

To the Board of Directors
The Village at Haile Condominium Association, Inc.

We have audited the financial statements of The Village at Haile Condominium Association, Inc., for the year ended December 31, 2025, and have issued our report thereon dated June 9, 2026. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Association are described in Note 1 to the financial statements. No new accounting policies were adopted in 2025, and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates affecting the financial statements other than the Association's estimate of allowance for doubtful accounts (where applicable).

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate levels of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter which is dated the same date as our audit report. The report date is referenced in the first paragraph of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to confer with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information, if included

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph R. Michalak, LLC

Joseph R. Michalak, LLC
Certified Public Accountant

**THE VILLAGE AT HAILE
CONDOMINIUM ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2025

Joseph R. Michalak, LLC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
The Village at Haile Condominium Association, Inc.,

Report on the Financial Statements

We have audited the accompanying financial statements of The Village at Haile Condominium Association, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of revenue, 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 The Village at Haile Condominium Association, Inc. 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. 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 Village at Haile Condominium Association, Inc. 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.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 6 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management 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, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village at Haile Condominium Association, Inc.'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 Responsibility 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.

INDEPENDENT AUDITOR'S REPORT

December 31, 2025

The Village at Haile Condominium Association, Inc.

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 The Village at Haile Condominium Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village at Haile Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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 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, who considers it to be an essential part of financial reporting and 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.

Joseph R. Michalak, LLC

Joseph R. Michalak, LLC
Certified Public Accountant

Maitland, Florida
June 9, 2026

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

December 31, 2025

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS:			
Cash, including interest-bearing deposits	\$ 287,980	\$ 22,380	\$ 310,360
Assessments receivable	81,300	-	81,300
Prepaid expenses	28,760	-	28,760
Due from operating fund	<u>-</u>	<u>20,240</u>	<u>20,240</u>
TOTAL ASSETS	<u><u>\$ 398,040</u></u>	<u><u>\$ 42,620</u></u>	<u><u>\$ 440,660</u></u>
 LIABILITIES:			
Accounts payable and accrued expenses	\$ 14,950	\$ 11,270	\$ 26,220
Assessments received in advance	13,670	-	13,670
Special assessment fund (Note 7)	90,030	-	90,030
Due to replacement fund	20,240	-	20,240
Contract liabilities	<u>-</u>	<u>31,350</u>	<u>31,350</u>
TOTAL LIABILITIES	<u>138,890</u>	<u>42,620</u>	<u>181,510</u>
FUND BALANCE	<u>259,150</u>	<u>-</u>	<u>259,150</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 398,040</u></u>	<u><u>\$ 42,620</u></u>	<u><u>\$ 440,660</u></u>

The accompanying notes are an integral part of the financial statements.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUE:			
Assessments	\$ 854,150	\$ 188,340	\$ 1,042,490
Credit loss recovery	49,280	-	49,280
Special assessments (Note 7)	207,830	-	207,830
Interest	40	2,110	2,150
Other	9,360	-	9,360
TOTAL REVENUE	<u>1,120,660</u>	<u>190,450</u>	<u>1,311,110</u>
EXPENSES:			
Special assessment-roof	239,320	-	239,320
Building repair and maintenance	157,390	-	157,390
Pest control and termite bond	6,950	-	6,950
Utilities	34,940	-	34,940
Fire safety	64,750	-	64,750
Pool maintenance	10,590	-	10,590
Other pool and clubhouse costs	12,410	-	12,410
Janitorial	100,170	-	100,170
Contract management fee	48,000	-	48,000
Office and other	9,720	-	9,720
Legal and accounting	25,890	-	25,890
Insurance	214,810	-	214,810
Reserve study	14,440	-	14,440
Replacement expenses	-	190,450	190,450
TOTAL EXPENSES	<u>939,380</u>	<u>190,450</u>	<u>1,129,830</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	181,280	-	181,280
FUND BALANCE – Beginning of year	<u>77,870</u>	<u>-</u>	<u>77,870</u>
FUND BALANCE – End of year	<u>\$ 259,150</u>	<u>\$ -</u>	<u>\$ 259,150</u>

The accompanying notes are an integral part of the financial statements.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenses	\$ 181,280	\$ -
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:		
(Increase) decrease in:		
Assessments receivable	67,040	-
Prepaid expenses	< 10,810 >	-
Due from operating fund	-	< 20,200 >
Increase (decrease) in:		
Accounts payable and accrued expenses	440	11,270
Assessments received in advance	< 37,750 >	-
Special assessment fund	< 207,830 >	-
Due to replacement fund	20,200	-
Contract liabilities	-	< 102,520 >
NET CASH PROVIDED (USED) BY OPERATIONS	12,570	< 111,450 >
CASH AT BEGINNING OF YEAR	275,410	133,830
CASH AT END OF YEAR	\$ 287,980	\$ 22,380

The accompanying notes are an integral part of the financial statements.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1: NATURE OF ORGANIZATION

The Village at Haile Condominium Association, Inc., is a common interest development and is incorporated in the State of Florida as a not-for-profit corporation. The Association is responsible for the administration, operation and maintenance of the common property within the development. The development consists of 105 residential units and 26 commercial units located in Alachua County, Florida.

