

Financial Statements
December 31, 2025
Spring Creek Association



Spring Creek Association

Table of Contents

December 31, 2025

Independent Auditor's Report.....	1
Financial Statements	
Balance Sheet.....	4
Statement of Revenues, Expenses, and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	8
Required Supplementary Information	
Major Future Repairs and Replacements	15
Supplementary Information	
Schedule of Revenues and Expenses – Budget and Actual.....	16
Test of Assessment Limitations (unaudited).....	18
Schedule of Operating Departmental Revenues and Expenses.....	19
Schedule of Other Revenues.....	20



Independent Auditor's Report

The Board of Directors
Spring Creek Association
Spring Creek, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spring Creek Association (the Association), which comprise the balance sheet as of December 31, 2025 and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Spring Creek Association as of December 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the 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 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, 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, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 the 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 the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on Major Future Repairs and Replacements on page 15 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 who 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 16 through 20 as of and for the year ended December 31, 2025, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, except for the Test of Assessment Limitations marked “unaudited” on page 18, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the Test of Assessment Limitations marked “unaudited”, 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 GAAS. In our opinion, except for the Test of Assessment Limitations marked “unaudited”, on which we express no opinion nor any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
September 18, 2026

Spring Creek Association
Balance Sheet
December 31, 2025

	Operating Fund	Property Fund	Replacement Fund	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,375,049	\$ 62,331	\$ 468,690	\$ 1,906,070
Short-term investments	663,981	-	1,803,648	2,467,629
Assessments receivable	181,147	-	-	181,147
Other receivables	187,409	-	-	187,409
Accrued interest receivable	98	111	15,914	16,123
Inventories	21,569	-	-	21,569
Prepaid insurance	146,449	-	-	146,449
Lots owned	7,427	-	-	7,427
Due to (from) other funds	111,584	(821)	(110,763)	-
	<u>2,694,713</u>	<u>61,621</u>	<u>2,177,489</u>	<u>4,933,823</u>
Long-term investments	-	-	225,000	225,000
Capital assets				
Land and land improvements	-	5,978,354	-	5,978,354
Buildings	-	6,373,115	-	6,373,115
Equipment	-	4,562,155	-	4,562,155
Construction in progress	-	435,789	-	435,789
	-	17,349,413	-	17,349,413
Accumulated depreciation	-	(8,278,794)	-	(8,278,794)
	-	9,070,619	-	9,070,619
Total assets	<u>\$ 2,694,713</u>	<u>\$ 9,132,240</u>	<u>\$ 2,402,489</u>	<u>\$ 14,229,442</u>
Liabilities and Fund Balances				
Current Liabilities				
Accrued payroll and related expenses	\$ 223,640	\$ -	\$ -	\$ 223,640
Assessments received in advance	591,308	-	-	591,308
Accounts payable	55,898	-	-	55,898
Deferred revenue - building lease	47,613	-	-	47,613
Security deposits	8,060	-	-	8,060
Total current liabilities	<u>926,519</u>	<u>-</u>	<u>-</u>	<u>926,519</u>
Fund Balances	<u>1,768,194</u>	<u>9,132,240</u>	<u>2,402,489</u>	<u>13,302,923</u>
	<u>\$ 2,694,713</u>	<u>\$ 9,132,240</u>	<u>\$ 2,402,489</u>	<u>\$ 14,229,442</u>

Spring Creek Association
Statement of Revenues, Expenses, and Changes in Fund Balances
Year Ended December 31, 2025

