

Moreland Courts Condominium Association, Inc.

YEARS ENDED DECEMBER 31, 2025 AND 2024

Moreland Courts Condominium Association, Inc.

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Independent Auditor's Report

To the Board of Directors
Moreland Courts Condominium Association, Inc.
Cleveland, Ohio

Opinion

We have audited the accompanying financial statements of Moreland Courts Condominium Association, Inc. (an Ohio corporation), which comprise the balance sheet as of December 31, 2025, and the related statements of revenue and expenses, changes in owners' equity (deficit), 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 Moreland Courts 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 Moreland Courts 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.

Prior Period Financial Statements

The financial statements of Moreland Courts Condominium Association, Inc. as of December 31, 2024 and for the year then ended were audited by other auditors, whose report dated April 4, 2025, expressed an unmodified opinion on those statements.

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 Moreland Courts 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 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, including omissions, 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.

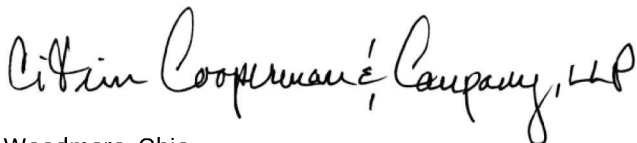
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Moreland Courts 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 Moreland Courts 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on future major repairs and replacements as of December 31, 2025, is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Common Interest Realty Associations Audit and Accounting Guide which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basis financial statements. Accordingly, we do not express an opinion or provide assurance on it.



Woodmere, Ohio
April 13, 2026

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current assets:		
Cash and cash equivalents:		
Operating	\$ 179,571	\$ 151,897
Capital	47,856	809
Reserve	334,133	332,860
Accounts receivable, owners, net of allowance for credit losses of \$- in 2025 and \$40,000 in 2024	66,013	69,554
Notes receivable, owners	140,491	151,436
Prepaid expenses and deposits	79,385	64,427
Total current assets	847,449	770,983
Equipment, net	13,794	20,431
Other assets:		
Notes receivable, owners	72,829	241,329
Units held for resale - guest suite	35,481	35,481
Total other assets	108,310	276,810
	\$ 969,553	\$ 1,068,224

LIABILITIES AND OWNERS' EQUITY (DEFICIT)

Current liabilities:		
Accounts payable, operating	\$ 68,311	\$ 23,721
Accrued liabilities, payroll and related taxes	25,629	50,973
Deferred revenue, operating	34,263	7,662
Deferred loan assessments	32,027	28,853
Security deposits	5,878	3,878
Deferred revenue, capital	37,161	-
Current portion of notes payable, owners	140,491	151,436
Current portion of note payable, association	334,995	318,691
Total current liabilities	678,755	585,214
Long-term debt:		
Notes payable, net of current portion, owners	72,829	241,329
Note payable, net of current portion, association	741,173	1,070,149
Total long-term debt	814,002	1,311,478
Total liabilities	1,492,757	1,896,692
Owners' equity (deficit):		
Operating	602,186	667,710
Reserve fund	(1,125,390)	(1,496,178)
Total owners' equity (deficit)	(523,204)	(828,468)
	\$ 969,553	\$ 1,068,224

See accompanying notes to financial statements.

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF REVENUE AND EXPENSES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenue:		
Operating:		
Maintenance fees	\$ 2,352,956	\$ 2,371,808
Annual capital fees	162,839	171,277
Reserve fund	712,500	650,000
Garage fees	179,356	184,182
Rental fees	55,084	48,324
Guest suite	17,875	16,320
In-suite services	16,884	22,691
Garage services	3,740	7,792
Natural gas	243,250	233,568
Insurance	188,556	163,664
Interest	4,541	3,957
Late fees	3,200	4,600
Other	12,140	40,241
	3,952,921	3,918,424
Nonoperating:		
Debt service, owners	194,841	232,865
	4,147,762	4,151,289
Expenses:		
Operating:		
Wage and payroll taxes	1,401,934	1,409,682
Employee benefits	207,318	256,321
Utilities	510,212	460,077
Maintenance, including major recurring	140,822	167,719
Annual capital fund	162,839	189,142
Reserve fund	278,478	163,040
Administrative	343,482	284,404
Legal fees	45,424	45,322
Credit losses	46,164	40,000
Credit losses, in-suite services	14,789	14,356
Services	422,848	380,782
	3,574,310	3,410,845
Nonoperating:		
Debt service, owners	194,841	233,131
Debt service, association	66,710	82,963
Depreciation	6,637	5,980
	268,188	322,074
	3,842,498	3,732,919
Revenue in excess of expenses	\$ 305,264	\$ 418,370

