MEDFORD LAKES COLONY
THE BOARD'S ANNUAL REPORT TO MEMBERSHIP
2026 – STILL MOVING FORWARD

By all accounts and metrics, 2026 was an all-around good year. In fact, it was a very good year. It was one where we realized dividends, which followed several recent and sometimes painful years of problem-solving.

We continued our three-year effort to bring the Colony back to financial health without the distraction of crisis. Recall that we created a new dues structure in 2023 after 15 years without an increase. That restructuring restored our general operating fund to a targeted cash level and balanced budget. Our success was threatened the following year, however, because of a liability insurance crisis and resultant cash-drain, which required a compensating fee increase.

We recovered from both challenges and are now in excellent financial condition. We continue to direct resources toward repairing and improving deteriorating facilities, which had been neglected for years because of no available funding. There is much more to do, but we are making excellent progress. Included in that effort is an agreement on a design solution for decades-long problems at our Brooks Field Hard Surface Complex.

And this was our first full-year of a shared property services agreement with Medford Lakes Borough, which is a major change from our prior operating model. We are still settling into this new arrangement, but it has been a successful step forward for us. A change for sure. But one that we believe will serve us well into the future.

And we continue to offer diverse and robust recreational programing to our entire membership, young and old, which is – after all – our core mission.

We must never lose sight of that.

With all the changes we make, our overarching goal is to ensure that life in Medford Lakes does not change.

Recreational and Social Programs

The **Medford Lakes Athletic Association** is a key to our mission success, and they delivered in a big way this year. In addition to their diverse catalog of traditional programs, this organization is always looking for new youth and adult offerings. In 2026 they added: a spring cornhole league, a youth volleyball program, co-ed indoor volleyball, and an expanded baseball program that included kindergarten coach-pitch. And the basketball league also added a "3 on 3" instructional experience for 1st and 2nd graders.

For adults: Nearly 400 Lakers participated in the summer Adult Beach Volleyball program across five leagues of varying competitive levels. Winter indoor volleyball leagues gave playing opportunities to an additional 175 members. And every summer Sunday, 130 men participated in our softball league.

For Youth: Our basketball program attracted 242 boys and girls from 3rd through 8th grade. Our baseball program served 104 youngsters from Pre-K through 6th grade. Nearly 40 girls from K through 8th grade participated in our Softball program. 260 youngsters played in our Fall and Spring soccer leagues. We also offered summer beach volleyball to high school-aged youth, a league with 77 participants, and a youth volleyball program with 171 registrants.

In all, M.L.A.A. provided recreational opportunities **to nearly 1,900 registrants in 2026, a 10% increase from the prior year!** M.L.A.A. looks forward to continued growth as they work to re-introduce Tennis and Pickleball programs in the spring of 2027. These programs had been eliminated because of deteriorating conditions on our courts.

Summer Day Camp is a defining part of growing up as a Laker. And once again, our children (and grandchildren) had a great camp experience! We had a strong showing for our Pre-schoolers with almost 90 campers enrolled. It was a fun and enriching time for all. A new addition this year was the "tunnel sprinkler" water area which was well-received. Preschool Camp was expanded to four weeks this year.

Lower Camp had a strong showing with 187 campers. In addition to enjoying traditional activities that included swimming, music, and art, we added an instructional fishing program this year.

Upper Camp had 109 participants, also a strong showing. As always, we offered many and diverse sporting and cultural events. And this year we brought back the once-popular dance party.

Our **Beach Operations** went smoothly this year. We were able to meet the ongoing challenges of keeping our beach stations staffed with trained guards. Our operations were supported by hard-working beach attendants. This is a high-turnover operation by nature, with employees constantly aging out and moving on. As they should, experienced lifeguards move on with higher education and "real-world" employment. Recruiting and training is an ongoing and taxing endeavor. One noted improvement this year was meeting the needs of August coverage, where we have been short-staffed in the past.

The **Medford Lakes Women's Club** continued its vital role in enriching Medford Lakes' community life in 2026, bringing residents together through townwide traditions, family-friendly activities, and opportunities for social connection. Town-wide events included the Toy and Sports Equipment Swap, Breakfast with the Bunny, Medford Lakes Day, the Snowman Building Contest, The Amazing Pace, the Townwide Yard Sale, the Halloween Trail Map, and the Holiday House Tour. Children enjoyed monthly Story Time and Craft events, Zoomies during winter break, a Glow-in-the-Dark Easter Egg Hunt for middle schoolers, and townwide Easter egg hunts for all ages. The Club also created opportunities for adults to connect through a Bingo meeting, wine tasting at Stokelan Winery, Float and Sip at the beach, Paddleboard Yoga, a S'mores and Campfire Night, and a Halloween Party.

