



**Lake Arrowhead**  
C O M M U N I T Y , I N C .

*2025*

# ANNUAL REPORT

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PRESENTED AT THE ANNUAL MEETING

AUGUST 2, 2025

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# **WARRANT**

## **2025 Annual Membership Meeting**

*Lake Arrowhead Community, Inc.*

Clubhouse 2

206 Old Portland Road, No. Waterboro, Maine

**August 2, 2025, at 9:00 a.m.**

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

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

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

The ballots must be returned in the special pre-addressed envelope provided for this purpose. **The pre- addressed envelope must be signed along with your name and lot number noted in the appropriate place on the back of the envelope.** Envelopes returned without this information will be declared invalid. Ballots sent through the mail must arrive on or before August 1, 2025, one business day before the meeting. Mailed ballots received after this date will be declared invalid.

Your ballot envelope may also be placed in the ballot box located in the LAC office by August 1, 2025, or delivered to the Clerk in person at the ballot box no later than 9:30 a.m., August 2, 2025, the day of the meeting.

**Action on Articles 2 through 8 will take place at the open portion of the meeting on August 2, 2025.**

- |           |  |
|-----------|--|
| Article 1 | Election of three (3) trustees for a term of three (3) years. (Vote by secret ballot). |
| Article 2 | Approval of the minutes of the Annual Meeting of the Corp. held on Aug. 3, 2024.       |
| Article 3 | Hear and accept Auditor's Report.  |
| Article 4 | Ratification of selection of public accountants for the Fiscal Year.                   |
| Article 5 | Hear Officers and Committee Reports.   |
| Article 6 | Hear Member's concerns.  |
| Article 7 | Special Announcements.   |
| Article 8 | Adjournment.   |

## **LAKE ARROWHEAD COMMUNITY MEETING 2024 ANNUAL MEETING - AUGUST 3, 2024**

**Present:** President Dave Sanfason, Vice President Michael Fitzpatrick, Trustee George Fowler, Trustee Mary Singelais, Trustee Philip Oreto, Trustee Megann Exley, Trustee Rob Berger and Trustee Ross-Corbett, Thomas Collins Public Works Supervisor, Amy Harris, Director of Finance and Administration, Carol Carey, Security Officer, Jason LeBlanc, CPA, and Michael Traister, Esq.

**Absent:** Trustee Alan Martel

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

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

President Sanfason welcomed everyone and stated that the membership will vote on all matters that come to the Board today. Some dignitaries in attendance today are, long time Public Works member, Dave Robertson, Former Trustee, Bob Pomerleau, longtime member of our Crime Watch, Bill Juffre, as well as Susan Sanfason and Joanne Fitzpatrick.

### **Approval of the Minutes**

**MOTION:** Vice-President Fitzpatrick moved to accept the minutes of the Annual Meeting of August 5, 2023. Seconded by Trustee Berger. **The motion passed unanimously.**

### **Presentation of Audit Report of FY 2024**

Jason LeBlanc of Albin, Randall and Bennett presented the Audit Report for Fiscal Year ending April 30, 2024, and highlighted the following:

- The audit was finished in June and presented at the BOT meeting in July.
- Reported no findings or significant issues requiring modifications.
- The finances of the community continue to be strong.
- A particularly good year resulting in a surplus at year end.

**MOTION:** Trustee Berger moved to accept the Auditor's Report for Fiscal Year ending 2024. Seconded by Trustee Fowler. **The motion passed unanimously.**

### **Appointment of the Corporation's Auditor**

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

### **Presentation of the Legal Report**

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

- The law firm has been representing LAC since 1975, and he has personally represented LAC for almost 30 years.
- Over the years LAC has had difficulties, but he is happy to report that with strong governance from the Board of Trustees the firm has had much fewer issues to deal with over the last 10+ years.
- Continued to work on a few matters regarding foreclosures.

### **President's and Water Committee Report**

President Sanfason presented the President's Report and noted the following:

- This past March the Public Works Department saw some changes. Our Public Works Supervisor announced his retirement, and we had members of the crew give their notice. A team led by Trustee Martel, including Trustee Oreto and Amy Harris, worked hard, putting out ads, reworking the benefit package and

very soon we were able to hire Tom Collins as our new Public Works Manager. Tom worked with the team in hiring a new mechanic and crew members.

- In early April, LAC got hit with the most damaging winter storm in our history. Almost all the power lines were down and fallen trees blocked the roads preventing plows from clearing the two plus feet of heavy wet snow. CMP, working with our Public Works Crew, made a tremendous effort to make the roads passable as quickly as they could.
- With all our attention focused on restoring normalcy to our infrastructure our focus on the Well 3 project has been necessarily put on hold. We have spent ¾ of the costs and our remaining tasks include the building of the pump house, the caustic soda tank and electronics installed. Once completed Well 3 will produce more output than Wells 1 and 2 combined. I challenge the Board to keep the project going until completion.
- Lastly, with a heavy heart I announce that at the end of this Annual Meeting I will be retiring from the Board. I have been a member of this Board for 20 years and served as President for the last 15. I am proud of the progress and accomplishments we have made during those years. I want to thank the Board, the staff, and members of this great community for the kindness you have shown me.

### **Treasurer's Report**

Trustee Fowler presented the Treasurer's Report and noted the following:

- We did have to increase dues for the past couple of years. We are dealing with the same rising costs as the individual homes in our community. Some of the largest increases are from heating oil and electricity.
- Your Board of Trustees makes every effort to keep expenses under control but, at the same time, we need to keep our properties in good operating condition.
- Having a clean audit means our external auditors agree with how we maintain the financial books and show our compliance with the laws governing LAC.

### **Lake Improvement Committee**

Vice-President Fitzpatrick presented the Lake Improvement Committee Report and noted the following:

- Last summer we started our herbicidal treatments for Brittle Naiad and Variable Leaf Milfoil, reports from the treated areas have shown excellent results.
- The Lake Arrowhead Palz Survey Team has been providing the DEP with reports showing where additional plants have been identified. Palz spends hours paddling the lake to identify problem areas and we thank them for their service.
- Approximately 144 acres of the lake were treated with Aqua Strike as the DEP's rapid response was utilized again this year; we also plan on a ProcellaCOR treatment this August.
- The water system has remained clear and has passed each test ensuring there are none of these chemicals in our drinking water.
- Fundraising efforts for LACC will continue to be crucial to pay for these treatments, as well as keeping our dash boats running. Please remember all LACC donations are tax deductible.