The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), bylaws, and rules and regulations.

NOTE 2: DATE OF MANAGEMENT'S REVIEW

The Association has adopted Financial Accounting Standards Board ASC No. 855 *Subsequent Events* (ASC 855). This standard is intended to establish general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 requires issuers to reflect in their financial statements and disclosures the effects of subsequent events that provide additional evidence about conditions at the balance sheet date. In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were available to be issued.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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 using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Cash and Cash Equivalents

The Association considers cash on hand, demand deposits with financial institutions, money market accounts and all short-term investments to be included in cash and cash equivalents. The Association places its cash and cash equivalents with high credit quality institutions and believes the risk of loss is remote. Periodically, such deposits may be in excess of federally insured limits.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Note 3 continued)

Member Assessments and Allowance for Credit Loss

Association members are subject to assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments are recognized as revenue as the Association satisfies its performance obligation to the unit owners. Performance obligations include the administration, operation and maintenance of the common property in the development. The Association's performance obligations related to its annual operating assessments are satisfied over time on a daily pro-rata basis. Revenues are recorded at transaction amounts expected to be collected. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. The Association treats uncollectible assessments as credit losses. Estimated 2025 credit loss/recoveries are recorded as a reduction/addition to total revenue on the income statement. The Association evaluates the collectability of assessments receivable based on current conditions, past experience and forecasts of future events. Based on these factors, management has estimated the allowance for uncollectible assessments to be \$ 4,210 as of December 31, 2025. The balances of assessments receivable as of the beginning and the end of the year are \$ 148,340 and \$ 81,300, respectively.

Interest Income

Interest income is recognized when earned and is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund. The Association's policy is to account for fund expenditures using fund interest income before fund assessment income.

Real and Personal Common Property

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 reporting period. Actual results could differ from those estimates.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Note 3 continued)

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2025; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2025.

Contract Liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserves. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of year are \$ 133,870 and \$ 31,350, respectively.

NOTE 4: INCOME TAXES

The Association elects annually to be *taxed* as either a corporation under Internal Revenue Code (IRC) 277 or as a homeowners association under IRC 528 in its tax filing with the Internal Revenue Service (IRS). Form 1120 is used when filing as a corporation and Form 1120-H is used when filing as a homeowners association. With either election the Association is generally taxed only on its non-membership income, such as bank interest, investment earnings and other non-exempt function income.

The Association follows FASB ASC, *Accounting for Uncertainty in Income Taxes*, which provides guidance on accounting for uncertainty in income taxes recognized in the Association's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2025, the Association had no uncertain tax positions that require either recognition or disclosure in the Association's financial statements. Generally, the Association's tax returns remain open for three years for federal income tax examination.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 5: COMMITMENTS AND CONTINGENCIES

Commitments

The Association has entered into various short-term contractual agreements with outside vendors and service providers to maintain its common property and to administer the Association. These contracts have different expiration dates and renewal terms.

Concentrations of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation and assessments receivable. Management of the Association evaluates the financial stability of its depositories and considers the risk of loss to be remote. The Association's assessments receivable are related to billed assessments. The Association monitors the collectibility of these assessments receivable and pursues collection. Management routinely assesses the uncollectibility of the Association's assessments receivable and provides for allowances for doubtful accounts based on this assessment.

Litigation

During the course of its operations, the Association is subject to various claims, torts, and actions. Management reviews the validity of such actions and acts accordingly. Management does not believe the outcome of any current actions will result in material loss to the Association or will materially affect its business, financial position, or future operating results.

Hurricane Damage from Named Storms

The Association maintains insurance coverage for damage that could be caused by a hurricane to the property maintained by the Association. According to the Association's insurance policy, the deductible is a percentage of the total insured value of such property. The Association has not set aside funds to cover the deductible. If such funds are needed, the Association has the right to assess its members or seek bank financing. As certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of such loss in excess of the deductible cannot be determined.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 6: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association is budgeting for funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$ 22,380 at December 31, 2025, are held in separate accounts and are generally not available for operating purposes. The Association levied assessments of \$ 85,820 for the year ended December 31, 2025.

During the fall of 2025 the Board of Directors, with the assistance of the property manager, estimated the remaining useful lives and replacement costs of common property non-structural components. The Association is using the pooling method to accumulate funds for future replacements of both structural and non-structural components. Funding for major repairs and replacements is based on a structural integrity reserve study (SIRS), completed in 2025 and estimated current replacement costs adjusted for inflation and a stated investment rate of return. The required annual funding for the year ended December 31, 2025, was estimated to be \$ 280,500. However, the Association membership budgeted to fund for future repairs and replacements in 2025 at a reduced amount of \$ 85,820.