	Operating Fund	Property Fund	Replacement Fund	Total
Revenues				
Assessments	\$ 6,069,401	\$ -	\$ -	\$ 6,069,401
Lease income	103,881	-	-	103,881
Investment income	12,617	1,111	83,291	97,019
Other general income	671,137	-	-	671,137
Golf course	578,175	-	-	578,175
Horse Palace	58,192	-	-	58,192
Trap and skeet	4,241	-	-	4,241
Buildings and facilities	106,854	-	-	106,854
Roads and road maintenance	12,327	-	-	12,327
Total revenues	7,616,825	1,111	83,291	7,701,227
Expenses				
General and administrative	1,724,979	-	26,701	1,751,680
Golf course	1,102,834	-	-	1,102,834
Horse Palace	209,111	-	-	209,111
Trap and skeet	12,567	-	-	12,567
Buildings and facilities	841,569	-	-	841,569
Roads and road construction	2,344,827	-	-	2,344,827
Depreciation	-	731,231	-	731,231
Total expenses	6,235,887	731,231	26,701	6,993,819
Excess (Deficiency) of Revenues Over Expenses Before Gains	1,380,938	(730,120)	56,590	707,408
Beginning Fund Balance	875,274	8,986,870	2,733,371	12,595,515
Interfund Transfers				
Capital asset additions	(457,792)	845,264	(387,472)	-
Golf course reserve capital asset additions	(30,226)	30,226	-	-
Total interfund transfers	(488,018)	875,490	(387,472)	-
Ending Fund Balances	\$ 1,768,194	\$ 9,132,240	\$ 2,402,489	\$ 13,302,923

Spring Creek Association
Statement of Cash Flows
Year Ended December 31, 2025

	Operating Fund	Property Fund	Replacement Fund	Total
Operating Activities				
Excess (deficiency) of revenues over expenses	\$ 1,380,938	\$ (730,120)	\$ 56,590	\$ 707,408
Adjustments to reconcile changes in fund balances to net cash from (used for) operating activities:				
Depreciation	-	731,231	-	731,231
Unrealized gain on investments	-	-	16,197	16,197
Changes in				
Assessments receivable	1,223	-	-	1,223
Grants receivable	190,000	-	-	190,000
Other receivables	5,358	-	-	5,358
Inventories	12,241	-	-	12,241
Prepaid insurance	(14,193)	-	-	(14,193)
Accrued payroll and related expenses	35,958	-	-	35,958
Assessments received in advance	100,533	-	-	100,533
Accounts payable	1,220	-	-	1,220
Deferred revenue - unspent reserve assessments	(710,174)	-	-	(710,174)
Deferred revenue - building lease	(33,608)	-	-	(33,608)
Due to/from other funds for operating expenses	21,067	-	(21,067)	-
Net Cash from Operating Activities	990,563	1,111	51,720	1,043,394
Investing Activities				
Purchase of capital assets	(488,018)	-	(387,472)	(875,490)
Purchase of investments	(900,000)	-	(3,375,000)	(4,275,000)
Sale of investments	464,344	-	3,825,000	4,289,344
Net Cash from (used for) Investing Activities	(923,674)	-	62,528	(861,146)
Net Change in Cash and Cash Equivalents	66,889	1,111	114,248	182,248
Cash and Cash Equivalents, Beginning of Year	1,308,160	61,220	354,442	1,723,822
Cash and Cash Equivalents, End of Year	\$ 1,375,049	\$ 62,331	\$ 468,690	\$ 1,906,070

Spring Creek Association
Statement of Cash Flows
Year Ended December 31, 2025

	<u>Operating Fund</u>	<u>Property Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Supplemental Disclosure of Non-cash Investing and Financing Activities				
Transfer of capital assets to Property Fund	<u>\$ (488,018)</u>	<u>\$ 875,490</u>	<u>\$ (387,472)</u>	<u>\$ -</u>

Note 1 - Principal Business Activity and Significant Accounting Policies

Organizational Data

Spring Creek Association began operations on April 8, 1971, was later incorporated on April 8, 1983 and is a non-stock, non-profit cooperative corporation formed as a residential real estate management association. The Association is responsible for preserving, maintaining, and operating the common areas of a 5,420 lot planned development totaling 23.4 square miles located in Spring Creek, Nevada. The Association is deemed a rural agricultural residential limited purpose common interest community pursuant to Nevada Revised Statute (NRS) 116.1201.

Accounting Method

The Association maintains its books of account on the accrual basis of accounting.