### **Real Estate Committee**

Trustee Berger presented the Real Estate Committee Report and noted the following:

- The Real Estate market continues to be strong here. Sales of lots and homes within Lake Arrowhead have been progressing at a record pace over the last few years.
- The building impact fee continues to provide revenue to our operating capital which is returned to the community through road repair and other community projects. The Real Estate Committee is committed to seeing that the infrastructure within Lake Arrowhead meets the needs of the community and will continue to review State and local activities to react in a way best suited for residents.
- The Real Estate Committee is aware of the high rise in property tax the Town of Limerick has imposed. Trustee Berger has sent a letter personally to the town needing an explanation for this sudden drastic rise. He feels there was a lack of due process with zero clarity as to how they determined the new assessments.

### **Road and Equipment Committee**

President Sanfason presented the Road Committee Report on behalf of Trustee Martel and noted the following:

- Throughout the past year the crew has focused on repairing and upgrading roads and installing new home water connections. These are yearly tasks that require our Public Works Crew to have the appropriate and necessary equipment.
- To streamline operations and support the Public Works Department the Board approved the purchase of a Volvo Excavator and a large trailer for equipment transportation. A used dump truck was also purchased to enhance winter plowing efforts.
- The Public Works Crew upgraded the following roads, Lenox Circle, Quaker Lane, Fisher Drive, Whippoorwill Drive, Caribou Drive and Bluebird Drive. We are pleased with the progress being made.
- After an unprecedented storm in April caused significant road and tree damage the committee recommended the need to invest in a heavy – duty chipper. The Crew started to clear fallen trees and branches from our roads, beaches, and playgrounds. This effort will be ongoing for months.
- We are committed to adapting our equipment fleet to ensure LAC always has the right tools for every job. Our goal is to enhance our community services while maintaining fiscal responsibility.
- Please remember the best way to report road issues is by calling the office.

## **Presentation of Voting Results**

### **Article 1**

Trustee Fowler reported that there were five candidates running for election to three, three-year, positions; Mary Singelais, Rob Berger and Philip Oretto were all re-elected. Scott Sanfason will join the Board in the non-expired vacant spot.

### **Scholarship Committee**

Trustee Megann Exley presented the Scholarship Committee Report and noted the following:

- This is the 7th year that we have been able to give back to the community and help the future of our members.
- The committee reviewed multiple submissions and selected Cameron Turgeon as the winner.
- Cameron was unable to attend the meeting, but his essay truly captured what it is like to grow up in LAC. We wish him the best on his academic journey.
- For further information on the Lake Arrowhead Scholarship please visit the LAC Community website.

### **Parks and Recreations Committee**

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

- Our Annual 4<sup>th</sup> of July Boat Parade was headed up by Dave Sanfason our dedicated LAC President for the past 15 years.
  - First place went to the Frost Family's Las Vegas Gambling Boat
  - Second place went to the Burnham Family's Red Snapper Hot Dog Boat
  - Third place went to the Berger Family's Noah's Arc Boat
  - Fourth place went to the Crowley Family's Margaritaville Boat
  - Fifth place went to the Donofrio Family's Maine Blueberry Boat
  - Honorable mention went to the Patterson Family's Eagle Boat
  - Most Patriotic boat went to the Audet Family.
- The 11th Annual LAC Tom Sotir Volunteer Service Award was awarded to Rebecca Bonner this year. Rebecca and her husband Brian have happily lived in LAC for the last 37 years. Rebecca is a long-term volunteer with the Garden Club and maintains the lovely garden as you turn down the corner of Old Portland Rd as well as the planters by the LAC sign. Thank you, Rebecca, for all your contributions to LAC.
- Thank you to the Garden Club for all their efforts to make LAC beautiful. Please reach out to the Garden Club if you would like to volunteer.
- Thanks to two talented and professional women we have been able to offer an exercise and yoga classes at CH1. Please see the LAC website for more information.
- Please respond to our REC survey. There are QR codes around the community as well as a link on our website. We would like our members to give feedback on our Rec offerings and efforts.
- Upcoming events include.
  - Sunday September 1st – Labor Day Ice Cream Grab and Go at CH2

- Mid-October – New coloring contest to celebrate Halloween for children. Details to follow as we get closer to the event.
- Oct 18th– Oct 26th is the new Halloween Lights Contest
- Dec 12th – Dec 20<sup>th</sup> is our Holiday Lights Event.

#### **MEMBER CONCERNS:**

Bill Juffre, Lot 1689: Asked if LAC can separate ourselves from The Town of Limerick and the Town of Waterboro. Michael Traister explained that elaborate laws would need to be followed, and the cost would not be worth it.

Louanne Romaneck, Lot 1025: Commented that her recent bank appraisal was 150K less than Limerick appraised her property.

Linda Friedrich, Lot 0043: Would like to start a petition to stop Limerick from moving forward with the vote to increase the property tax.

Jean Burke, Lot 0098: Commented that maybe the invasive plants in the lake could help lower the values. Trustee Berger responded to the above comments stating he addressed all these concerns in his letter to the town and hopes to have a response soon. Vice-President Fitzpatrick commented that he has been involved with the Limerick tax process in the past and in 2014 LAC property did not go up while other waterfront property in town did. Unfortunately, the comps of recently sold property all support the rise in property values. If the vote goes through there is an abatement protocol that individual homeowners can apply and try to lower their tax.

Jean Burke, Lot 0098: Asked if there was a possibility of having a pit area for brush. The Board responded that due to the size of crew we would not be able to maintain a member pit area.

Debbie Mousseau, Lot 1512: Asked about the possibility of resurfacing the tennis courts, and older courts converted to pickleball courts. The Board responded that we are currently looking into upgrading courts and using the earlier survey mentioned to determine the best use of older courts and the costs involved with upgrading the existing courts.

