

**CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2025**



CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.

DECEMBER 31, 2025

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Cypress Chase North Condominium No. 3 Association, Inc.  
Lauderdale Lakes, Florida

### **Opinion**

We have audited the accompanying financial statements of Cypress Chase North Condominium No. 3 Association, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses, and changes in fund balances (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 the 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. Our responsibilities under those standards are further described in the Auditors' 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.

### **Emphasis of Matter**

As discussed in Note Q, recent legislation in the State of Florida requires certain residential condominium associations to have a structural integrity reserve study (SIRS) completed. The SIRS includes certain items related to the structural integrity and safety of the building. As of the date of this report, in a budget adopted by an association that is required to obtain a SIRS, reserves must be maintained for certain items. For a budget adopted on or after December 31, 2024, the members of an association that must obtain a SIRS may not determine to provide no reserves or less reserves than required for these items. As of July 1, 2025, certain associations may now extend the deadline to December 31, 2025. Additionally, subject to various requirements and restrictions, associations may be allowed to use special assessments, lines of credit or loans to fund these reserves. Our opinion is not modified with respect to this matter.

Board of Directors

### **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 within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's 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.

Board of Directors

**Report on Supplementary Information**

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

**Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the supplementary 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 statement, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Gladstone Strum & Company, PLLC*

Gladstone Strum & Company, PLLC

Certified Public Accountants

Plantation, Florida

April 8, 2025

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
BALANCE SHEET  
DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 124,416	\$ 249,656	\$ 374,072
Cash Held for Security Deposits	268,925	-	268,925
Member Assessment Receivable (Net of Allowance)	50,309	-	50,309
Special Assessments Receivable	3,582	-	3,582
Unbilled Special Assessment	1,089,890	-	1,089,890
Rental Units (Net of Accumulated Depreciation of \$57,540)	26,558	-	26,558
Prepaid Insurance	53,631	-	53,631
Rent Receivable	17,330	-	17,330
Interfund Balances	(181,989)	181,989	-
 Total Assets	 <u>\$ 1,452,652</u>	 <u>\$ 431,645</u>	 <u>\$ 1,884,297</u>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 34,014	\$ -	\$ 34,014
Insurance Loan Payable	37,375	-	37,375
Prepaid Assessments	24,452	-	24,452
Deferred Cable Television Contract Revenue	15,340	-	15,340
Note Payable	913,805	-	913,805
Security Deposits	268,925	-	268,925
Contract Liabilities (Reserve Assessments Received in Advance)	-	410,176	410,176
Contract Liabilities (Special Assessments Received in Advance)	202,225	-	202,225
 Total Liabilities	 1,496,136	 410,176	 1,906,312
 FUND BALANCES (DEFICIT)	 (43,484)	 21,469	 (22,015)
 Total Liabilities and Fund Balances	 <u>\$ 1,452,652</u>	 <u>\$ 431,645</u>	 <u>\$ 1,884,297</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES (DEFICIT)  
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
Member Assessments	\$ 680,310	\$ 81,112	\$ 761,422
Less: Provision for Credit Losses	<u>(39,731)</u>	<u>-</u>	<u>(39,731)</u>
	640,579	81,112	721,691
Special Assessment	353,085	-	353,085
Interest	424	4,505	4,929
Late Fees	6,497	-	6,497
Rental Income	69,100	-	69,100
Other Income	<u>10,441</u>	<u>-</u>	<u>10,441</u>
 Total Revenues	 <u>1,080,126</u>	 <u>85,617</u>	 <u>1,165,743</u>
 EXPENSES			
General and Administrative	225,898	-	225,898
Contracts	26,526	-	26,526
Payroll	44,975	-	44,975
Repairs and Maintenance	97,279	-	97,279
Utilities	352,492	-	352,492
Replacement Fund	-	81,112	81,112
Special Assessment	<u>353,085</u>	<u>-</u>	<u>353,085</u>
 Total Expenses	 <u>1,100,255</u>	 <u>81,112</u>	 <u>1,181,367</u>
 Excess (Deficit) of Revenues over Expenses	 (20,129)	 4,505	 (15,624)
 Fund Balances (Deficit) - Beginning of Year	 <u>(23,355)</u>	 <u>16,964</u>	 <u>(6,391)</u>
 Fund Balances (Deficit) - End of Year	 <u>\$ (43,484)</u>	 <u>\$ 21,469</u>	 <u>\$ (22,015)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess (Deficit) of Revenues over Expenses	\$ (20,129)	\$ 4,505	\$ (15,624)
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	3,058	-	3,058
(Increase) Decrease in:			
Member Assessments Receivable (Net of Allowance)	1,814	-	1,814
Special Assessments Receivable	8,947	-	8,947
Unbilled Special Assessment	137,774	-	137,774
Prepaid Insurance	22,606	-	22,606
Rent Receivable	(1,795)	-	(1,795)
Increase (Decrease) in:			
Accounts Payable and Accrued Expenses	(14,763)	-	(14,763)
Prepaid Assessments	4,784	-	4,784
Prepaid Rent	(2,000)	-	(2,000)
Deferred Cable Television Contract Revenue	(3,609)	-	(3,609)
Security Deposits	12,873	-	12,873
Contract Liabilities (Reserve Assessments Received in Advance)	-	28,360	28,360
Contract Liabilities (Special Assessments Received in Advance)	(353,112)	-	(353,112)
Net Cash Provided by (Used in) Operating Activities	<u>(203,552)</u>	<u>32,865</u>	<u>(170,687)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Loan Payable	281,273	-	281,273
Interfund Balances	915	(915)	-
Proceeds from Insurance Loan Payable, Net of Repayments	(19,460)	-	(19,460)
Net Cash Provided by Financing Activities	<u>262,728</u>	<u>(915)</u>	<u>261,813</u>
Net Increase in Cash and Cash Equivalents	59,176	31,950	91,126
Cash and Cash Equivalents - Beginning of Year	<u>334,165</u>	<u>217,706</u>	<u>551,871</u>
Cash and Cash Equivalents - End of Year	<u>\$ 393,341</u>	<u>\$ 249,656</u>	<u>\$ 642,997</u>
<u>Supplemental Disclosure:</u>			
Cash Paid for Interest	<u>\$ 58,209</u>		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