Actual expenditures, inflation rates and investment returns 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. If additional funds are needed, the Association has the right to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

The following table presents significant information about the components of common property:

COMPONENT	BALANCE 1/1/2025	FUNDING DURING YEAR	INTEREST INCOME	EXPENSES DURING YEAR	BALANCE 12/31/2025
Pooled	\$ 114,620	\$ 85,820	\$ -	\$ 190,450	\$ 9,990
Painting	12,610	-	-	-	12,610
Interest	6,640	-	2,110	-	8,750
	<u>\$ 133,870</u>	<u>\$ 85,820</u>	<u>\$ 2,110</u>	<u>\$ 190,450</u>	<u>\$ 31,350</u>

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Note 6 continued)

The State of Florida passed new mandatory reserve requirements and restrictions for condominiums in May 2022 with a beginning effective date of December 31, 2025. The legislation is aimed at protecting the long-term structural safety and integrity of multi-story buildings in the State of Florida. At least every ten years, associations must now complete a Structural Integrity Reserve Study ("SIRS") for each building in the condominium that is three stories or taller by a licensed engineer or architect.

At a minimum, the SIRS must identify and state the remaining useful life and replacement cost, or deferred maintenance expense of the common areas being visually inspected and based upon such visual inspection, provide a recommended annual reserve amount that should be included in the association's annual budget for those common areas. Several specific structural components of every building must now be visually inspected and evaluated, including the roof, load-bearing walls, foundation, floor, plumbing, electrical systems, waterproofing and fireproofing, windows, and any other item with a deferred maintenance expense or replacement cost exceeding \$ 10,000 that would "negatively affect" any of the foregoing items if not maintained or replaced. As of December 31, 2025, the results of a structural integrity reserve study were included in the association's budget.

The estimated required annual funding for 2026 is \$ 288,120. However, the Association membership budgeted to fund for future repairs and replacements at the reduced amount of \$ 175,000 for the year ended December 31, 2026.

NOTE 7: SPECIAL ASSESSMENT

In November 2024, the Board of Directors approved a special assessment of \$ 330,000 payable based on the unit type due December 1, 2024. The purpose of the assessment was to fund the roof replacement project and related building repairs. During 2024, \$ 32,140 was recognized as income and the balance of \$ 297,860 was carried forward to 2025.

During 2025, an additional \$ 207,830 was recognized as income relative to additional roof replacement costs, net of a credit loss recovery. The remaining \$ 90,030 is carried forward to 2026 as special assessment fund.

THE VILLAGE AT HAILE CONDOMINIUM ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)**

December 31, 2025

The Association's Board of Directors had an independent reserve study conducted in 2025 and a structural integrity reserve study (SIRS) conducted in 2025 to estimate the remaining useful lives and the replacement costs of components of common property. The Association is using the pooling method to accumulate funds for future replacements of both structural and non-structural components. Funding estimates were based on estimated current replacement costs, adjusted for inflation and a stated investment rate of return. The reserve study projected annual reserve expenditure over a 30 year period utilizing a pooling method of all the non-structural reserve components. The structural integrity reserve study projected annual reserve expenditures over a 10 year period utilizing a pooling method of all the structural reserve components.

The following is based on the estimate and presents significant information about the components of common property:

COMPONENT	ESTIMATED REMAINING USEFUL LIFE (YEARS)	ESTIMATED CURRENT REPLACEMENT COST	REPAIRS / REPLACEMENTS DECEMBER 31, 2025	2026 REQUIRED ANNUAL FUNDING
Structural:				
Doors	10-25	\$ 1,096,500	\$ -	\$ -
Fire system	15-30	577,500	-	-
Balcony / Stairs	0-4	334,400	-	-
Roof	18-25	176,900	-	-
Paint	1-2	168,500	12,610	-
All other	5-10	321,200	-	-
Pooled SIRS	-	-	-	190,780 *
Non-Structural:				
Doors	0-30	858,200	-	-
Roof	0-19	125,500	-	-
Fitness Equip/Refurb	6-10	69,600	-	-
All other	0-23	441,400	-	-
Pooled Non-SIRS	-	-	9,990	97,340
Interest	-	-	8,750	-
		<u>\$ 4,169,700</u>	<u>\$ 31,350</u>	<u>\$ 288,120</u>

* In November, 2025, the Association membership voted to pause a portion of this \$ 190,780 required for SIRS funding.

See auditor's report.

Association Name The Village at Haile Condominium Association

Financial Month C 12/31/2025

JE	COA	Description	Debit	Credit
1	1105	AR-Allowance for Doubtful Accounting	\$ 19,600.00	
	3900	Operating Funds - Retained Earnings		\$ 19,600.00
		Decrease allowance; lower lever of losses indicated.		
2	3900	Operating Funds - Retained Earnings	\$ 7,222.50	
	5500	Maintenance and Repairs		\$ 7,222.50
		Final pmt SIRS study made Jan'26 accrued for FY25 audit.		

2025 ADJUSTING JOURNAL ENTRIES

JOSEPH R. MICHALAK, LLC

CERTIFIED PUBLIC ACCOUNTANT