

**WHITING VILLAGE AT CRESTWOOD
COMMUNITY ASSOCIATION**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED MARCH 31, 2026

AND

INDEPENDENT AUDITOR'S REPORT

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION
FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2026

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INDEPENDENT AUDITOR'S REPORT

*To the Board of Trustees' and Members of
Whiting Village at Crestwood Community Association*

Opinion

We have audited the accompanying financial statements of Whiting Village at Crestwood Community Association, which comprise the balance sheet as of March 31, 2026, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year 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 Whiting Village at Crestwood Community Association as of March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Whiting Village at Crestwood Community Association's March 31, 2025 financial statements, and our report dated May 21, 2025 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinion

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

Responsibilities of the Board of Trustees for the Financial Statements

The Board of Trustees (the "Board") is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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, the Board is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Whiting Village at Crestwood Community Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 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 Whiting Village at Crestwood Community Association'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 Whiting Village at Crestwood Community Association'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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on page 14-15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



VENNING & COMPANY, LLC
Certified Public Accountants

May 26, 2026
Toms River, New Jersey

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

BALANCE SHEET

MARCH 31, 2026

(WITH COMPARATIVE TOTALS FOR 2025)

| | Operating Fund | Replacement Fund | Total |
|---|-------------------|---------------------|---------------------|
| | 2026 | 2025 | 2025 |
| ASSETS | | | |
| Cash, including interest bearing deposits | \$ 279,820 | \$ 324,535 | \$ 604,355 |
| Investments | 60,000 | 1,175,000 | 1,235,000 |
| Assessments receivable, less adjustment for probable uncollectible accounts of \$126,190 and \$142,548 respectively | 11,004 | | 11,004 |
| Accrued interest receivable | 253 | 6,365 | 6,618 |
| Accounts receivable - municipal reimbursement | 14,904 | | 14,904 |
| Tenant rent receivable | 500 | | 500 |
| Prepaid insurance | 158,750 | | 158,750 |
| Operating right-of-use assets | 7,052 | | 7,052 |
| Interfund balances | 291 | (291) | - |
| Total assets | \$ 532,574 | \$ 1,505,609 | \$ 2,038,183 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | \$ 20,446 | \$ | \$ 20,446 |
| Payroll and payroll taxes payable | 4,752 | | 4,752 |
| Federal income tax payable | 397 | | 397 |
| Assessments received in advance | 84,730 | | 84,730 |
| Operating lease liabilities | 7,052 | | 7,052 |
| Total liabilities | 117,377 | - | 117,377 |
| FUND BALANCES | | | |
| Total liabilities and fund balances | \$ 532,574 | \$ 1,505,609 | \$ 2,038,183 |
| | | | \$ 1,841,746 |

The accompanying notes are an integral part of these financial statements

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2026
(WITH COMPARATIVE TOTALS FOR 2025)

| | Operating Fund | Replacement Fund | Total |
|---|-------------------|---------------------|--------------|
| | 2026 | 2026 | 2025 |
| REVENUES | | | |
| Membership Assessments | | | |
| Membership assessments | \$ 1,897,920 | \$ 240,000 | \$ 1,886,400 |
| Adjustment for probable uncollectible accounts | (8,492) | | (2,000) |
| Net Membership Assessments | 1,889,428 | 240,000 | 1,884,400 |
| Other Revenues | | | |
| Late fees | 14,840 | 14,840 | 15,657 |
| Attorney fees reimbursement | 111,699 | 111,699 | 52,767 |
| Repair fees billed to members | 34,630 | 34,630 | 40,957 |
| Interest income | 232 | 45,842 | 51,320 |
| Miscellaneous income | 5,395 | 5,395 | 2,442 |
| Office rent | 6,000 | 6,000 | 6,000 |
| Municipal reimbursement | 14,904 | 14,904 | 13,194 |
| Administrative fees | | 62,000 | 86,000 |
| Renters administration fees | 1,500 | 1,500 | 3,500 |
| Annual landlord registration fees | 9,000 | 9,000 | 9,900 |
| Total Other Revenues | 187,700 | 118,342 | 281,737 |
| TOTAL REVENUES | 2,077,128 | 358,342 | 2,435,470 |
| EXPENSES | | | |
| Administrative | 776,653 | 776,653 | 689,082 |
| General maintenance | 999,143 | 999,143 | 944,660 |
| Clubhouse maintenance | 137,056 | 137,056 | 110,584 |
| Federal income tax | 11,647 | 11,647 | 13,633 |
| Major repairs and replacements | 315,639 | 315,639 | 195,072 |
| TOTAL EXPENSES | 1,924,499 | 315,639 | 1,953,031 |
| Excess of revenues over expenses before interfund transfer | 152,629 | 42,703 | 213,106 |
| Interfund transfer | (100,000) | 100,000 | - |
| Excess of revenues over expenses after interfund transfer | 52,629 | 142,703 | 213,106 |
| Fund balance - beginning of year | 362,568 | 1,362,906 | 1,512,368 |
| Fund balance - end of year | \$ 415,197 | \$ 1,505,609 | \$ 1,725,474 |