Beyond these events, the organization continued its commitment to the community by supporting a scholarship for a Medford Lakes Senior, the Nokomis and Wilson Playground projects, MLPD Night Out, and the Beach 3 shed. Through these efforts, the organization continues to bring the Medford Lakes community together, creating opportunities for residents to make new friends, strengthen existing relationships, get to know their neighbors, and build lasting connections and memories that make our community a special place to call home.

Our **Social and Club Program** included Exercise Class, Mahjong and Pinochle Clubs, Chess Club, and Sewing Circle. Our new community theatre group – Medford Lakes Stage – continued as a part of the social scene with offerings throughout the year.

Carnival Weekend is the highlight of the Summer social season and has been a Laker tradition for 94 years! This year's weekend continued that cherished tradition.

Property and Lake Improvements

Within the Colony financial operating and accounting system are several funds that – by policy and our by-laws – are restricted as to their use. These entities are financially supported by their own unique funding streams.

Figure 1: Distribution of Member Dues

	Regular	65 Plus
Lakes Restoration Fund	$ 145	$ 145
Capital Improvement Fund	55	55
Major Projects Fund	55	55
General Operating Fund	470	370
Total	$ 725	$ 625

The Lake Restoration Fund (long-standing) and Capital Expenditures Fund (new in 2024) receive allocations from member dues payments. (See Figure 1.)

Lakes Restoration Fund: This fund is restricted for expenses associated with cleaning and maintaining our lakes and supporting infrastructure (including bulkheads and spillways). Lake operations are overseen by a board-appointed volunteer committee. Designated annual member contributions from dues to this fund are about $210K. Noteworthy 2026 projects and accomplishments include:

- A fountain aeration system for Algonquin Pond
- A Ballinger-to-Sioux pump replacement for quieter and more cost-effective operation
- A partnership with Borough Department of Public Works for dam clearing, part of NJDEP

required inspections of our three regulated dams

- De-mucking (hydro-raking) operations at four lakes and cleaning four beaches and Canoe Run

Note that our four-year hydro-raking program proved effective in reducing lake "muck" and phosphorous levels. Always looking to the future, the Committee is now investigating other effective methods to control muck and maintain water quality, including bioaugmentation, the introduction of "beneficial bacteria," which accelerates the breakdown of organic pollutants and sludge.

Capital Expenditures Fund(s): These funds were created by overwhelming member-vote in 2023 and are now in their third funding year. The concept is the same as applied to the Lakes Restoration Fund and changed the way we address our non-lake infrastructure planning.

With restricted contributions from member dues of approximately $164K each year, major project-funding responsibility is removed from the General Operating Fund budget. In concept, our approach to our physical plant changed from "reactive" to "proactive." The Board sub-divides the Capital Expenditures Fund into two accounting entities, each with its own set of restrictions and spending guidelines. The funding stream is enhanced by targeted contributions from individuals, community organizations, and Colony auxiliaries.

Capital Improvement Fund: Completed 2026 projects include:

- Playground renovations completed at Wilson Field
- Beach 1 Dock Restoration
- Demby Basement Storage Conversion
- Shed Project at Beach 3
- Beach 3 Parking Lot Repaving
- Beach 3 Pavillion Roof Replacement
- Hopkins Field Fencing Replacement
- Vaughan Hall and Craft Pavilion Exterior Maintenance
- Amphitheatre in Jackson Park

Major Projects Fund: We often refer to this fund as the *Debt Service Fund,* because its designated use is for projects so large that they could require bank borrowing with repayment over time. This fund's creation was specifically intended to replace the member assessment approach of the past. There is a long-term planning component to this fund designation, and for the past three years, the assumed accumulation in it was for a "down payment" and an ongoing funding stream for a hard surface restoration project at Brooks Field.