Fund Accounting

To ensure observance of limitations and restrictions on the use of financial resources, the Association has segregated its activities into three funds: the operating fund, property fund and the replacement fund. The operating fund accounts for all current operating transactions of the Association. The property fund accounts for all real and personal property purchased with Association funds, and the depreciation expense associated with that property. The replacement fund accounts for amounts set aside to provide for the future repair and replacement of the Association's common areas.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an initial maturity at the date of purchase of three months or less as cash and cash equivalents.

Investments

The Association has not adopted a formal investment policy that would further limit its investment choices. The Association's investments consist of certificate of deposits, which are purchased at issuance and held to maturity. Therefore, investments are recorded at cost in the Balance Sheet. Interest income earned on the certificate of deposits is reported in the Statement of Revenues, Expenses, and Changes in Fund Balances as investment income.

Certificates of deposit with remaining maturities of less than one year are classified as short-term investments. Certificates of deposit with remaining maturities greater than one year are classified as long-term investments.

Inventories

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost is determined by the first-in, first-out method. No reserve for obsolescence was deemed necessary in 2025. Inventories consist of golf pro shop merchandise, gasoline and diesel fuels.

Lots Owned

Association-owned lots were acquired through purchase and are recorded at cost less any write-downs to fair value. Fair value write-downs are reported as asset impairments on the Statement of Revenues and Expenses, and Changes in Fund Balances. No asset impairment was recorded for 2025. These lots held are available for sale.

Capital Assets

Certain real property common areas acquired by the Association from the developer are capitalized on the Association financial statements at the estimated fair market value at date of transfer. Assets purchased after that date are recorded at cost. Common areas maintained include the golf course and pro shop, park and fishing area, trap and skeet facilities, equestrian center, and other common areas and landscaping.

Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Property and equipment additions over \$2,500 are capitalized on the Association's financial statements at cost. Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

Land improvements	10 to 31.50 years
Buildings	5 to 40 years
Equipment	3 to 20 years

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2025.

Revenue and Revenue Recognition

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts separately for operating fund (operating) activities, property fund activities and replacement fund activities.

The Association disaggregates revenue from contracts with members into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic conditions. The Association incurs costs for capital assets in both the operating fund and the replacement fund, at year end the Association transfers the capital assets to the property fund. Any unspent reserve assessments remain in the operating fund at year end. At December 31, 2025 all reserve assessments were spent.

The Association recognizes operating assessment revenue in the month in which it is earned rather than received or when billed. Management does not believe an estimate for any variable consideration at the time of billing to owners exists based on historical cash collection trends. Operating revenue is used for the maintenance and management of common area property; as such, satisfaction of the performance obligation is considered to be completed when services are provided for the members.

Excess reserve assessments are recorded as deferred revenue – unspent reserve assessments in the accompanying Balance Sheet at year end in the operating fund. At December 31, 2025 all reserve assessments were spent.

Recreation programs, facility operations, roads and road maintenance, and other revenue is recognized when related programs and events occur.

Legal revenue totaling \$233,506 consists of fees paid by members to reimburse the Association for legal services performed related to collections on members past due assessment accounts and Committee of Architecture violations. Legal revenue is recognized when the services are provided, which is when the performance obligation is satisfied. Legal revenue is included in other general income on the Statement of Revenues, Expenses, and Changes in Fund Balances.

Grants were received during 2025 totaling \$60,752 which were related to amenity improvements. Grants are recognized as revenues as soon as the Association has incurred expenses in compliance with specific contract or grant provisions. Grants are included in other general income on the Statement of Revenues, Expenses, and Changes in Fund Balances.

Assessments Receivable, Allowance for Credit Losses, and Assessments Received in Advance

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from property owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners' whose assessments are delinquent 120 days or more, thereby helping to enforce the collection of all assessments due to the Association by homeowners. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for assessments receivable held at December 31, 2025, because the composition of the assessments receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. No allowance for credit losses was recorded at December 31, 2025 as management deemed all amounts to be fully collectible.