The accompanying notes are an integral part of these financial statements

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2026
(WITH COMPARATIVE TOTALS FOR 2025)

| | Operating Fund | Replacement Fund | Total |
|---|----------------|------------------|-------------|
| | 2026 | 2025 | 2025 |
| Cash flows from operating activities: | | | |
| Excess of revenues over expenses after interfund transfer | \$ 52,629 | \$ 142,703 | \$ 195,332 |
| Adjustments to reconcile excess of revenues over expenses after interfund transfer to net cash provided by operating activities: | | | |
| Adjustment for probable uncollectible accounts | (16,358) | | (16,358) |
| (Increase) decrease in: | | | |
| Assessments receivable | 14,132 | | 1,082 |
| Accrued interest receivable | (232) | 9,937 | 8,317 |
| Accounts receivable - municipal reimbursement | (1,710) | | (1,035) |
| Tenant rent receivable | (500) | | 400 |
| Prepaid insurance | (22,675) | | (16,533) |
| Operating right-of-use assets | 6,810 | | 6,575 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses | (1,639) | | (8,763) |
| Payroll and payroll taxes payable | 1,131 | | 792 |
| Federal income tax payable | (1,209) | | (5,602) |
| Assessments received in advance | 9,632 | | (6,132) |
| Net cash provided by operating activities | 40,011 | 152,640 | 192,651 |
| Cash flows from investing activities: | | | |
| Purchase of investments | (60,000) | | (1,135,000) |
| Sale/maturity of investments | 60,000 | | 1,135,000 |
| Net cash provided (used) by investing activities | - | (100,000) | (175,000) |
| Cash flows from financing activities: | | | |
| Interfund balances | (5,173) | 5,173 | - |
| Operating lease liabilities | (6,810) | | (6,575) |
| Net cash provided (used) by financing activities | (11,983) | 5,173 | (6,575) |
| Net increase (decrease) in cash and cash equivalents | 28,028 | 57,813 | 43,371 |
| Cash and cash equivalents at beginning of year | 251,792 | 266,722 | 475,143 |
| Cash and cash equivalents at end of year | \$ 279,820 | \$ 324,535 | \$ 518,514 |
| Supplemental disclosure: | | | |
| Income taxes paid | | \$ 12,856 | \$ 19,235 |

The accompanying notes are an integral part of these financial statements

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2026 AND 2025

NOTE 1 - ORGANIZATION

Whiting Village at Crestwood Community Association was incorporated on June 28, 1977, in the State of New Jersey. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 1,048 residential units located on approximately 235 acres in Manchester Township, New Jersey.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting - The Association's legal documents provide certain guidelines to govern the Association's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association by such documents, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various functions are classified for accounting and reporting purposes into funds established according to their nature and purpose.

The assets, liabilities and fund balances of the Association are reported in the following fund groups:

Operating Fund - This fund represents the portion of expendable funds that are available for the general operations of the Association.

Replacement Fund - The purpose of the replacement fund is to accumulate funds over the lives of assets which are part of the common elements so that at the time of their replacement sufficient amounts have been accumulated.

Recognition of Assets - Whiting Village at Crestwood Community Association's common property and common elements other than that described above are owned by Whiting Village at Crestwood Community Association. Unit owners in fee simple form pursuant to the Declaration of Covenants and Restrictions each have a beneficial interest in property constituting the common elements. Accordingly, no amounts related to these common elements are included on the accompanying balance sheet of the Association. The common elements generally consist of sidewalks, roadways, recreational facilities, open areas and portions of the buildings not comprising the individual units.