See accompanying notes to financial statements.

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CHANGES IN OWNERS' EQUITY (DEFICIT)

YEARS ENDED DECEMBER 31, 2025 AND 2024

	Operating	Annual Capital	Reserve Fund	Total
Owners' equity (deficit), January 1, 2024	\$ 656,046	\$ -	\$ (1,902,884)	\$ (1,246,838)
Revenue	3,326,055	171,277	650,000	4,147,332
Interest	1,248	-	2,709	3,957
Operating expenses	(3,297,774)	-	-	(3,297,774)
Annual capital expenses	-	(189,142)	-	(189,142)
Reserve fund expenses	-	-	(246,003)	(246,003)
Transfer of equity between funds	(17,865)	17,865	-	-
Revenue in excess of expenses	11,664	-	406,706	418,370
Owners' equity (deficit), December 31, 2024	\$ 667,710	\$ -	\$ (1,496,178)	\$ (828,468)
Owners' equity (deficit), January 1, 2025	\$ 667,710	\$ -	\$ (1,496,178)	\$ (828,468)
Revenue	3,267,882	162,839	712,500	4,143,221
Interest	1,065	-	3,476	4,541
Operating expenses	(3,334,471)	-	-	(3,334,471)
Annual capital expenses	-	(162,839)	-	(162,839)
Reserve fund expenses	-	-	(345,188)	(345,188)
Revenue in excess of expenses (expenses in excess of revenue)	(65,524)	-	370,788	305,264
Owners' equity (deficit), December 31, 2025	\$ 602,186	\$ -	\$ (1,125,390)	\$ (523,204)

See accompanying notes to financial statements.

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024
(With Comparative Totals for 2024)

	2025			2024	
	Operating	Annual Capital	Reserve Fund	Total	Total
Cash flows from operating activities:					
Revenue in excess of expenses (expenses in excess of revenue)	\$ (65,524)	\$ -	\$ -	\$ (65,524)	\$ 29,529
Capital assessment	-	162,839	712,500	875,339	821,277
Interest - reserve	-	-	3,476	3,476	2,709
Major repairs, maintenance and other expense	-	(162,839)	(345,188)	(508,027)	(435,145)
Due to/from funds	46,957	9,886	(56,843)	-	-
Adjustments to reconcile revenue in excess of expenses (expenses in excess of revenue) to net cash provided by operating activities:					
Depreciation	6,637	-	-	6,637	5,980
Credit losses	46,164	-	-	46,164	40,000
Decrease (increase) in assets:					
Accounts receivable, owners	(42,623)	-	-	(42,623)	7,372
Prepaid expenses and deposits	(14,958)	-	-	(14,958)	9,126
Increase (decrease) in liabilities:					
Accounts payable and accrued liabilities	19,246	-	-	19,246	(37,418)
Security deposits	2,000	-	-	2,000	(8,324)
Deferred revenue, operating	26,601	-	-	26,601	(695)
Deferred revenue, capital	-	37,161	-	37,161	(1,277)
Net cash provided by operating activities	24,500	47,047	313,945	385,492	433,134
Cash flows from investing activities:					
Capital expenditures	-	-	-	-	(15,423)
Payments received on notes receivable, owners	182,619	-	-	182,619	188,097
Net cash provided by investing activities	182,619	-	-	182,619	172,674
Cash flows from financing activities:					
Payments on long-term debt, owners	(179,445)	-	-	(179,445)	(207,666)
Payments on long-term debt, association	-	-	(312,672)	(312,672)	(296,419)
Net cash used in financing activities	(179,445)	-	(312,672)	(492,117)	(504,085)
Net increase in cash and cash equivalents	27,674	47,047	1,273	75,994	101,723
Cash and cash equivalents, beginning	151,897	809	332,860	485,566	383,843
Cash and cash equivalents, ending	\$ 179,571	\$ 47,856	\$ 334,133	\$ 561,560	\$ 485,566

See accompanying notes to financial statements.