Assessments received from property owners in advance (prior to December 31) of each year for subsequent year assessments represent revenue applicable to the succeeding year and, therefore, are recorded as a liability at year-end.

Grant receivables, if any, represent amounts due from grantors for grants where all eligibility requirements have been met.

The beginning balance as of January 1, 2025, of assessments receivable, assessments received in advance, deferred revenue – unspent reserve assessments, and grant receivable was \$182,370, \$490,775, \$710,174, and \$190,000, respectively.

Recognition of Expenses

Expenses are recognized when goods or services are received, whether paid or not.

Lessor

The Association classifies its leases at inception as operating, direct financing, or sales-type leases. Direct financing and sales-type leases meet certain criteria that have the economic characteristics of transferring ownership of the underlying asset and are accounted for similar to financing arrangements. For sales-type leases, selling profit is recognized immediately at lease commencement. Selling profit on a direct financing lease is deferred and amortized over the lease term, and a selling loss is recognized at lease commencement. Interest income on the net investment in leases is recognized as direct financing and sales-type lease revenue over the lease term in a manner that produces a constant rate of return on the net investment in the lease. A lease is classified as an operating lease if it does not qualify as a sales-type or direct financing lease.

The Association has made the accounting policy election available to lessors to exclude from the consideration in the contract and from variable payments not included in the consideration in the contract all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific lease revenue-producing transaction and collected by the lessor from a lessee, such as sales, use, and value added taxes.

The Association classifies all leases with terms greater than 12 months as operating leases at December 31, 2025.

Concentrations of Credit Risk

The Association maintains its cash and cash equivalents in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2025, the Association had \$1,418,633 in excess of FDIC-insured limits. Board Policy #97-001 Revision 3 requires that all capital reserve accounts have FDIC insurance.

Investment Income

Investment income is allocated to the various funds based on the actual earnings of the financial accounts held by each fund.

Estimates

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

Note 2 - Replacement Fund

State statutes and the Association's governing documents do not require funds to be accumulated for the replacement of its common areas or for general operations. However, the Association has designated certain monies for such purpose. Such funds are intended to provide for the cost of future replacement, repairs and maintenance when it is estimated that such items are needed. 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 future needs. Although the Association is not subject to state statutes requiring preparation of a reserve study, the Association prepared a reserve study as of November 5, 2009. Estimated replacement costs were calculated using a pooled calculation with provisions for inflation of 1.25%, interest earnings of 2%, and no provision for taxes.

Note 3 - Income Taxes

The Association is exempt from federal income taxes under Internal Revenue Code Section 501(c)(4). The Association was granted this status by the Internal Revenue Service on September 13, 2002.

As a social welfare organization, the Association is exempt from taxation of all revenues and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance and care of the Association's property.

The Association is taxed on the net income of any business activities unrelated to its exempt purpose. Net nonexempt function income, which includes rental income, is taxed at 21% by the federal government. The Association evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2025, the unrecognized tax benefit accrual was zero. The Association will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Note 4 - Employee Benefit Plans

The Association established a 401(k) retirement plan for all eligible employees who meet certain eligibility criteria such as age, term of employment, etc. Eligible employees may elect to contribute to the plan a portion of their gross salary (subject to federal tax law limits). The Association currently matches up to \$6,500 of the employee's contributions. The amount of the Association's contribution to the plan is optional and is determined annually by the Association's Board of Directors. The total 401(k) match for 2025 was \$96,901.

Note 5 - Operating Leases (Lessor)

The Association leases land and building space to companies and individuals. Initial lease terms range from two years to 36 years with fixed lease payments of \$100 per month to \$2,801 per month.

Leased property subject to operating leases at December 31, 2025, includes:

Building	\$ 627,275
Land	<u>14,471</u>
	641,746
Less accumulated depreciation	<u>(273,457)</u>
	<u><u>\$ 368,289</u></u>

Depreciation expense for leased property subject to operating leases is provided on the straight-line method over the estimated useful life of the property. Depreciation expense relating to leased property subject to operating leases was \$33,268 for 2025.

