	<b>\$10,512</b>	<b>\$7,250</b>	<b>\$3,262</b>
5341 Lakeshore Water Operations	6,032	9,500	-3,468				\$6,032	\$9,500	\$ -3,468
5342 Utilities	2,261	2,600	-339				\$2,261	\$2,600	\$ -339
5343 Repair & Maintenance	1,066	2,500	-1,434		0	0	\$1,066	\$2,500	\$ -1,434
<b>Total 5341 Lakeshore Water Operations</b>	<b>9,359</b>	<b>14,600</b>	<b>-5,241</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$9,359</b>	<b>\$14,600</b>	<b>\$ -5,241</b>
<b>Total Expenses</b>	<b>\$32,100</b>	<b>\$41,720</b>	<b>\$ -9,620</b>	<b>\$39,712</b>	<b>\$62,910</b>	<b>\$ -23,198</b>	<b>\$71,812</b>	<b>\$104,630</b>	<b>\$ -32,818</b>
<b>Net Operating Income</b>	<b>\$35,036</b>	<b>\$17,671</b>	<b>\$17,365</b>	<b>\$46,261</b>	<b>\$16,990</b>	<b>\$29,271</b>	<b>\$81,297</b>	<b>\$34,661</b>	<b>\$46,636</b>
<b>Other Expenses</b>									
5292 Interest Expense	6,485	6,882	-397	4,001	3,952	49	\$10,487	\$10,834	\$ -347
5393 Depreciation		18,000	-18,000		12,000	-12,000	\$0	\$30,000	\$ -30,000
7000 Income Tax Expense		400	-400		1,000	-1,000	\$0	\$1,400	\$ -1,400
<b>Total Other Expenses</b>	<b>\$6,485</b>	<b>\$25,282</b>	<b>\$ -18,797</b>	<b>\$4,001</b>	<b>\$16,952</b>	<b>\$ -12,951</b>	<b>\$10,487</b>	<b>\$42,234</b>	<b>\$ -31,747</b>
<b>Net Other Income</b>	<b>\$ -6,485</b>	<b>\$ -25,282</b>	<b>\$18,797</b>	<b>\$ -4,001</b>	<b>\$ -16,952</b>	<b>\$12,951</b>	<b>\$ -10,487</b>	<b>\$ -42,234</b>	<b>\$31,747</b>
<b>Net Income</b>	<b>\$28,550</b>	<b>\$ -7,611</b>	<b>\$36,161</b>	<b>\$42,260</b>	<b>\$38</b>	<b>\$42,222</b>	<b>\$70,810</b>	<b>\$ -7,573</b>	<b>\$78,383</b>

Monday, Sep 27, 2010 06:42:28 PM GMT-4 - Accrual Basis

**Mount Kemble Lake**  
**Balance Sheet Summary**  
As of June 30, 2010

	<u>31-Dec-09</u>	<u>30-Jun-10</u>
<b>ASSETS</b>		
Current Assets		
Bank Accounts	137,159	153,225
Accounts Receivable	4,724	11,172
Other Current Assets	1,381	7,594
Total Current Assets	<b>143,264</b>	<b>171,990</b>
Fixed Assets	1,064,711	1,070,473
<b>TOTAL ASSETS</b>	<b>1,207,975</b>	<b>1,242,464</b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable	0	0
Other Current Liabilities	103,217	103,217
Total Current Liabilities	<b>103,217</b>	<b>103,217</b>
Long Term Liabilities	830,199	793,878
Total Liabilities	<b>933,416</b>	<b>897,095</b>
Equity	274,559	345,369
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,207,975</b>	<b>1,242,464</b>

Monday, Sep 27, 2010 06:43:25 PM GMT-4 - Accrual Basis