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 and 2024

1. **Description of Association and summary of significant accounting policies:**

Description:

Moreland Courts Condominium Association, Inc. (the "Association") is a statutory condominium association, which was incorporated in the State of Ohio on August 29, 1978. The Association is responsible for the operation and maintenance of the common property of Moreland Courts Condominium. Moreland Courts Condominium consists of 146 residential units in Cleveland, Ohio.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

Cash and cash equivalents:

Cash and cash equivalents for operating, annual capital and capital reserves include interest and non-interest-bearing accounts, and money market funds. At times during the year, funds on deposit at financial institutions were in excess of the FDIC insurable limit. Management does not expect to incur any losses resulting from cash held at financial institutions.

Accounts receivable, owners and allowance for credit losses:

Unit owners are subject to monthly fees to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. Accounts receivable represent fees due from unit owners. The Association's policy is to place liens on the units of members whose fees are delinquent for sixty days and to foreclose on units of members whose fees are delinquent for ninety days. The allowance estimate is derived from a review of the Association's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Association. The Association provides for uncollectible amounts when specific credit problems are identified. In doing so, the Association analyzes historical bad debt trends, customer creditworthiness, current economic trends and changes in customer payment patterns when evaluating the adequacy of the allowance for expected credit losses on owners' accounts. Legal counsel is retained and foreclosure proceedings begin on the units of members whose fees are ninety days or more delinquent. There was no allowance for credit losses recorded as of December 31, 2025. At December 31, 2024, the Association recorded allowance for credit losses totaling \$40,000.

Equipment:

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners. The Association capitalizes, at cost, personal property to which it has title. Depreciation is computed using a straight-line method ranging from five to seven years.

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2025 and 2024

1. Description of Association and summary of significant accounting policies (continued):

Revenue recognition:

The Association enters into contractual agreements with its residents that include maintenance, utilities and other amenity services as well as a requirement to fund reserve and capital obligations. Fees are assessed on a monthly basis. Performance obligations satisfied are determined based on the type of fee assessed.

The performance obligations as determined by the Association are as follows:

Maintenance fees

Revenue is recognized as performance obligations are met on a monthly basis.

Reserve and capital fund fees

Revenue is recognized when the related expenditures occur. Unspent reserve and capital fund fees are included in the balance sheets as a contractual liability.

As of December 31, 2025, the Association had capital fund fees received in excess of expenses in the amount of \$37,161. Amounts were presented as a deferred revenue in the balance sheets. The Association used \$1,277 during 2024 for capital fund expenses.

As of December 31, 2025 and 2024, for reserve fund fees, the Association had expenses for reserve in excess of fees. Therefore, there was no deferred revenue for reserve fund fees.

Utility and other amenity fees

Revenue is recognized as performance obligations are met, which the Association has determined to be on a monthly basis for garage, rental, guest suite, in-suite, garage services, natural gas and insurance.

The Association determines the transaction price based on contractually agreed-upon amounts or rates. The Association uses the expected value method to determine the amount of variable consideration that should be included to arrive at the transaction price, using contractual agreements and historical reimbursement experience. The Association assesses collectability on all accounts prior to providing services.

The opening and closing balances of accounts receivables and current and long-term contract liabilities recorded in accordance with Accounting Standards Codification 606 are as follows:

	<u>January 1, 2024</u>	<u>December 31, 2024</u>	<u>December 31, 2025</u>
Accounts receivable, owners, net	\$ 116,926	\$ 69,554	\$ 66,013
Contract liabilities	1,277	-	37,161

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2025 and 2024

1. Description of Association and summary of significant accounting policies (continued):

Income taxes:

The Association is classified as a nonexempt membership organization for Federal income tax purposes for the years ended December 31, 2025 and 2024. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, nonmembership transactions, and capital/reserve transactions.