**NOTE A - ORGANIZATION**

Cypress Chase North Condominium No. 3 Association, Inc. (the “Association”) is a statutory condominium association incorporated as a not-for-profit corporation in the State of Florida on October 23, 1981 for the purpose of operating and maintaining the common areas of the Association. Cypress Chase North Condominium No. 3 Association, Inc. consists of 140 residential units located in Lauderdale Lakes, Florida.

**NOTE B - 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.

**Basis of Accounting**

The books and records are maintained on the accrual basis of accounting which recognizes revenues when earned, regardless of when received, and expenses when incurred, regardless of when paid, which is in accordance with accounting principles generally accepted in the United States of America.

**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 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.

**Interest Income**

The Board's policy is to allocate to the applicable fund interest earned on cash accounts net of income taxes.

**Income Taxes**

In 2025, the Association elected to file as a homeowners’ association in accordance with Internal Revenue Service Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association’s investment income and other nonexempt income are subject to tax, net of any applicable expenses.

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

**Accounting for Uncertainty in Income Taxes**

A loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed.

**Property, Equipment and Land**

Real property and common areas acquired from the developer and related improvements to such property, if any, are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it using the straight-line method.

**Cash and Cash Equivalents**

For purposes of these financial statements, the Association considers demand deposit accounts, savings accounts and certificate of deposits to be cash equivalents.

**Comprehensive Income**

ASC 220 requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2025, there were no items that qualify as comprehensive income.

**Fair Value of Financial Instruments**

The carrying amounts of the Association's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and long-term debt, approximate their fair values due to their short-term maturities.

**Concentration of Credit Risk**

Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents and assessments receivable. The Association invests its excess cash and cash equivalents in both deposits and high quality short-term liquid money market instruments with major financial institutions, and the carrying values approximate the market value. The Association has not experienced losses related to these investments. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents and assessments receivable.

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

**Member Assessments and Allowance for Credit Losses**

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. 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 delinquent, in accordance with the Association's late fee policy. Any excess assessments at year end are retained by the Association for use in the succeeding year. The balances of assessments receivable as of the beginning and end of the year are \$145,756 and \$186,639, respectively. The balances of special assessments receivable as of the beginning and end of the year are \$12,529 and \$3,582, respectively.

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control. It is the opinion of the Board of Directors that the Association will not ultimately prevail against homeowners with delinquent assessments and, accordingly, allowance for credit losses in the amount of \$119,000 is deemed necessary.