Lee Lauritsen, Lot 1969: Wanted to thank the crew for the great job they did cleaning up Island Dr.

Bill Juffre, Lot 1689: Stated that he has been a member of LAC for 50 years and he wanted to acknowledge Dave's success and the excellent job he has done as our President.

**MOTION:** Trustee Fowler moved to adjourn to executive session. Seconded by Vice President Fitzpatrick. **The motion passed unanimously.**

Adjourned at 10:20 a.m.

Wendy Staples, Recording Secretary



## PRESIDENT'S MESSAGE

### Honoring Our Long-Standing Leaders

Before diving into the updates, it is only fitting that we take a moment to express our heartfelt gratitude to two individuals whose service has helped shape this community into what it is today:

- Dave Sanfason, who dedicated 20 years of service on the Board of Trustees, with 15 of those years as our President, leaves behind a legacy of strong leadership and expert guidance. He has truly positioned us for continued success.
- George Fowler, who served 16 years on the Board—most of those as our steadfast Treasurer. His commitment and financial stewardship have been invaluable.

To Dave and George, we extend our sincerest thanks for your dedication and years of service.

### A Year of Momentum

This has been an exciting first year under the current administration, with many significant steps forward:

### Major Equipment Investments

We have made substantial investments in the equipment needed to support and maintain our infrastructure:

- 2024 Ram 3500
- 2016 Ford F-350
- 2015 Freightliner Tractor
- Two 2011 International Non-CDL Trucks
- Flail Mower, Screener, Plows, and Sanders

These additions have already started making a difference, especially during winter operations. However, with 52 miles of roads, our current road grader is aging and increasingly expensive to maintain. We are actively seeking a second grader to enhance our road upkeep capabilities.

### Building the Right Crew

Our strong Public Works Crew has been instrumental in turning plans into action, making a visible impact across the community through road maintenance, infrastructure upgrades, and daily support. With nearly every crew member being a Lake Arrowhead resident, they take pride in caring for the place they call home, bringing both dedication and local knowledge to their work. With the last position filled last week, the team is at full strength, more seasoned than last year, and their growing experience promises a much smoother winter season ahead.

### Board of Trustees: Fresh Faces, New Energy

Our Board now features several new members, each bringing valuable skills and perspectives to the table. This diverse expertise strengthens our ability to serve the community effectively.

### Community Life: More Vibrant Than Ever

Thanks to Spike Ross-Corbett, our Recreation Chair, the event calendar has grown—and the community response has been fantastic. From new traditions to well-loved favorites, our social life is thriving.

### The Lake: A Shining Jewel

Under the stewardship of Mike Fitzpatrick and the efforts of Lake Arrowhead Conservation Council, our lake has never looked better. Between careful management and chemical treatments, its health is stronger than ever. It is something we can all take pride in.



### A Building Boom

This past year brought more new home construction than we have seen in recent memory. It is a clear sign of our community's growing appeal—and the increased revenue is being reinvested back into Lake Arrowhead to ensure continued growth and improvements. Home sales are not just strong; they are breaking records.

### Water System Improvements

A major milestone is on the horizon: Pump House #3 is close to completion. We have accepted a bid, and the project is in its final stages. Very soon, this much-needed infrastructure upgrade will be online, enhancing our water system for years to come.

In summary, it has been a year of transformation, teamwork, and tangible progress. From infrastructure to events, from leadership to lake health, Lake Arrowhead is on the rise. And this is just the beginning.

Thank you for your continued support, participation, and pride in our shared community.

Alan W. Martel  
President, Lake Arrowhead Community

## **TREASURER'S REPORT**

As we approach the coming year, Lake Arrowhead Community maintains a strong financial position, marked by stability and confidence in our ability to meet future priorities. Our commitment to responsible fiscal management and investment in essential infrastructure remains unwavering, even in the face of rising operational costs.

Over the past year, we have successfully upgraded several critical pieces of equipment, enhancing both operational efficiency and the quality of community services. Our team has managed to maintain the roads throughout challenging winter conditions, ensuring safe and reliable access for all residents. After a necessary pause, grading operations have resumed, further contributing to improved infrastructure and overall road quality.

Looking ahead, the opening of well three stands as a vital pillar for the community's continued success and long-term sustainability. We have already secured the necessary funding and financing, positioning us to complete this important project within the 2026 calendar year.

According to our most recent financial auditor's report, Lake Arrowhead Community is making excellent use of its resources, strengthening, and enriching the community experience for everyone. The board remains vigilant in monitoring all expenditures and is fully committed to raising dues only as necessary, always balancing the needs of the community with prudent financial oversight.

Thanks to careful planning and responsible stewardship, Lake Arrowhead Community continues to thrive and improve. We will maintain our focus on thoughtful budgeting, vital infrastructure investments, and transparent communication with members throughout the year ahead, ensuring a bright and sustainable future for all who call this community home.

Well-deserved special mention goes to George Fowler for his service as Treasurer of this community for over 15 years to enjoy his retirement.

I look forward to continued service within the community as your Treasurer.

Scott Sanfason  
Treasurer

## WATER COMMITTEE REPORT

It's been another year of growth and progress for the Water Committee, and I'd like to start by recognizing the dedicated members who've helped make it all possible: Phil Oreto, David Sanfason, David Robertson, David Cameron, Greg Holland, James Exley, and Jimmy Loud. Their contributions have been instrumental in moving our priorities forward.

### Crescent Drive Water Main Project

We had initially hoped to complete the Crescent Drive Water Main replacement project before the start of the summer season. However, due to complications with the road grader and concerns about disrupting traffic during our busiest months, we made the decision to delay. While we were confident that any issues could have been handled, we chose to prioritize safety and community impact. Work on this critical upgrade is now scheduled to begin right after Labor Day—when we can give it the full attention it deserves without added seasonal pressure.

### Licensed Water Operator

In October, we brought in a new company, The Water Office out of Bangor to serve as our Licensed Water Operator. Their professionalism and steady presence have helped stabilize operations and ensure our water systems remain compliant and well-managed.

