
MEDFORD LAKES COLONY
THE BOARD'S ANNUAL REPORT TO MEMBERSHIP
2025 – STILL MOVING FORWARD...

After having successfully navigated the liability insurance crisis of 2024 and absorbing two successive years of dues increases, we are happy to report that – on the financial front – things are back to normal. Actually, more than that. Better than normal. You will learn from this summary report that with our new financial stability, we are aggressively



moving forward, meeting the challenges of a changing economy, changing demographics, and changing member expectations. But at all times, we're looking back. With all the changes we make, our overarching goal is to keep Medford Lakes the same piece of Americana that it's always been – a place to make your home like no other. We change to stay unchanged.

Colony Auxiliaries

We classify our auxiliary organizations as those that have their own governing committees, but operate within the Colony's corporate and tax-exempt structure. They are an integral part of Colony mission. Our auxiliaries are financially self-sufficient and, in many ways, supplement our general operations with purchases and contributions.

Medford Lakes Women's Club: This organization entered 2025 with renewed energy and continued its prominent role in the Colony's recreational life while providing fellowship opportunities for its members.

New for 2025 was the Club's celebration of women-led businesses. The well-received event, titled *Legacy Builders: Women Leading the Way*, included speakers, discussions, and displays.

The Club continued to give us treasured Medford Lakes traditions like Breakfast with the Easter Bunny and Easter Egg Hunts for children ages one through Middle School; The Amazing Pace; and monthly Story Time and Craft events for children ages six and younger.

The Club also led funding efforts that enabled renovations at the Wilson Field playground – a project that will be completed two years ahead of schedule!

Medford Lakes Athletic Association: The Colony was originally founded for the sole purpose of providing recreational opportunities to its members. Key to that mission is the work of the Medford Lakes Athletic Association.

For adults: Nearly 400 Lakers participated in the summer Adult Beach Volleyball program in five

leagues of varying competitive levels. Winter indoor volleyball leagues gave playing opportunities to an additional 175 Members. The Cornhole League – in its second year – attracted 158 men and women. We also offered a pick-up basketball program for men. And every summer Sunday, 120 men participated in our summer softball league.

For Youth: Our basketball program attracted 236 boys and girls from 3rd through 8th grade. Our baseball program included 104 youngsters from Pre-K through 6th grade. 40 girls from K through 8th grade participated in our Softball program. Two hundred sixty youngsters played in our Fall and Spring soccer leagues. And we offered summer beach volleyball to high school-aged youth, a program with 77 participants

All tolled, M.L.A.A. provided recreational opportunities **to over 1,700 registrants in 2025!**

Canoe Carnival: Carnival Weekend is the highlight of the Summer social season and has been a Laker tradition for 93 years!

Our Carnival celebration is seen to begin on a Friday with the always festive Mardis Gras. Unfortunately, that evening event has been marred with complaints about poor conduct in recent years.

This year, the Carnival Committee worked to address and resolve those issues, and they received the full cooperation of all involved, including Borough officials, Police and Fire Departments, and, most importantly property owners and participants. By all accounts, this year's event was a significant improvement. The entire weekend was a success.

Special Purpose and Restricted Funds

Within the Colony financial operating and accounting system are several funds that are restricted as to their use. These entities are financially supported by their own unique funding streams. The Lake Restoration Fund (long-standing) and Capital Expenditures Fund (new in 2024) receive allocations from each member's dues payments.

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

Lakes Restoration Fund: This fund is restricted to the purpose of cleaning and maintaining the Colony's lakes and its supporting infrastructure including bulkheads and spillways. Fund operations are overseen by a board-appointed volunteer committee. Annual member contributions from dues to this fund are about \$210K. Noteworthy 2025 projects and accomplishments include:

- Spillway repairs in seven lakes and a spillway replacement at Algonquin Pond
- Engineering studies necessary to meet New Jersey regulatory requirements and safe and effective operation
- Liquidation of long-term debt in the amount of \$150K. This debt originated from two major projects: (1) flood recovery (2004) and (2) Ballinger Dam rehabilitation (2013)
- Expanded testing and monitoring programs.