The following table sets forth the lease income recognized on operating leases:

Lease income relating to lease payments	<u>\$ 71,413</u>
---	------------------

Revenue from operating leases is included in lease income on the Statements of Revenues, Expenses, and Changes in Fund Balances.

The Association leases a building to the tenant in exchange for the tenant making improvements to the building in lieu of paying rent over the term of the lease. The Association received building improvements from the tenant valued at \$237,496 during the year ended December 2021. The value of the building improvements received in excess of 2025 rent represents revenue applicable to the succeeding years and, therefore, are deferred at year-end.

The beginning balance as of January 1, 2025 of deferred revenue – building lease was \$81,221.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of December 31, 2025:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 70,413
2027	19,608
2028	5,604
2029	5,604
2030	5,604
Thereafter	<u>13,076</u>
Total	<u><u>\$ 119,909</u></u>

Note 6 - Revenue from Contract Customers – Unspent Reserve Assessments

The following table provides information about the significant changes in deferred revenue – unspent reserve assessments and the use of these funds for capital during the year ended December 31, 2025:

Deferred revenue - unspent reserve assessments, beginning of year	\$ 710,174
Prior year unspent reserve assessments, expended for current year reserve expenditures in the Operating Fund and the Replacement Fund	<u>(710,174)</u>
Deferred revenue - unspent reserve assessments end of year and designated cash in the Operating Fund	<u>\$ -</u>

Note 7 - Commitments and Contingent Liabilities

On February 26, 2025, the Board approved up to \$900,000 for a splash pad. As of December 31, 2025 \$435,789 had been spent on the project.

On November 12, 2025, the Board approved a \$3 per month increase to the assessments in 2026. This results in the annual assessments changing from \$996 to \$1,032.

Note 8 - Subsequent Events

The Association has evaluated subsequent events through September 18, 2026, the date the financial statements were available to be issued.

On May 27, 2026, the Association approved the 2026 chip rock project totaling \$188,000.

Required Supplementary Information
December 31, 2025
Spring Creek Association

Spring Creek Association
Major Future Repairs and Replacements
Year Ended December 31, 2025

The Board conducted a study in 2009 to estimate the remaining useful lives and the replacement costs of the components of common property. The Association has assessed the present condition of all common area components; estimated replacement costs relying upon published data, contractor's or engineer's estimates, and previously paid amounts; and estimated remaining lives, relying upon consultants or published data.

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

	Estimated Remaining Life (years)	Estimated Current Replacement Cost	Unspent Reserve Assessments at December 31, 2025
Major Component			
Equipment	0 - 18	\$ 4,714,448	\$ -
Furniture	0 - 2	14,087	-
Lighting	0 - 18	187,601	-
Roads	0 - 7	3,881,121	-
Fencing	0 - 19	390,405	-
Roofing	0 - 19	390,709	-
Building Components	0 - 32	6,444,733	-
Other Components	0 - 15	364,315	-
Hardscape	0 - 20	839,654	-
		<u>\$ 17,227,073</u>	<u>\$ -</u>
Total			

Supplementary Information
December 31, 2025
Spring Creek Association

Spring Creek Association
Schedule of Revenues and Expenses – Budget and Actual
Year Ended December 31, 2025

<u>Operating Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Assessments	\$ 6,069,401	\$ 5,345,076	\$ 724,325
Investment income	12,617	1,200	11,417
Other general income	671,137	1,065,170	(394,033)
Lease income	103,881	82,800	21,081
Golf course	578,175	472,520	105,655
Horse Palace	58,192	54,600	3,592
Trap and skeet	4,241	8,500	(4,259)
Buildings and facilities	106,854	70,300	36,554
Roads and road construction	12,327	190,000	(177,673)
	<u>7,616,825</u>	<u>7,290,166</u>	<u>326,659</u>
Total revenues			
	<u>7,616,825</u>	<u>7,290,166</u>	<u>326,659</u>
Expenses			
General and administrative	1,724,979	1,943,684	218,705
Golf course	1,102,834	1,092,771	(10,063)
Horse Palace	209,111	213,668	4,557
Trap and skeet	12,567	17,760	5,193
Buildings and facilities	841,569	1,002,326	160,757
Roads and road construction	2,344,827	2,677,957	333,130
	<u>6,235,887</u>	<u>6,948,166</u>	<u>712,279</u>
Total expenses			
	<u>6,235,887</u>	<u>6,948,166</u>	<u>712,279</u>
Net of Revenues and Expenses			
Before Gains	<u>\$ 1,380,938</u>	<u>\$ 342,000</u>	<u>\$ 1,038,938</u>