### Projects Completed

This year, we completed the cleaning of our water storage tanks on Caribou and Mayfair Way, installed a new mixer in the Caribou storage tank, and enhanced our SCADA system with a cell service upgrade to improve reliability and monitoring.

### Pump House – Production Well #3

Our long-awaited Pump House for Production Well #3 project is nearing the finish line. Financing arrangements are being finalized, a nearly complete quote is in hand, and—most exciting of all—we've secured a builder. This key addition will greatly improve water distribution and reliability across the community.

In closing, I want to thank the community for its patience and support as we continue to modernize and strengthen Lake Arrowhead's water infrastructure. With the right team, the right plans, and the right priorities, the future of our water system is in very good hands.

Alan W. Martel  
Chair, Water Committee

## LAKE IMPROVEMENT COMMITTEE

Happy Summer Everyone,

Looking back over the past 24 months I can only say I am so thankful for where we now are regarding the aquatic invasive species in Lake Arrowhead. The Summer of 2024 saw our second herbicidal treatments for Brittle Naiad and Variable Leaf Milfoil. The Little Ossipee Lake feed area which was treated with ProcettaCOR has been reporting excellent results! No milfoil to be found in the area and the net effect of the water current has exceeded the area of treatment. The areas treated for Naiad have reported great progress as well although three additional finds were reported by PALZ in a cove treated in 2024. Those finds have been forwarded to the DEP to hopefully include them in 25's planned treatment.

### **Summer Of 25 Treatments:**

August 7<sup>th</sup>, the DEP will be treating Naiad in Lake Arrowhead. The planned area is south of the Limerick's Town Beach in between Tower and Ridgeway Beaches. Naiad was discovered by the PALZ team in the area we call Cartisano Cove. This cove is heavily infested with VLM as well so the AquaStrike treatment for Naiad will treat milfoil as well.

We are currently planning a LACC funded third ProcettaCOR treatment beginning at the Little Ossipee River feed along Rte. 5 where the bridge crosses into Limerick. The length of that stretch and into the basin area and around Woodsome Island is the planned area. This should, with the drift, treat along the Silver Lane stretch. We are waiting on a date for this treatment in August.

LACC is still waiting on the official MAPS for the areas to be treated from the DEP. They had to conduct water depth measurements for concentration levels last week.

We hope the costs are similar for Milfoil treatments!! All the LACC Member dues is going to help finance this treatment along with our fundraisers and town grants. We will get the maps out to members when they are made available.

Our DASH and CBI efforts continue. The DASH team is focused on a heavily infested area on the large dog legged area across from Love Island. CBI is monitoring both Ledgemere Dam and Bay Cove seven days a week.

Our fundraising efforts continued with the annual LACC/LAC Golf Tournament run by LAC/LACC trustee, Phil Oreto. This year's results were again awesome in terms of the contributions made to LACC and the enjoyment it provides. The 50/50 which is run by Tracie Doyle on behalf of LACC has tickets available as I write!! Hopefully all will be gone by the annual meeting!

*Hopefully everyone is getting the understanding that future herbicidal treatments are only possible if **we** all continue to support LACC with annual membership and participation in fundraising events. Have a great rest of your summer!*

See you on the lake.

Mike Fitzpatrick  
LACC President  
LAC -Vice President

## REAL ESTATE COMMITTEE

**2025:** January 2025 kicked off with a bang. Single-family home sales surged over 13.28% compared to the year before. The median sales price hit \$385,000.00.

- Southern Maine, being close to Boston and the coast, often moves faster and at a higher price point than Central or Northern Maine.
- In 2024, counties like Androscoggin (**11.17%**), Cumberland (6.26%), Franklin (11.67%), Hancock (14.54%), Penobscot (6.59%), and York (12.40%) saw strong sales increases, while others like Aroostook (-3.72%) and Kennebec (-1.17%) saw dips.

So far this year, LAC has seen seven new home construction permits as of July 2025. All the new house lots were recently sold by the Town of Limerick.

### **Town News:**

**Limerick:** August 9, 2025, Limerick will celebrate their Semiquincentennial of the Settlement of Limerick. Festivities on Saturday will include a Craft Fair at the Brick Town Hall on Main Street from 9am-3pm.

**Waterboro:** Waterboro and Acton residents voted to maintain their contracts with the York County Sheriff's Office. Waterboro and Acton do not have their own police departments. Each town has a contract with the York County Sheriff's Office to serve the population, so if they voted to end the contract, they would have relied on deputies who serve other towns.

### **State of Maine Property Tax Relief Programs**

The State Property Tax Deferral Program is a lifeline loan program that can cover the annual property tax bills of Maine people who are ages 65 and older or are permanently disabled and who cannot afford to pay them on their own. The loan program allows Maine's most vulnerable community members to age in place and ensures that property taxes are still delivered to municipalities, requiring repayment of the loan once the property is sold or becomes part of an estate.

### **How do seniors freeze property taxes in Maine?**

The Maine Property Tax Stabilization for Senior Citizens program, also known as LD 290, was repealed by the Maine Legislature on July 6, 2023, effective October 11, 2023. This program had previously allowed qualifying senior citizens to freeze their property taxes at the amount they were billed in the prior tax year.

However, the State of Maine has expanded two existing programs that benefit low-income seniors:

- The Property Tax Fairness Credit: This program allows eligible Maine residents to receive a tax credit for a portion of the property tax or rent they paid. The maximum credit has been increased to \$2,000.
- The State Property Tax Deferral Program: This program allows qualified seniors (age 65 and older) and permanently disabled individuals to postpone paying their property taxes until the property is sold or becomes part of an estate. The income and asset limits for this program have been doubled.

In addition, Maine offers other property tax exemptions and credits, such as the Homestead Exemption, which provides a reduction in the assessed value of a homeowner's primary residence for property tax purposes.

For further information on Maine's property tax relief programs, you can visit the Maine Revenue Services website or call their Property Tax Division at (207) 624-5600.

If you have any Real Estate related concerns, please reach out to our LAC office and they will forward any concerns to my attention or come to our monthly meetings. We appreciate neighbor participation at our meetings.