Additionally, the Lakes Committee oversaw a (General Operating Fund financed) expanded lake cleanout program, which was made possible by an increase in that general budget line-item from \$20K to \$50K in 2024.

Capital Expenditures Fund(s): These funds were created by overwhelming member-vote in 2023 and are now in their second funding year. This approach represented a major change in the way the Colony addresses its non-lake infrastructure planning. With

restricted contributions from member dues of approximately \$164K annually, major project-funding responsibility was removed from the General Operating Fund along with the practice of enacting special assessments for major needs. In concept, our approach to our physical plant changed from "reactive" to "proactive." The Board subdivides the Capital Expenditures Fund into two accounting entities, each with its own set of restrictions and spending guidelines.

Capital Improvement Fund: Completed 2025 projects include:

- **Playground Renovations:** We completed a \$100K rebuild of the Nokomis Elementary School Playground in a 50/50 in partnership with the Medford Lakes School District. Additionally, we facilitated a \$50K renovation at Wilson field, financed entirely with donations. (Note that we completed \$150K in playground projects and used only \$50K of Colony funds in doing so.
- **Beach Restoration:** We completed two major sand restoration projects – Beaches 1 and 3.
- **Fencing:** We replaced a fence-run along McKendimen Road.
- **Vaughan Parking Lot:** We completed Phase I of a parking lot renovation by removing overgrown trees, expanding the footprint to allow for three parking rows, and re-stoning.

Major Projects Fund: This sub-fund also received \$82K in member dues allocations, but its purpose is to accumulate monies for future projects so large that their cost would exceed one year's allocation. Further, if project financing is required, debt-service payments would come from this fund.

Currently, there are no approved "major projects" in place. However, the Board is well-aware that "something" must be done about the advanced stage of deterioration to Brooks Field hard surfaces and fencing. To that end, the Board moved forward with planning for a major renovation and restoration project. This is a complex undertaking with a daunting approval process. Unfortunately, after years of planning and submissions, final approvals remain elusive. The project remains active, however.

Our general operations (referring to those activities paid from our general operating budget) include 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, parking lots, and 21 lakes. The Colony owns over 20 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.

For example, our way out of last year's liability insurance crisis was a Shared Services Agreement with the Borough, which resulted in the Colony being designated as an "additional named insured" in the Borough's liability program. Without this arrangement and escape from the volatile private market, there was a very real threat to our ability to continue as an independent entity.

In 2025, we expanded on this concept by entering into an arrangement that – in effect – sub-contracts with the Borough for property management services.

Social Activities and Clubs: Our members continued to enjoy Exercise Class, Mahjong and Pinole Clubs, Chess Club, and Sewing Circle. Our new community theatre group – Medford Lakes Stage – continued to become a part of the social scene with offerings throughout the year. Its 2025 Holiday show will be performed on an expanded stage area.

Colony Day Camp: As always, our children enjoyed a wide range of activities including arts and crafts, and outdoor activities like archery, kayaking and canoeing, fishing, and court games like pickleball and tennis.

Medford Lakes is a community built around water, and it is a community of strong, dark-water swimmers. Our tradition is to begin instruction early with 5-year-old swim training at camp. And we continued that tradition. New for 2025 was an expanded Pre-School Camp.

This year we offered programming to 198 children in Upper Camp, 181 in Lower Camp, 35 more in Pre-School, and 10 in our extended hours program.

Financial Analysis (See Page 4): The following summary refers to the Statement of Financial Condition (Balance Sheet) summary on page 4. References here are to the line numbers on that report. Please note that Columns A, B, and C are extracted from the Colony's year-end financial statements, which are audited by Hafale Flanagan, CPA's. Column D is a Colony estimate based on actual data as of October 31, 2025, but projected to year-end to make meaningful comparisons.