Interest Earned - The Board's policy is to allocate to the respective funds interest earned on all cash and investments.

Interfund balances - Represents future Interfund cash transfers required to balance funds.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

(Continued)

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
(Continued)
MARCH 31, 2026 AND 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments with Off-Balance Sheet Risk - The Association, in its normal course of business, maintains cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation. At March 31, 2026 and 2025, the uninsured cash balances totaled \$0 and \$0, respectively.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Board/management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Membership Assessments and Assessments Receivable - Association members are subject to monthly assessments based upon the annual budget. The purpose of membership assessments is to provide funds for operating expenses and funding for reserves for future major repairs and replacements. The Association has adopted ASC 606 and has recognized it does have a customer relationship. Monthly membership assessments represent multiple performance obligations, which, on a standalone basis are not considered separate and distinct and therefore have been deemed to be a single performance obligation. Therefore, revenue relating to both is recognized when assessed as was done under legacy U.S. GAAP and the Association does not defer the recognition of any portion of revenue as a Contract Liability. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for membership assessments is satisfied over time on a daily pro-rata basis using the input method. The Association retains excess funds at the end of the period, if any, for use in future periods or as otherwise specified by the Association's governing documents.

Membership assessments receivable at the balance sheet date is stated at the amounts expected to be collected from unit owners. The Association's policy is to retain legal counsel and place liens on the units of owners who are delinquent based on the collection policy. It is the opinion of the board that not all of the receivables will be fully collectible. As of March 31, 2026, the Association had assessments receivable of \$137,194. Twenty-four units had receivables in excess of \$1,000 totaling \$126,190. The board has recorded an adjustment for probable uncollectible accounts in the amount of \$126,190. The Association treats uncollectible membership assessments as variable consideration since the Association estimate of variable consideration is constrained to include consideration of past experience and susceptibility to factors outside the Association's control.

Subsequent Events - The Association has evaluated subsequent activity through May 26, 2026, the date the financial statements were available to be issued. Based upon this evaluation, the Association determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.

(Continued)

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2026 AND 2025

NOTE 3 - INCOME TAXES

Under the Internal Revenue Code, Associations may be taxed as a Homeowner Association at their election, or as a regular corporation. The Association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and the Association is free to select either method in future years. By filing as a regular corporation, the Association is generally taxed at a lower rate than by filing as a Homeowner Association.

For the year ended March 31, 2026, the Association has elected to be taxed as a Homeowner Association. Income taxes of \$11,647 have been provided for since non-exempt function income is in excess of non-exempt function expenses.

The Association is incorporated pursuant to Title 15A:1 of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax. However, the Association is subject to New Jersey sales and use tax.

The Association regularly reviews and evaluates its uncertain tax positions taken in previously filed tax returns. The Association believes that in the event of an examination by taxing authorities, the organization's positions would prevail based upon the technical merits of such positions. Therefore, the Association has concluded that no tax benefits or liabilities are required to be recognized.

The Association's federal tax returns for the prior three years ended December, as filed, remain open for examination by the Internal Revenue Service.

NOTE 4 - MAJOR REPAIRS AND REPLACEMENTS

Replacement fund expenditures consist of the following:

| | <u>2026</u> | <u>2025</u> |
|------------------------|-------------------|-------------------|
| Asphalt repairs | \$ 278,604 | \$ 163,541 |
| In-ground garbage cans | 3,839 | 10,365 |
| Computer system | 290 | 2,252 |
| Clubhouse renovations | 8,720 | 4,829 |
| Sewer repairs | 6,715 | 5,828 |
| Water lines | - | 4,525 |
| Sinkhole repairs | - | 3,732 |
| Generator | 16,571 | - |
| Fencing | 900 | - |
| | <u>\$ 315,639</u> | <u>\$ 195,072</u> |

(Continued)

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2026 AND 2025

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations.

FWH Associates, PA, conducted a study with an effective date of April 2024, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair the common property components at the end of their useful lives assuming an inflation rate of 4 percent. A 10 percent funding threshold of \$607,127 is being estimated.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of those lives and current replacement costs, considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacements of common property components. Actual expenditures may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay repairs and replacements until funds are available.