General Operations

General operations refers to activities paid from our general operating budget and includes payroll costs, utilities, insurance, supplies, repairs, maintenance, and general operating costs associated with five beaches, three major recreational complexes, five playgrounds, pavilions, Vaughan Community Hall, dock complexes, service buildings and sheds, and parking lots. (The cost of cleaning and maintaining our 21 lakes come from the Lakes Restoration Fund budget.) The Colony owns over 50 real estate parcels which represent about 20% of the Borough's surface area.

Much of the Board's "routine" responsibilities involve overseeing this infrastructure and the activities it supports. Typically, a host municipality would assume the operating responsibilities for its recreational programs and supporting parks and physical plant. But our community is far from typical, and the private Medford Lakes Colony and the Medford Lakes Borough work together in several written and unwritten cooperative relationships. Most notably the Colony now has shared services agreements for liability insurance (2024) and property services (2025).

These relationships are representative of our town's unique nature – a membership organization operating the community's recreational function and owning the supporting infrastructure. Municipal planners would say that this is an arrangement that shouldn't work. But yet it does.

Financial Analysis: The financial information on Page 4 comes from audit reports (2022 through 2025) prepared by independent auditors Haefele Flanagan, CPA's. This firm has audited our financial records for many consecutive years and has consistently rendered unqualified opinions as to their fair representation. 2026 information is based on accounts as of September 30, 2025, but projected to

year-end to make meaningful comparisons. They show consistently improved financial performance and excellent financial health. Here are some highlights. By convention, negative amounts are shown in (brackets).

- General Operating Fund Cash (Line 1) is restored to targeted levels and representative of a balanced budget. A dues increase for general operations in 2027 is not necessary.
- Debt level (Line 12) is significantly reduced.
- General Operating Fund equity (net worth) is restored to a positive balance. (Line 16)
- A strong Lakes Restoration Fund balance (Line 19) resulted from paying off flood-related debt.
- There is strong growth in organization-wide net worth. (Line 24)

Figure 2: Statements of Financial Condition

		A	B	C	D	E
		12/31/2022	**12/31/2023**	**12/31/2024**	**12/31/2025**	**12/31/2026**
		Audited	*Audited*	*Audited*	*Audited*	*Projected*
	ASSETS					
1	General Operating Fund	122,470	120,448	56,594	174,181	172,191
2	Capital Improvement Fund	0	0	64,544	54,342	38,241
3	Debt Service Fund	0	0	98,523	183,563	265,201
4	Lakes Restoration Fund	534,756	553,739	526,185	500,370	502,100
5	Colony Restricted Funds	116,151	104,801	65,296	80,581	90,195
6	Canoe Carnival	33,223	31,573	24,627	34,308	18,384
7	M.L.A.A.	166,936	183,958	198,069	247,937	292,791
8	Women's Club	35,335	35,505	22,897	22,644	19,251
9	**Total Cash**	**1,008,871**	**1,030,024**	**1,056,736**	**1,297,926**	**1,398,354**
10	Interfund Receivable	157,976	151,930	141,895	138,189	131,573
11	**TOTAL ASSETS**	**1,166,847**	**1,181,954**	**1,198,631**	**1,436,115**	**1,529,927**
	LIABILITIES					
12	State of New Jersey	723,820	584,566	435,293	292,974	57,722
13	Interfund Payable	157,976	151,930	141,895	138,189	131,573
15	**TOTAL LIABILITIES**	**881,796**	**736,496**	**577,188**	**431,163**	**189,295**
	NET ASSETS (EQUITY)					
16	General Operating Fund	(35,506)	(31,482)	(85,301)	35,992	40,618
17	Captial Improvement Fund	-	-	64,544	54,342	38,241
18	Debt Service Fund	-	-	98,523	183,563	265,201
19	Lakes Restoration Fund	(31,088)	121,103	232,787	345,585	575,951
20	Colony Restricted Funds	116,151	104,801	65,296	80,581	90,195
21	Canoe Carnival	33,223	31,573	24,627	34,308	18,384
22	M.L.A.A.	166,936	183,958	198,069	247,937	292,791
23	Women's Club	35,335	35,505	22,897	22,644	19,251
24	**TOTAL NET EQUITY**	**285,051**	**445,458**	**621,443**	**1,004,952**	**1,340,632**
25	**TOTAL LIABILITIES & EQUITY**	**1,166,847**	**1,181,954**	**1,198,631**	**1,436,115**	**1,529,927**