Spring Creek Association
Schedule of Revenues and Expenses – Budget and Actual
Year Ended December 31, 2025

<u>Property Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Investment income	\$ 1,111	\$ -	\$ 1,111
Expenses			
Depreciation	<u>731,231</u>	<u>-</u>	<u>(731,231)</u>
Excess of revenues over (under) expenses	<u>\$ (730,120)</u>	<u>\$ -</u>	<u>\$ (730,120)</u>
<u>Replacement Fund</u>			
Revenues			
Investment income	\$ 83,291	\$ -	\$ 83,291
Expenses			
Major repairs and replacements	<u>26,701</u>	<u>342,000</u>	<u>315,299</u>
Excess of revenues over (under) expenses	<u>\$ 56,590</u>	<u>\$ (342,000)</u>	<u>\$ 398,590</u>

Spring Creek Association
Test of Assessment Limitations (unaudited)
Year Ended December 31, 2025

Year Ended	CPI Index	Index Change % From Base Year 1971	Maximum Assessment per CPI	Actual Assessment
1971	40.300	0.00	\$ 144	\$ -
1972	41.600	1.30	149	-
1973	43.900	3.60	157	-
1974	48.600	8.30	174	48
1975	53.200	12.90	190	60
1976	56.500	16.20	202	72
1977	60.300	20.00	215	84
1978	64.500	24.20	230	93
1979	71.500	31.20	255	105
1980	81.800	41.50	292	126
1981	89.800	49.50	321	153
1982	95.800	55.50	342	168
1983	99.200	58.90	354	180
1984	103.400	63.10	369	180
1985	107.300	67.00	383	186
1986	108.900	68.60	389	186
1987	113.100	72.80	404	192
1988	117.500	77.20	420	192
1989	123.800	83.50	442	204
1990	129.200	88.90	462	228
1991	135.600	95.30	485	228
1992	139.700	99.40	499	228
1993	144.200	103.90	515	228
1994	147.500	107.20	527	264
1995	152.200	111.90	544	264
1996	156.600	116.30	560	288
1997	160.100	119.80	572	288
1998	162.800	122.50	582	300
1999	166.200	125.90	594	300
2000	171.500	131.20	613	336
2001	177.700	137.40	635	336
2002	179.800	139.50	642	336
2003	183.500	143.20	656	336
2004	189.100	148.80	676	336
2005	194.400	154.10	695	372
2006	202.500	162.20	724	372
2007	207.949	167.65	743	408
2008	216.632	176.33	774	468
2009	213.856	173.56	764	468
2010	218.178	177.88	780	540
2011	225.964	185.66	807	540
2012	229.815	189.52	821	540
2013	232.945	192.65	832	552
2014	237.900	197.60	850	576
2015	237.805	197.51	850	588
2016	240.229	199.93	858	600
2017	244.733	204.43	874	624
2018	251.588	211.29	899	684
2019	256.092	215.79	915	708
2020	256.394	216.09	916	768
2021	269.195	228.90	962	768
2022	292.296	252.00	1,044	816
2023	304.127	263.83	1,087	864
2024	314.069	273.77	1,122	972
2025	321.465	281.17	1,149	996

CPI for All Urban Consumers (CPI-U), May

Rate may be increased by same proportionate rate as the cost of living index of the U.S. Department of Labor using 6/1/71 as base.