Robert S. Berger  
Real Estate Committee, Chair



## **ROAD COMMITTEE**

Over the past year, the Roads Committee and road crew have made substantial progress not only in maintaining the roadways but also in improving the way we approach infrastructure management across the Lake Arrowhead Community. With the addition of upgraded equipment, we have been able to handle grading and drainage projects with greater effectiveness. These investments have improved the quality and longevity of the repairs.

A key focus this year has been moving beyond reactive maintenance and toward long-term, sustainable solutions. Increased traffic from both residents and the growing number of delivery trucks has placed additional stress on our road system. In response, the team has paid closer attention to underlying structural issues, with targeted work on culverts, pavement aprons, and ditching systems to address water flow and erosion at the source. Patching and grading operations have also been refined to provide more durable results and better driving conditions throughout the community going forward.

We remain optimistic about the road ahead, literally, and figuratively. We are fortunate to have a dedicated crew and strong leadership guiding these efforts, with a team that is not only knowledgeable about the unique challenges of our road network but also fiscally responsible in how resources are allocated.

Spike Ross-Corbett  
Roads Committee, Chair

## LAKE ARROWHEAD COMMUNITY SCHOLARSHIP

In 2018, Lake Arrowhead Community initiated an educational scholarship offering of \$1,000.00 to support the education of a child, grandchild, stepchild, or step-grandchild of a community member in good standing, for a secondary form of study. This year, LAC received an impressive response with seven applicants. The Independent Scholarship Review Committee thoroughly enjoyed reading each essay received, finding it rewarding to hear from the young community members.

The Lake Arrowhead Community proudly presents the 8th Annual LAC Scholarship to Rylie Wright, daughter of member owner of Lot 1459. Rylie is looking to pursue becoming a Paramedic.

Rylie will share her essay with us today as we wish her the best on her academic journey.

Since I was a little girl, my Dad would take the family out on our boat. Sometimes it was for fun, other times we would rise with the sun, and he would take my sister and I fishing. I always love that. "The Lake" as we call it, has so much wildlife. In the early morning when the fog hangs low under the tips of towering pines, rays of yellow make it through showing sunlight on the surface. We see fish gently kissing the water, grabbing up their morning breakfast. Slowly my Dad and sister troll through the calm waters hoping for bite, but that's not why I am here. I love this time because I get to see what everyone else is missing. I see the graceful lift off of a Blue Heron, a squirrel with its morning chatter "Chit, Chit, Chit Cheeee." Around the corner, going through the narrows we slide silently into the reeds. Green toads with dark eyes slip quietly under the surface and in the distance, we see a flock of ducks. The brown Momma quacks at the ducklings to keep up. The morning is quiet, its perfect, when suddenly that Momma duck goes nose down and all three of us yell "Duck Butts!" Oh, it's the funniest thing. Now that I am going to be off to college, I know that every time I see Duck Butts, my heart wants to be on that boat, on that perfect morning, not fishing one little bit.

For further information regarding the Lake Arrowhead Community Scholarship, please visit the LAC Community website. Looking forward to reviewing even more applicants in Spring 2026!

Carrie Besen-Reinhart  
Scholarship, Chair

## **PARKS AND RECREATION COMMITTEE**

The Recreation Committee had a strong and engaging year of community activities designed to bring residents together and foster neighborhood spirit. Highlights included our Trivia Nights, Board Game Nights, and the Annual Community Clean-Up. Despite being technically rained out, the Clean-Up was a huge success, with volunteers collecting over 600 pounds of garbage from across Lake Arrowhead – a testament to the dedication of our residents.

This spring, we also hosted a community Easter Egg Hunt that brought families together for a joyful morning at the playground on Old Portland Road. With over 60 children participating, the turnout made it clear that this is an event worth continuing, and next time we'll be sure to bring even more eggs.

The Fourth of July Boat Parade and BBQ at Beach 2 was a truly incredible event that brought the community together in a big way. With over 20 boats taking part in the parade and more than 130 residents attending the BBQ, the day was filled with food, games, music, and celebration. It showcased what makes Lake Arrowhead so special: neighbors coming together to share in community pride and enjoy our beautiful surroundings.

The Clubhouses saw increased activity this year thanks to a variety of engaging programs and resident-led initiatives. Bethany Yale led yoga classes at Clubhouse 1, offering a relaxing, wellness-focused option for community members. Debbie Mousseau and John Festa organized a well-received pickleball clinic at Clubhouse 1, encouraging residents to learn and enjoy the game. At Clubhouse 2, Patti Lesso brought the popular Puzzle Swap to life, creating a fun and welcoming way for residents to connect.

A special shoutout goes to PALZ. Not only are they integral to the stewardship of Lake Arrowhead, but they have also been a steady and informative presence at every event. Whether educating residents on invasive plants or promoting lake sustainability, their dedication is a cornerstone of our community engagement efforts.

### **Projects**

A major focus this year has been improving and maintaining our recreational infrastructure. At Clubhouse 2, the outdoor pool was repaired and freshly repainted, and the indoor pool heater and pump were replaced. Clubhouse 1 also saw several key upgrades, including a new pool pump, refurbished weight room equipment, and the addition of two new cardio machines to enhance the fitness experience.

A top priority moving forward is the restoration and maintenance of our tennis courts. While the courts at Clubhouse 1, Clubhouse 2, Victoria Lane, and Division Road remain serviceable, they need an overhaul to ensure safety and longevity. Unfortunately, we lost the courts at Pond Road and Ridgeway Circle due to weather damage and prolonged disrepair. In response, the court on Pond Road has been demolished and converted into a green space for community use, with plans to do the same at Ridgeway Circle by early September. These new spaces will continue to serve the community in fresh, meaningful ways.

### **Garden Club**

The Garden Club is in full swing and has played a vital role in revitalizing the community's natural beauty. Ongoing efforts have focused on maintaining and enhancing the mailbox garden areas, the Old Portland Road sign, and landscaping at both Clubhouses.

Special thanks to Carol Carey and Sharon Fowler for their creativity and commitment. Looking ahead, the Garden Club is scoping out the development of community gardens at the green spaces on Pond Road and Ridgeway Circle. These projects will bring neighbors together and promote sustainability through shared gardening efforts.