**Contract Liabilities (Reserve Assessments Received in Advance)**

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (reserve assessments received in advance) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (reserve assessments received in advance) as of the beginning and end of the year are \$381,816 and \$410,176, respectively.

**NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents and Florida Statutes require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$431,645 as of December 31, 2025, are held in separate accounts and are generally not available for operating purposes.

The Association engaged an independent engineer who conducted a study in October 2024 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based in part on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Accordingly, funding of \$113,850 has been included in the 2026 budget. SIRS funding is not based on the recommendations of the SIRS study (see Note Q) and is not distinguished from traditional reserves (non-SIRS).

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

Actual expenses, however, 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 for major repairs and replacements. 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 activity in the replacement fund was as follows:

Component	Fund Balance 1/1/2025	Contract Liabilities Balance 1/1/2025	Budgeted Assessments	Interest Income	Expenses	Contract Liabilities Balance 12/31/2025	Fund Balance 12/31/2025
Roof Replacement	\$ -	\$ 210,970	\$ 27,928	\$ -	\$ (20,050)	\$ 218,848	\$ -
Painting	-	113,820	11,011	-	(61,062)	63,769	-
Fire Protection Systems	-	-	15,625	-	-	15,625	-
Elevators	-	57,026	3,041	-	-	60,067	-
Structural Load Bearing Concrete	-	-	13,750	-	-	13,750	-
Plumbing	-	-	11,500	-	-	11,500	-
Electrical	-	-	4,700	-	-	4,700	-
Exterior Finish (Stucco)	-	-	11,500	-	-	11,500	-
Windows and Doors	-	-	10,417	-	-	10,417	-
Interest	16,964	-	-	4,505	-	-	21,469
<b>Total</b>	<u>\$ 16,964</u>	<u>\$ 381,816</u>	<u>\$ 109,472</u>	<u>\$ 4,505</u>	<u>\$ (81,112)</u>	<u>\$ 410,176</u>	<u>\$ 21,469</u>

**NOTE D – WINDSTORM INSURANCE**

Common property of the Association is in Florida which is an area proven geographically prone to hurricanes. The Association’s insurance policies define deductibles and exclusions which will yield uncovered costs if common property damage claims occur. If additional funds are needed to replace or repair common property, the Association has the right, subject to governing documents, to increase regular assessments, pass special assessments, borrow funds or delay major repairs and replacements until funds are available.

**NOTE E – UNINSURED CASH BALANCES**

The Association maintains its cash balances at several financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. On December 31, 2025, the Association had funds in excess of this limit. The Association has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk related to cash.

**NOTE F – SECURITY DEPOSITS PAYABLE**

On November 27, 2000, the membership of the Association amended the provisions to its Declaration of Condominium (“Declaration”). The Association is empowered to levy an assessment against each Unit in the condominium in an amount sufficient for the Association to hold in escrow for each unit, a sum equal to six months of assessments payable to the Association. The funds collected are the property of the Association and are held for the benefit of the Association.

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

The amounts collected may be used if the Unit is foreclosed by a mortgagee or other lienholder holding a lien superior to the lien of the Association resulting in a loss to the Association. If all or any portion of the amounts paid into the account by a particular Unit are used by the Association under the approved circumstances, the Association may levy a special assessment against the Unit until the account is replenished to cover six (6) months of assessments to the Association.

**NOTE G – OTHER COMMITMENTS AND CONTINGENCIES**

The Association has contracted with various vendors for various services to maintain the common property related to certain administrative, building operations and maintenance, and contract expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

**NOTE H – RENTAL UNITS - ASSOCIATION OWNED PROPERTY**

During 2006 and 2010, the Association obtained a certificate of sale for Units 210 and 224, respectively. The Association has leased these properties. Association Owned Property is depreciated over the estimated useful life of 27.5 years using the straight-line method of depreciation.

Association Owned Property consists of the following at December 31, 2025:

Rental Units	\$ 84,098
Accumulated Depreciation	<u>(57,540)</u>
	\$ 26,558

Depreciation expense was \$3,058 for the year ended December 31, 2025.