Spring Creek Association

Schedule of Operating Departmental Revenues and Expenses Year Ended December 31, 2025

	General and Administrative	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Operating Fund
Revenues							
Assessments	\$ 6,069,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,069,401
Investment income	12,617	-	-	-	-	-	12,617
Lease income	39,164	59,349	5,368	-	-	-	103,881
Other revenues per schedule of other revenues	671,137	578,175	58,192	4,241	106,854	12,327	1,430,926
Total revenues	6,792,319	637,524	63,560	4,241	106,854	12,327	7,616,825
Expenses							
Salaries and related expenses	714,300	422,675	64,549	-	382,873	878,983	2,463,380
Repairs and maintenance	11,497	67,607	10,095	1,448	69,154	1,114,105	1,273,906
Insurance	406,220	33,206	73,134	5,589	29,458	66,301	613,908
Utilities	15,225	398,238	28,206	5,530	196,798	21,165	665,162
Postage	17,889	-	-	-	-	-	17,889
Fuel and oil	840	9,192	2,515	-	18,114	81,359	112,020
Taxes and licenses	10,267	66	-	-	484	14,812	25,629
Special events	-	-	-	-	37,561	-	37,561
Advertising	2,013	-	3,383	-	-	-	5,396
Financial and computer services	82,007	-	2,376	-	1,200	2,826	88,409
Legal	349,464	-	-	-	-	-	349,464
Other administrative expenses	59,209	22,223	15	-	1,333	387	83,167
Purchased services	16,551	2,975	1,350	-	25,820	7,784	54,480
Rents	9,942	-	-	-	2,922	-	12,864
Supplies	2,583	110,515	3,547	-	44,880	113,332	274,857
Fertilizer	-	28,158	-	-	115	-	28,273
Chemicals - weed abatement	-	-	-	-	-	29,128	29,128
Travel and education	2,002	1,335	-	-	-	60	3,397
Other expenses	24,970	6,644	19,941	-	30,857	14,585	96,997
Total expenses	1,724,979	1,102,834	209,111	12,567	841,569	2,344,827	6,235,887
Excess (deficiency) of revenues over (under) expenses	\$ 5,067,340	\$ (465,310)	\$ (145,551)	\$ (8,326)	\$ (734,715)	\$ (2,332,500)	\$ 1,380,938

Spring Creek Association
Schedule of Other Revenues
Year Ended December 31, 2025

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Funds
Revenues							
Legal revenue	\$ 233,506	\$ -	\$ -	-	\$ -	-	\$ 233,506
Late fees	92,790	-	-	-	-	-	92,790
Owner transfer fees	72,200	-	-	-	-	-	72,200
Other income	59,301	10,449	-	-	683	-	70,433
Return check fees	2,310	-	-	-	-	-	2,310
Grants	-	-	-	-	48,425	12,327	60,752
Green fees	-	186,807	-	-	-	-	186,807
Cart rental	-	93,250	-	-	-	-	93,250
Golf annual pass	-	118,425	-	-	-	-	118,425
Pro shop sales	-	110,708	-	-	-	-	110,708
Cart trail fees and storage	-	45,578	-	-	-	-	45,578
Tournaments	-	12,958	-	-	-	-	12,958
Ranch Hand Rodeo	-	-	13,093	-	-	-	13,093
Stall and corral rental	-	-	4,310	-	-	-	4,310
Facility rental	-	-	23,986	-	-	-	23,986
Utility reimbursement	23,379	-	-	-	-	-	23,379
Bar revenue	-	-	3,360	-	-	-	3,360
Player use fees	-	-	-	-	26,235	-	26,235
Special events	-	-	-	-	31,511	-	31,511
Targets thrown	-	-	-	4,241	-	-	4,241
Committee of Architecture revenue	187,651	-	-	-	-	-	187,651
	<u>\$ 671,137</u>	<u>\$ 578,175</u>	<u>\$ 58,192</u>	<u>\$ 4,241</u>	<u>\$ 106,854</u>	<u>\$ 12,327</u>	<u>\$ 1,430,926</u>