### **The 12th Annual LAC Tom Sotir Volunteer Service Award**

This year, we are proud to present the 12th Annual Tom Sotir Volunteer Service Award to Shannon Berger. Every single event mentioned above would not have been possible without her patience, energy, and unwavering dedication.

Shannon is a true community champion. From organizing Trivia Night to directing the Easter Egg Hunt, she has been an integral part in making Lake Arrowhead's events successful, inclusive, and joyful. An educator by profession, Shannon still finds time to give back through her compassion and commitment.

### **Upcoming Events**

Our always-popular Ice Cream Social is scheduled for August 31<sup>st</sup>, offering fun and sweet treats for all ages. Looking ahead to the fall, Lake Arrowhead will celebrate a major milestone with the 50<sup>th</sup> Anniversary Celebration on October 18<sup>th</sup>. We invite everyone to join in honoring the history, growth, and spirit that define our community.

Be sure to stay up to date with all event info at [lacinc.org](http://lacinc.org) or the official LAC Facebook page.

Thank you all for your support,  
Spike Ross-Corbett  
Recreation Committee, Chair



**LAKE ARROWHEAD COMMUNITY, INC.**

**FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY SCHEDULE**

**With Independent Auditors' Report**

**APRIL 30, 2025 AND 2024**



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Lake Arrowhead Community, Inc.:

**Opinion**

We have audited the accompanying financial statements of Lake Arrowhead Community, Inc. (the Community) which comprise the balance sheets as of April 30, 2025 and 2024, and the related statements of revenues and expenses, changes in membership equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Arrowhead Community, Inc. as of April 30, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on Future Major Repairs and Replacements on Page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



## **Basis for Opinion**

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lake Arrowhead Community, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Arrowhead Community, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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

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

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

*Albin, Randall & Bennett*

July 21, 2025

## LAKE ARROWHEAD COMMUNITY, INC.

## BALANCE SHEETS

APRIL 30, 2025 AND 2024

ASSETS	<u>2025</u>	<u>2024</u>
CURRENT ASSETS:		
Cash and temporary cash investments	\$ 294,477	228,972
Cash - future reserve fund	475,000	500,000
Cash - designated operating surplus funds	<u>415,452</u>	<u>304,468</u>
Total cash and cash equivalents	1,184,929	1,033,440
Membership receivables, net of allowance for credit		
losses of \$218,028 and \$202,195	119,629	108,336
Inventory	71,091	70,098
Prepaid expenses	<u>11,991</u>	<u>10,478</u>
Total current assets	<u>1,387,640</u>	<u>1,222,352</u>
PROPERTY AND EQUIPMENT:		
Land	299,339	298,539
Roads	1,410,757	1,370,421
Buildings and improvements	1,514,388	1,513,370
Water system	3,619,077	3,477,110
Motor vehicles	1,827,701	1,929,021
Tools and equipment	480,913	372,779
Furniture and fixtures	154,623	154,623
Construction in progress	<u>307,881</u>	<u>324,242</u>
	9,614,679	9,440,105
Less accumulated depreciation	<u>7,117,276</u>	<u>6,992,979</u>
Net property and equipment	<u>2,497,403</u>	<u>2,447,126</u>
OTHER ASSET - Land inventory	<u>-</u>	<u>2,425</u>
	<u>\$ 3,885,043</u>	<u>3,671,903</u>

## LAKE ARROWHEAD COMMUNITY, INC.

## BALANCE SHEETS, CONTINUED

APRIL 30, 2025 AND 2024

**LIABILITIES AND MEMBERSHIP EQUITY**

	<u>2025</u>	<u>2024</u>
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 51,906	67,152
Accounts payable	49,982	173
Accrued expenses	23,078	26,565
Deferred revenue	<u>233,408</u>	<u>212,713</u>
Total current liabilities	<u>358,374</u>	<u>306,603</u>
 LONG-TERM DEBT, net of current portion	 <u>81,919</u>	 <u>133,830</u>
 <b>MEMBERSHIP EQUITY:</b>		
Contributed capital	1,186,700	1,186,700
Retained earnings	1,367,598	1,240,302
Board-designated funds	415,452	304,468
Future reserve fund	<u>475,000</u>	<u>500,000</u>
Total membership equity	<u>3,444,750</u>	<u>3,231,470</u>
	 <u>\$ 3,885,043</u>	 <u>3,671,903</u>

LAKE ARROWHEAD COMMUNITY, INC.  
STATEMENTS OF REVENUES AND EXPENSES  
YEARS ENDED APRIL 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUES:		
Membership dues	\$ 1,913,187	1,821,109
Member revenue	96,584	92,515
New building fees	357,862	313,955
Other revenue	20,849	10,259
Interest income	<u>16,094</u>	<u>15,532</u>
Total revenues	<u>2,404,576</u>	<u>2,253,370</u>
EXPENSES:		
Amenities	28,789	33,438
Depreciation	400,128	386,214
Donations	20,000	20,000
Employee benefits	97,560	89,556
Employee education and travel	3,269	2,096
Fuel and oil	55,802	48,281
Heat and electricity	144,925	137,260
Insurance	151,333	126,134
Interest	7,356	9,725
Maintenance - roads and beaches	107,252	86,212
Maintenance - vehicles	144,557	106,246
Meetings and memberships	3,520	3,645
Miscellaneous	1,262	4,055
Office and administrative	62,385	57,726
Payroll taxes	57,046	52,716
Pension	13,575	19,098
Professional services	62,691	61,298
Property and excise taxes	20,158	18,210
Salaries and wages	693,208	582,181
Telephone and internet	19,901	21,830
Trustees' expenses	5,735	3,942
Uncollectible member receivables	35,332	-
Water system	<u>90,884</u>	<u>62,690</u>
Total expenses	<u>2,226,668</u>	<u>1,932,553</u>
NON-OPERATING INCOME:		
Gain on disposal of property and equipment	27,797	14,800
Gain on sale of land	<u>7,575</u>	<u>-</u>
Excess of revenues and non-operating income over expenses	<u>\$ 213,280</u>	<u>335,617</u>