For Federal tax purposes, the Association is taxed on all taxable income from nonmembership activities reduced only by losses from nonmembership activities for which a profit motive exists. Nonmembership income may not be offset by membership losses, and any excess membership deductions may only be carried forward to offset membership income of future tax periods. The Association files Federal Form 1120, which has tax rates that are applied to net taxable income. The Association did not have taxable income for the years ended December 31, 2025 and 2024.

The State of Ohio regards the Association as a nonprofit corporation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Association's evaluations at December 31, 2025 and 2024 revealed no tax positions that would have a material impact on the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Expenses:

Expenses are recorded when incurred and classified according to the budget categories determined by management. Office and maintenance supplies are expensed as they are received. Supply inventories are not significant.

2. Note receivable and payable, owners:

The note receivable reflects amounts due from certain owners. The Association will receive monthly principal and interest payments equal to an amount for debt payments made on behalf of certain owners to a bank in conjunction with the Master Plan financing and the subsequent re-purchase of the common elements that occurred on December 31, 2012. The payments from owners are received one month in advance of when the payment is due on the loan payable. Advance payments are included in deferred loan assessments until the payments are made to the bank. After payment is made to the bank, the Association will reduce the deferred loan assessment and the notes receivable, owners. The note receivable is recorded at the amount expected to be collected, net of allowance for credit losses. In evaluating the collectability of the note receivable, the Association considers a number of factors. An allowance for credit losses is recorded based upon a consideration of the likelihood that the note will not be collected in full.

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2025 and 2024

2. Note receivable and payable, owners (continued):

The Association is of the opinion that an allowance for credit losses amounts is not necessary at December 31, 2025 and 2024.

During 2015, the Association refinanced the note for \$5,023,000 related to the Master Plan with a fixed interest rate of 4.78%. Under the new loan, the owners have an opportunity to make two loans pay down payments annually.

During 2025, two owners made advance payments. The first payment was made in June 2025 in the amount of \$14,452 and the second payment was made in December 2025 in the amount of \$17,045. In addition to the advance payments, other owners made principal and interest payments totaling \$163,344 in 2025. The outstanding note balance is \$213,320 as of December 31, 2025.

During 2024, two owners made advance payments. The first payment was made in June 2024 in the amount of \$18,564 and the second payment was made in December 2024 in the amount of \$30,767. In addition to the advance payments, other owners made principal and interest payments totaling \$183,539 in 2024. The outstanding note balance is \$392,765 as of December 31, 2024.

Future minimum payments expected under this notes receivable are:

Year ending December 31,

2026	\$ 140,491
2027	<u>72,829</u>
	<u>\$ 213,320</u>

3. Note payable, Association:

During 2018, the Association entered in a note with a bank totaling \$3,000,000 for the purpose of completing an elevator rehabilitation project with a maturity date of January 1, 2029. The 10-year note was interest only for the first nine months. The loan converted to principal and interest on January 1, 2019, at an interest rate of .50% below the prime rate, with the minimum rate of 3.50% and maximum rate of 5.35%. The interest rate on the loan was 5.35% as of December 31, 2025 and 2024. The Association made principal and interest payments totaling \$379,382 in 2025 and 2024. Interest payments are included within debt service, association in the statements of revenue and expenses.

The Association is subject to certain restrictive covenants under the note, including provisions relating to certain debt ratios and other matters. At December 31, 2025, the Association was in compliance with its covenants.