NOTE 6 - LEASES

Whiting Village at Crestwood Community Association leases its office equipment under a long-term non-cancelable operating lease agreement. The lease is for the term of five years expiring March, 2027. We include in the determination right-of-use assets and liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is being based on the discount rate implicit in the lease. If the implicit rate is not readily determined from the lease, we estimate an incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and contractual lease term.

The right-of-use assets and lease liabilities at March 31, 2026 and 2025 are as follows:

| | <u>2026</u> | <u>2025</u> |
|-------------------------------|------------------------|-------------------------|
| Operating right-of-use assets | \$ <u>7,052</u> | \$ <u>13,862</u> |
| | \$ <u><u>7,052</u></u> | \$ <u><u>13,862</u></u> |
| | <u>2026</u> | <u>2025</u> |
| Operating lease liabilities | \$ <u>7,052</u> | \$ <u>13,862</u> |
| | \$ <u><u>7,052</u></u> | \$ <u><u>13,862</u></u> |

(Continued)

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
(Continued)
MARCH 31, 2026 AND 2025**

NOTE 6 - LEASES (CONTINUED)

The following summarizes the weighted-average remaining lease term and weighted-average incremental borrowing rate:

| | <u>2026</u> | <u>2025</u> |
|---|-------------|-------------|
| Weighted-average remaining lease term in years: | | |
| Operating lease | 1 | 2 |
| Weighted-average incremental borrowing rate: | | |
| Operating lease | 3.50% | 3.50% |

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of March 31, 2026:

| <u>March 31,</u> | <u>Operating</u> |
|------------------------------------|------------------------|
| 2027 | \$ <u>7,186</u> |
| Total lease payments | 7,186 |
| Less interest | <u>(134)</u> |
| Present value of lease liabilities | \$ <u><u>7,052</u></u> |

NOTE 7 – INVESTMENTS

Investments are presented in the financial statements at amortized cost.

| | <u>2026</u> | | <u>2025</u> | |
|------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | <u>Amortized Cost</u> | <u>Fair Market Value</u> | <u>Amortized Cost</u> | <u>Fair Market Value</u> |
| Operating Fund | \$ 60,000 | \$ 59,968 | \$ 60,000 | \$ 60,019 |
| Replacement fund | <u>1,175,000</u> | <u>1,174,426</u> | <u>1,075,000</u> | <u>1,075,068</u> |
| | \$ <u><u>1,235,000</u></u> | \$ <u><u>1,234,394</u></u> | \$ <u><u>1,135,000</u></u> | \$ <u><u>1,135,087</u></u> |

Investments are composed of the following:

| | <u>2026</u> | | <u>2025</u> | |
|-------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | <u>Amortized Cost</u> | <u>Fair Market Value</u> | <u>Amortized Cost</u> | <u>Fair Market Value</u> |
| Certificates of Deposit | \$ <u>1,235,000</u> | \$ <u>1,234,394</u> | \$ <u>1,135,000</u> | \$ <u>1,135,087</u> |
| | \$ <u><u>1,235,000</u></u> | \$ <u><u>1,234,394</u></u> | \$ <u><u>1,135,000</u></u> | \$ <u><u>1,135,087</u></u> |

(Continued)

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2026 AND 2025

NOTE 7 – INVESTMENTS (CONTINUED)

The association reports its investments under the provision of Financial Accounting Standards Board ASC 320-10 Investments - Debt and Equity Securities. In accordance with this statement the association has classified securities as held to maturity.

Securities classified as held to maturity are stated at cost adjusted for amortization of premiums and accretion of discounts. The Association has the positive intent and ability to hold these securities to maturity. Realized gains and losses for securities classified as held to maturity are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold.

NOTE 8 - ADMINISTRATIVE FEE

Upon the acquisition of title to a unit, each member of the Association must contribute a one-time, non-refundable fee of \$500 per unit. Effective November 1, 2022, the fee will increase to \$1,000. The fee has been recorded as revenue in the replacement fund on the accompanying financial statements.

NOTE 9 - RENTERS ADMINISTRATION FEE

Upon the change of a renter to a unit, the units owner must pay a non-refundable administration fee of \$200. Effective November 1, 2022, the fee will increase to \$500. The fee has been recorded as revenue in the replacement fund on the accompanying financial statements.