LAKE ARROWHEAD COMMUNITY, INC.  
STATEMENTS OF CHANGES IN MEMBERSHIP EQUITY  
YEARS ENDED APRIL 30, 2025 AND 2024

	Contributed <u>capital</u>	Retained <u>earnings</u>	Board- designated <u>funds</u>	Future reserve <u>fund</u>	<u>Total</u>
Membership equity at April 30, 2023	\$ 1,186,700	1,078,939	130,214	500,000	2,895,853
Excess of revenues over expenses	-	335,617	-	-	335,617
Expenditures of board-designated funds	-	298,533	(44,363)	(254,170)	-
Appropriation of retained earnings for board-designated funds	<u>-</u>	<u>(472,787)</u>	<u>218,617</u>	<u>254,170</u>	<u>-</u>
Membership equity at April 30, 2024	1,186,700	1,240,302	304,468	500,000	3,231,470
Excess of revenues over expenses	-	213,280	-	-	213,280
Expenditures of board-designated funds	-	495,353	(305,304)	(190,049)	-
Appropriation of retained earnings for board-designated funds	<u>-</u>	<u>(581,337)</u>	<u>416,288</u>	<u>165,049</u>	<u>-</u>
Membership equity at April 30, 2025	<u>\$ 1,186,700</u>	<u>1,367,598</u>	<u>415,452</u>	<u>475,000</u>	<u>3,444,750</u>



LAKE ARROWHEAD COMMUNITY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED APRIL 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES:		
Excess of revenues and non-operating income over expenses	\$ 213,280	335,617
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	400,128	386,214
Gain on disposal of property and equipment	(27,797)	(14,800)
Gain on sale of land inventory	(7,575)	-
Change in allowance for credit losses	15,833	-
Change in current assets and liabilities:		
Membership receivables	(27,126)	(29,924)
Inventory	(993)	(11,185)
Prepaid expenses	(1,513)	(1,226)
Accounts payable	49,809	(15,514)
Accrued expenses	(3,487)	11,035
Deferred revenue	<u>20,695</u>	<u>(74,506)</u>
Net cash provided by operating activities	<u>631,254</u>	<u>585,711</u>
INVESTING ACTIVITIES:		
Proceeds from sale of land inventory	10,000	-
Proceeds from disposal of property and equipment	77,513	14,800
Purchases of property and equipment	<u>(500,121)</u>	<u>(383,469)</u>
Net cash used by investing activities	<u>(412,608)</u>	<u>(368,669)</u>
FINANCING ACTIVITY - Repayments of long-term debt	<u>(67,157)</u>	<u>(102,998)</u>
Increase in cash and cash equivalents	151,489	114,044
Cash and cash equivalents and restricted cash at beginning of year	<u>1,033,440</u>	<u>919,396</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,184,929</u>	<u>1,033,440</u>
COMPOSITION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR:		
Cash and cash equivalents	\$ 294,477	228,972
Cash restricted for future reserve fund	475,000	500,000
Cash designated for capital improvements and equipment	<u>415,452</u>	<u>304,468</u>
	<u>\$ 1,184,929</u>	<u>1,033,440</u>

LAKE ARROWHEAD COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Membership receivables - Membership receivables are stated at the balance of unpaid dues, including interest and late fees, less an allowance for credit losses. Membership assessments are billed annually at the beginning of the fiscal year; accordingly, balances receivable at year-end are all in arrears. In order to collect unpaid membership dues and the interest accrued thereon, the Community has recourse to place liens on the related properties. In the event that lots with significant unpaid assessments are seized by local taxing authorities, any lien for unpaid membership dues remains with the prior owners. Accounts receivable, net of allowance, totaled \$84,662, at May 1, 2024.

Allowance for expected credit losses - membership receivables - The Community recognizes an allowance for losses on membership receivables in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current economic conditions and reasonable and supportable expectation of future economic conditions, as well as an assessment of each classification of receivable and the estimated collectibility of each. The expense associated with the allowance for expected credit losses is recognized in operating expenses.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Interest expense - Interest costs are expensed as incurred and totaled \$7,356 and \$9,725 for the years ended April 30, 2025 and 2024, respectively.

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

*Contract assets and liabilities* - When the timing of the provision of goods or services is different from the timing of the payments made by members, the Community recognizes either a contract asset (performance precedes contractual due date) or a contract liability (member payment precedes performance). Contract liabilities represent payments received in advance of providing services or goods under certain contracts for which the Community's performance obligations have not been satisfied. Contract liabilities are included in deferred revenue on the accompanying balance sheets. The change in contract liabilities primarily relate to either party's performance under the contracts. Contract liabilities totaled \$233,408 and \$212,713 at April 30, 2025 and 2024, respectively.

*Membership dues* - Community members are subject to annual assessments to provide funds for the Community's operating expenses. The Community's dues are based on the Community's cost of service and are approved by the Board of Trustees. Membership dues are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Community's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. Unearned membership revenue is reflected as deferred revenue on the balance sheets, as discussed previously. Membership dues totaled \$1,913,187 and \$1,821,109 at April 30, 2025 and 2024, respectively.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition, continued

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

Leases - The Community determines if an arrangement is a lease or contains a lease at inception of a contract based on the right to control the use of the identified asset in exchange for consideration. In evaluating its contracts, the Community separately identifies lease and nonlease components, such as common area and other maintenance costs. The Community has elected not to record a right-of-use (ROU) asset for leases with an initial term of 12 months or less. Lease expense from short-term leases is recognized on a straight-line basis over the lease term. The Community determined there were no ROU assets or liabilities as of or for the years ended April 30, 2025 and 2024, respectively.

The Community leases equipment on a short-term, as-needed basis from unrelated third parties. The community pays substantially all operating costs on the leased property. Rent expense related to these short-term leases totaled \$3,792 for both years ended April 30, 2025 and 2024.

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

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

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

Common control arrangements - The Community has adopted the accounting alternative offered to private companies for entities under common control. In accordance with this alternative, the Community discloses any transactions with the related entities rather than evaluating the related entities for consolidation.

Subsequent events - The Community has evaluated events, if any, that have occurred subsequent to April 30, 2025, through July 21, 2025, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary.