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2025 and 2024

3. Note payable, Association (continued):

Future minimum payments expected under the notes payable are:

<u>Year ending December 31,</u>	
2026	\$ 334,995
2027	352,134
2028	370,150
2029	<u>18,889</u>
	<u>\$ 1,076,168</u>

4. Major repairs, replacements and other expenses:

Major repair, replacement and other expenses are as follows:

	2025		2024	
	Reserve	Capital	Reserve	Capital
Plumbing major repairs	\$ 43,040	\$ -	\$ 43,683	\$ -
Entrances and lighting	-	82,494	-	21,693
Electrical	-	15,300	-	48,935
Security upgrade	12,122	-	30,507	-
Interior design	-	1,295	-	10,011
Exterior design	-	762	-	11,473
Door restoration	1,004	-	-	-
Gas meter	-	972	-	1,199
Gallery renovations	-	7,985	-	15,924
Elevator restoration/repairs	2,869	-	1,901	-
Major heating system repairs	110,916	-	41,052	9,995
Garage major repairs	-	1,099	18,731	2,900
Roof replacement	-	-	-	-
Masonry and lintel repairs	18,519	19,170	14,444	60,934
Ground repairs and waterproof	18,599	-	2,835	-
Other capital expense	9,412	5,377	-	5,383
Landscaping	-	3,274	-	695
Laundry room renovations	-	787	-	-
Fire door and stairs	6,734	-	9,887	-
Painting	55,263	24,324	-	-
Debt service, association	<u>66,710</u>	<u>-</u>	<u>82,963</u>	<u>-</u>
 Total major repairs and replacement expenses	 <u>\$ 345,188</u>	 <u>\$ 162,839</u>	 <u>\$ 246,003</u>	 <u>\$ 189,142</u>

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2025 and 2024

5. Equipment:

Equipment consists of the following:

	<u>2025</u>	<u>2024</u>
Cost:		
Furniture and fixtures	\$ 41,375	\$ 41,375
Machinery and equipment	79,865	79,865
Automobile and Trucks	32,058	32,058
4X2 Cub Cadet	<u>21,384</u>	<u>21,384</u>
	174,682	174,682
Accumulated depreciation	<u>(160,888)</u>	<u>(154,251)</u>
Equipment, net	<u>\$ 13,794</u>	<u>\$ 20,431</u>

6. Future major repairs and replacements:

The Association's governing documents, the By-Laws at Article X, Section 4, require the accumulation of a reasonable reserve for contingencies and replacements. In addition, Ohio law now requires adequate reserves, based on budget expenditures to repair and replace capital items in the normal course of operations. As of December 31, 2025 and 2024, the Association has accumulated \$334,133 and \$332,860, respectively, in the reserve fund for the reserve of contingencies and replacements. During 2024, a study was conducted which estimated the cost of repairs and replacements through 2043. The study had an estimated current replacement cost of \$8,308,252, excluding inflation as of December 31, 2025.

The Association collects a monthly Annual Capital Fee to support capital expenditures totaling \$162,839 in 2025 and \$171,277 in 2024. The Association also collected monthly fees for the Reserve Fund totaling \$712,500 in 2025 and \$650,000 in 2024. During 2025, the Association transferred funds from the reserve fund to the operating account to meet operating cash requirements. This transfer was approved by the Board. This inter-account receivable will be repaid in the future.

Under the Association's governing documents, the Board of Directors has the authority to increase both operating and capital fees and to authorize capital assessments to pay for major repair and replacement.

7. Subsequent events:

In preparing these financial statements, Moreland Courts Condominium Association, Inc. has evaluated events and transactions for potential recognition or disclosure through April 13, 2026, the date the Association's financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MORELAND COURTS CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)

DECEMBER 31, 2025

Criterium Engineers conducted a study in 2008 that was revised in 2013, 2017, 2021 and 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. Funding requirements consider interest of 2.5%, net of taxes, on amounts funded for future major repairs and replacements. 3.5% of annual inflation is not included in the estimated current replacement costs.

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

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	2026 Funding Requirement	Components of Fund Balance at December 31, 2025
Site	5	\$ 163,835	\$ 12,500	\$ 11,197
Building exterior	1-19	3,015,331	90,000	80,622
Building interior	1-17	779,731	65,000	58,227
Mechanical	1-19	4,249,642	181,000	162,140
Other	1-19	<u>99,713</u>	<u>24,500</u>	<u>21,947</u>
	Totals	<u>\$ 8,308,252</u>	<u>\$ 373,000</u>	<u>\$ 334,133</u>