NOTE 10 - ANNUAL LANDLORD REGISTRATION FEE

The units owner must pay a non-refundable annual registration fee of \$200. The fee replaces the lease processing fee and will be due by January 1st of each year and considered late after January 31st. The registration will be valid until December 31st of each year. The fee has been recorded as revenue in the replacement fund on the accompanying financial statements.

NOTE 11 - INTERFUND TRANSFER

During the year ending March 31, 2026, the Board decided to transfer \$100,000 from the operating fund to the replacement fund.

SUPPLEMENTARY INFORMATION

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

(Unaudited)

MARCH 31, 2026

FWH Associates, PA, conducted a study with a effective date of April 2024, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair the common property components at the end of their useful lives assuming an inflation rate of 4 percent. A 10 percent funding threshold of \$607,127 is being estimated.

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

| <u>Components</u> | <u>Estimated Current Useful Lives (Years) As of 2024 Study</u> | <u>Estimated Current Replacement Costs As of 2024 Study</u> |
|--|--|---|
| Site work | | |
| Paved surfaces | 0 - 10 | \$ 3,813,380 |
| Illumination | 3 | 13,800 |
| Fencing | 0 - 19 | 216,400 |
| Retaining walls | 0 - 44 | 222,352 |
| Stormwater management | 0 | 7,000 |
| Miscellaneous | 3 - 23 | <u>1,019,600</u> |
| | | <u>5,292,532</u> |
| Structures | | |
| Clubhouse exterior | 0 - 19 | 311,175 |
| Clubhouse interior | 0 - 23 | 330,116 |
| Clubhouse miscellaneous | 3 | 12,000 |
| Clubhouse fire alarm | 0 | 9,500 |
| Clubhouse mechanical | 0 - 47 | <u>115,950</u> |
| | | <u>778,741</u> |
| | | <u>\$ 6,071,273</u> |
| Replacement fund balance as of March 31, 2026 | | <u><u>\$ 1,505,609</u></u> |

The study presents a reserve study funding plan projected thirty year cash flow. The required average annual contribution per year utilizing the 10% threshold funding analysis is as follows:

| <u>Fiscal Year</u> | <u>Average Annual Contribution</u> |
|------------------------|--|
| 2026 | \$ 294,683 |
| 2027 | \$ 294,683 |
| 2028 | \$ 554,449 |
| 2029 | \$ 554,449 |
| 2030 - 2054 | \$ 554,449 - 841,308 |

See auditors' report

**SCHEDULE OF TOTAL REVENUES, OPERATING EXPENSES AND ALLOCATIONS TO FUNDS
AS COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2026
(WITH COMPARATIVE TOTALS FOR 2025)**