Cash (Lines 1-9): We've always enjoyed a strong overall cash position, significantly driven by high balances in the Lakes Restoration Fund (Line 4). Of recent concern has been declining cash balances in the General Operating Fund (Line 1). Our accounting system is fund-based with each fund designed to stand on its own. Some financial managers say that "Cash is King," and they focus on cash flow as the key indicator of financial health. But our view is that liabilities (Lines 12-15) must also be considered. When subtracted from cash, *Net Assets (Fund Balances)* is the most important evaluative metric.

Interfund Transactions (Lines 10 and 13) represent money that we owe ourselves – fund to fund. To an external analyst, these balances mean nothing. But internally, they are factors in determining individual fund balances.

Debt (Line 12): We've financed two major dam projects with Borough-guaranteed loans from the State of New Jersey.

Net Assets (Lines 16-24): These amounts (often called fund balances) are determined by subtracting liabilities from assets on a fund-by-fund basis. Individually and collectively, we believe that these amounts are the most important indicators of our financial health. It is here that you will best see the advances we've made over the past few years. For example:

- The General Operating Fund (Line 16) was – as a matter of accounting definition – insolvent in 2022, 2023, and 2024. This condition was created by 15 consecutive years with no dues increase and rising costs. In 2025, the General Operating Fund will show a positive fund balance. Our target is for this balance to be

\$150K, and it will take time to get there. But we are making progress.

- The Lakes Restoration Fund (Line 19) was insolvent in 2022 despite its high cash balance because of its dam loan obligations, which are subtracted to determine fund balance. As those loans are paid off, a positive and growing fund balance is the result.

- Capital Expenditures Funds (Lines 17 and 18) have no debt associated with them. They are reserves for future capital improvements. The Capital Improvement Fund (Line 17) is active. The Debt Service Fund (Line 18) is not.

By convention, negative amounts are shown in (brackets).

Figure 2: Statements of Financial Condition					
		A	B	C	D
		12/31/2022	12/31/2023	12/31/2024	12/31/2025
		<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Projected</i>
	ASSETS				
1	General Operating Fund	122,470	120,448	56,594	167,092
2	Capital Improvement Fund	0	0	64,544	80,424
3	Debt Service Fund	0	0	98,523	183,226
4	Lakes Restoration Fund	534,756	553,739	526,185	512,774
5	Colony Restricted Funds	116,151	104,801	65,296	76,538
6	Canoe Carnival	33,223	31,573	24,627	34,116
7	M.L.A.A.	166,936	183,958	198,069	232,170
8	Women's Club	35,335	35,505	22,897	17,515
9	Total Cash	1,008,871	1,030,024	1,056,736	1,303,855
10	Interfund Receivable	157,976	151,930	141,895	136,184
11	TOTAL ASSETS	1,166,847	1,181,954	1,198,631	1,440,039
	LIABILITIES				
12	State of New Jersey	723,820	579,781	424,169	284,439
13	Interfund Payable	157,976	151,390	141,895	136,184
14	Other Current Liabilities	0	6,325	11,124	5,286
15	TOTAL LIABILITIES	881,796	731,171	577,187	425,909
	NET ASSETS (EQUITY)				
16	General Operating Fund	(35,506)	(22,518)	(99,724)	25,622
17	Capital Improvement Fund	0	0	64,544	80,424
18	Debt Service Fund	0	22,617	98,523	183,226
19	Lakes Restoration Fund	(31,088)	125,348	247,211	364,519
20	Colony Restricted Funds	116,151	73,760	65,296	76,538
21	Canoe Carnival	33,223	31,573	24,627	34,116
22	M.L.A.A.	166,936	183,958	198,069	232,170
23	Women's Club	35,335	35,505	22,897	17,515
24	TOTAL NET EQUITY	285,051	450,243	621,444	1,014,130
25	TOTAL LIABILITIES AND EQUITY	1,166,847	1,181,414	1,198,631	1,440,039