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

2. MEMBERSHIP RECEIVABLES

An aging analysis of membership receivables is as follows:

	<u>2025</u>	<u>2024</u>
Current	\$ 63,855	64,738
One year past due	47,529	48,287
Two years past due	41,791	39,025
Greater than two years past due	<u>184,482</u>	<u>158,481</u>
Total membership receivables	337,657	310,531
Less allowance for credit losses	<u>218,028</u>	<u>202,195</u>
Net membership receivables	<u>\$ 119,629</u>	<u>108,336</u>

A summary of activity for the allowance for credit losses is as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 202,195	221,511
Increase (decrease) to provision	14,490	(34,814)
Accounts charged off	(19,499)	(19,316)
Recoveries	<u>20,842</u>	<u>34,814</u>
Balance at end of year	<u>\$ 218,028</u>	<u>202,195</u>

3. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2025</u>	<u>2024</u>
Non-interest bearing note payable to Maine Municipal Bond Bank due in semi-annual installments of \$3,150, plus a 5.00% loan servicing fee, through April 2029. Secured by substantially all Community assets with a net book value of \$3,885,043.	\$ 25,200	31,500
Note payable to Maine Municipal Bond Bank due in annual installments of varying amounts, including interest at 1.00%, plus a 5.00% loan servicing fee, through October 2027. Secured by substantially all Community assets with a net book value of \$3,885,043.	20,183	26,779

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

3. LONG-TERM DEBT, CONTINUED

	<u>2025</u>	<u>2024</u>
Note payable to Partners Bank due in monthly installments of \$2,976, including interest at 3.60%, through October 2025. Secured by a motor vehicle with a net book value of \$51,528.	17,639	52,013
Note payable to Volvo Financial Services due in monthly installments of \$2,137, including interest at 7.09%, through May 2029. Secured by a piece of equipment with a net book value of \$142,466.	<u>70,803</u>	<u>90,690</u>
	133,825	200,982
Less current portion	<u>51,906</u>	<u>67,152</u>
Net long-term debt	<u>\$ 81,919</u>	<u>133,830</u>

Future maturities of long-term debt are as follows:

2026	\$ 51,906
2027	35,894
2028	37,637
2029	<u>8,388</u>
	<u>\$ 133,825</u>

4. DESIGNATED OPERATING SURPLUS FUNDS

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

Surplus funds designated for such purposes are as follows:

	<u>2025</u>	<u>2024</u>
Capital improvements	<u>\$ 415,452</u>	<u>304,468</u>



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

5. FUTURE RESERVE FUND

As of April 30, 2025 and 2024, the Board of Trustees has designated \$475,000 and \$500,000, respectively, as a future reserve fund. There are no legal or constitutional requirements that such a fund be established; however, State of Maine Private and Special Law 1995, Chapter 37, establishes a maximum of \$500,000 for such a fund. The maximum limit of the fund may be increased by a 2/3 majority vote of the Community's membership. Aware that old equipment might need to be replaced and that the capacity of the water system would need to be increased, the Board began setting aside funds in 1989. No formal study was made. The Board members relied on their own knowledge and the advice of the manager and maintenance chief to determine future needs. Actual expenditures, however, may vary from estimated amounts and the variations may be material; therefore, amounts accumulated in the future reserve fund may not be adequate to meet future needs.

6. CONCENTRATIONS OF CREDIT RISK

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

7. RETIREMENT PLAN

The Community sponsors a 401(k) plan (the Plan) available to substantially all employees as certain eligibility requirements are met. The Plan provides for the Community to make discretionary matching contributions up to 5% of employee wages. Community contributions to the Plan totaled \$13,575 and \$19,098 for the years ended April 30, 2025 and 2024, respectively.

8. COMMON CONTROL UNDER THE VARIABLE INTEREST ENTITIES (VIE) ACCOUNTING ALTERNATIVE

Lake Arrowhead Conservation Council (LACC) and the Community are entities under common control. LACC is a 501(c)(3) organization, whose purpose is to advance and promote conservation and protection of the Lake Arrowhead water, lake, and land quality, as well as advocacy for public interest in the preservation of natural resources in Maine lakes. During the year ended April 30, 2024 the Board of Trustees of LACC and the Community merged. The Community provides LACC with certain management and other services, including maintenance and other administrative duties, for which it charged fees of approximately \$2,250 and \$1,750 for the years ended April 30, 2025 and April 30, 2024, respectively. The Community also made an annual donation of \$20,000 to support LACC's mission for both years ended April 30, 2025 and April 30, 2024. The classification and carrying amounts of the assets of LACC consists of \$147,905 and \$128,942 in cash and cash equivalents for the years ended April 30, 2025 and April 30, 2024, respectively, and \$474 of furniture and equipment, net of accumulated depreciation for both years ended April 30, 2025 and April 30, 2024. LACC has no outstanding liabilities for both years ended April 30, 2025 and April 30, 2024 and therefore the Community's maximum exposure to losses would be limited to the extent they provide voluntary financial support in the future.

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

9. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2025</u>	<u>2024</u>
Cash paid for interest	\$ <u>7,356</u>	<u>9,725</u>
Schedule of noncash investing and financing transactions:		
Land acquired in settlement of membership receivables	\$ <u>-</u>	<u>6,250</u>
Acquisition of equipment through trade-in:		
Cost of equipment	\$ -	18,990
Fair value of trade-in	<u>-</u>	<u>(9,000)</u>
Cash paid for equipment	\$ <u>-</u>	<u>9,990</u>
Acquisition of equipment through long-term debt:		
Cost of equipment	\$ -	232,695
Amount financed through long-term debt	<u>-</u>	<u>(107,695)</u>
Cash paid for equipment	\$ <u>-</u>	<u>125,000</u>

LAKE ARROWHEAD COMMUNITY, INC.

REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

APRIL 30, 2025

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

<u>Component</u>	<u>Estimated future replacement costs (10 year estimate)</u>
Buildings - rehabilitation	\$ 200,000
Furniture and equipment	75,000
Vehicles	1,000,000
Water system	<u>1,000,000</u>
	<u>\$ 2,275,000</u>