| | 2026 | | | 2025 |
|--|------------------|-----------------------|--|-------------------------|
| | Actual | (Unaudited) Budget | Variance Favorable (Unfavorable) | Memo Entry Actual |
| REVENUES | | | | |
| Membership Assessments | | | | |
| Membership assessments | \$ 2,137,920 | \$ 2,137,920 | \$ - | \$ 1,886,400 |
| Adjustment for probable uncollectible accounts | (8,492) | (100,000) | 91,508 | (2,000) |
| Net Membership Assessments | 2,129,428 | 2,037,920 | 91,508 | 1,884,400 |
| Other Revenues | | | | |
| Late fees | 14,840 | 10,000 | 4,840 | 15,657 |
| Attorney fees reimbursement | 111,699 | 12,000 | 99,699 | 52,767 |
| Repair fees billed to members | 34,630 | 34,000 | 630 | 40,957 |
| Interest income | 46,074 | 2,000 | 44,074 | 51,320 |
| Miscellaneous income | 5,395 | 1,500 | 3,895 | 2,442 |
| Office rent | 6,000 | 6,000 | - | 6,000 |
| Municipal reimbursement | 14,904 | 13,000 | 1,904 | 13,194 |
| Administrative fees | 62,000 | 65,000 | (3,000) | 86,000 |
| Renters administration fees | 1,500 | - | 1,500 | 3,500 |
| Annual landlord registration fees | 9,000 | 9,000 | - | 9,900 |
| Total Other Revenues | 306,042 | 152,500 | 153,542 | 281,737 |
| Total Revenues | 2,435,470 | 2,190,420 | 245,050 | 2,166,137 |
| EXPENSES | | | | |
| Administrative: | | | | |
| Salaries | 107,220 | 105,000 | (2,220) | 99,664 |
| Office supplies | 7,786 | 8,000 | 214 | 6,031 |
| Postage | 3,004 | 4,500 | 1,496 | 3,006 |
| Miscellaneous expenses | 4,919 | 6,920 | 2,001 | 5,268 |
| Special election expense | 2,484 | 7,000 | 4,516 | 5,790 |
| Lawsuit expense | 7,120 | - | (7,120) | 41,692 |
| Equipment rental | 8,021 | 9,000 | 979 | 7,447 |
| Telephone, fax, cable | 13,377 | 9,200 | (4,177) | 9,258 |
| Professional fees | 131,783 | 93,000 | (38,783) | 82,092 |
| Payroll taxes | 16,098 | 17,500 | 1,402 | 14,819 |
| Village insurance | 474,841 | 475,000 | 159 | 414,015 |
| Total administrative | 776,653 | 735,120 | (41,533) | 689,082 |
| General maintenance: | | | | |
| Contract maintenance | 364,901 | 365,000 | 99 | 347,525 |
| Lawn care | 239,107 | 239,000 | (107) | 237,758 |
| Common ground | 17,190 | 20,000 | 2,810 | 13,541 |
| Snow removal | 105,559 | 106,000 | 441 | 74,936 |
| Winter sand/salt | 39,131 | 12,000 | (27,131) | 16,474 |
| Garbage removal | 90,473 | 90,500 | 27 | 83,770 |
| Landfill | - | 4,000 | 4,000 | - |
| Termite control | 56,803 | 55,900 | (903) | 61,459 |
| Street lighting | 27,667 | 26,400 | (1,267) | 22,582 |
| Bus service | 48,473 | 69,700 | 21,227 | 71,825 |
| Repairs/maintenance/supplies | 9,839 | 10,000 | 161 | 14,790 |
| Total general maintenance | 999,143 | 998,500 | (643) | 944,660 |

(Continued)
See auditors' report

WHITING VILLAGE AT CRESTWOOD COMMUNITY ASSOCIATION

SCHEDULE OF TOTAL REVENUES, OPERATING EXPENSES AND ALLOCATIONS TO FUNDS
AS COMPARED TO BUDGET

(Continued)

YEAR ENDED MARCH 31, 2026

(WITH COMPARATIVE TOTALS FOR 2025)

| | 2026 | | | 2025 |
|---|-------------------|-----------------------|--|-------------------------|
| | Actual | (Unaudited) Budget | Variance Favorable (Unfavorable) | Memo Entry Actual |
| EXPENSES (Continued) | | | | |
| Clubhouse maintenance: | | | | |
| Salaries | \$ 63,799 | \$ 65,300 | \$ 1,501 | \$ 53,726 |
| Utilities | 49,179 | 40,000 | (9,179) | 41,736 |
| Supplies | 4,133 | 5,000 | 867 | 4,187 |
| Repairs and Maintenance | 17,747 | 18,000 | 253 | 10,161 |
| Security | 2,198 | 500 | (1,698) | 774 |
| Total clubhouse maintenance | <u>137,056</u> | <u>128,800</u> | <u>(8,256)</u> | <u>110,584</u> |
| Federal income tax | <u>11,647</u> | <u>12,000</u> | <u>353</u> | <u>13,633</u> |
| Replacement fund: | | | | |
| Assessments allocated to replacement fund | 240,000 | 240,000 | - | 172,704 |
| Administrative fees allocated to replacement fund | 62,000 | 65,000 | 3,000 | 86,000 |
| Renters administration fees allocated to replacement fund | 1,500 | - | (1,500) | 3,500 |
| Annual landlord registration fees allocated to the replacement fund | 9,000 | 9,000 | - | 9,900 |
| Interest allocated to replacement fund | 45,842 | 2,000 | (43,842) | 51,320 |
| Total allocations to replacement fund | <u>358,342</u> | <u>316,000</u> | <u>(42,342)</u> | <u>323,424</u> |
| Total expenses and allocations to funds | <u>2,282,841</u> | <u>2,190,420</u> | <u>(92,421)</u> | <u>2,081,383</u> |
| Excess of revenues over expenses | <u>\$ 152,629</u> | <u>\$ -</u> | <u>\$ 152,629</u> | <u>\$ 84,754</u> |

See auditors' report