**NOTE I – ACQUISITION OF TITLE ON FORECLOSED PROPERTY**

The Association acquired title to several units, via foreclosure, for past due maintenance assessments. The Association has the right, per Florida Statute 718.116, to file a lien against the properties and to foreclose the lien, in the same way that a mortgage holder does. The Association has title to the homes subject to the first mortgage holder only. The first mortgage holder is in the process of foreclosing the mortgage against the former owners.

The Association has the right to purchase units in the Association and to acquire and hold, lease, mortgage, or convey it. The Association has leased foreclosed properties (see Note H).

**NOTE J – RENTAL INCOME**

The Association has leased Association owned and foreclosed properties, (See Note H and Note I), pursuant to several written lease agreements with various date ranges. The lease agreements are for various monthly rental amounts. At the end of the lease terms, the leases can be renewed or extended only by written agreement signed by both Landlord and Tenant. Rental income from these properties totaled \$69,100 for the year ended December 31, 2025.

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE K – INSURANCE LOAN PAYABLE**

On April 22, 2025, the Association entered into a finance agreement to finance the cost of insurance premiums. The agreement stipulated a down payment of \$13,297.06 with eleven monthly payments of \$13,297.06 including interest of 7.004% per annum beginning May 25, 2025. The remaining payments due as of December 31, 2024, totaled \$37,375.

**NOTE L – BULK SERVICES AGREEMENT**

During October 2021, the Association entered into an 8-year bulk services and marketing agreement with a company. Pursuant to the contract, the Company will provide a combination of video services, internet services and/or voice services, along with associated equipment. The Company shall have the exclusive right to promote the services and any additional services on the premises by means of distribution of advertising materials, demonstrations of services, and direct sales presentations. The Company will invoice the Association directly for the bulk services provided in accordance with the bulk rate and the payment obligations set forth in the agreement. Except for taxes, franchise, and/or other governmental fees, the bulk rate is guaranteed for one (1) year from the activation date. Each year thereafter, the bulk rate (including programming, retransmission, or copyright costs) will be increased in the amount equal to four percent (4.0%). Upon the expiration date, the bulk service term shall automatically renew for consecutive terms of one (1) years each, unless either Party notifies the other in writing of its intention not to renew the bulk service term no less than three (3) months prior to the end of the then-current bulk service term or renewal term. The Company may offer additional services to service users on the premises that are not included in the bulk services, or that may be upgrades on a retail basis. All arrangements for connecting, serving, and billing service users of the premises for such other services will be made directly between the Company and such service users.

As consideration for the Association entering into the cable television service agreement the Company agreed to pay the Association an easement fee, the terms of which shall remain confidential. The Association is deferring this income over the life of the contract and has deferred the remaining balance to be recognized as revenue over the term of the contract.

If the Association terminates this agreement before the end of the contract termination date, the Association will pay the Company a refund of a prorated portion of the easement fee.

**NOTE M – LEGAL MATTERS**

The Association is a party to various legal actions normally associated with homeowner associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

**NOTE N – NOTE PAYABLE**

In February 2024, the Association was approved for a \$965,764 term loan. The interest rate is fixed at 6.625% for the term of the loan. Repayment during the initial nine months consisted of interest only. The amortization period is 120 months. The note is due in monthly installments of \$11,077 with a maturity date of March 27, 2035. As of December 31, 2025, the balance payable on the note was \$913,805.

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2025

Maturities of the debt for each of the next five years are as follows:

Year ending December 31,	
2026	\$ 74,043
2027	79,100
2028	84,502
2029	90,273
2030	96,439
Thereafter	489,448
	<u>\$ 913,805</u>

**NOTE O – SPECIAL ASSESSMENT**

On June 13, 2024, a special assessment in the amount of \$1,323,408, including interest, was approved for a fully amortized \$965,764 loan over ten years at 6.625% interest. This loan consists of three projects for the building, roof replacement for \$572,300, installation of a fire alarm system that is mandated by the fire department for \$212,299 and painting of the building for \$180,535. The special assessment is payable over 120 months starting July 1, 2024. Expenses of \$1,121,183 were incurred as of December 31, 2025. The remaining balance of \$202,225 is included in contract liabilities (special assessments received in advance) to be recognized when the related expenses are incurred.

**NOTE P – RELATED PARTY TRANSACTIONS**

The Association’s governing documents allow for Board members to receive compensation for their services. During the year, Board members received \$7,000 for their services.

The Association has negotiated a management contract with a relative of a Board member. The agreement between the Association and Brooks Property Management Services was signed November 1, 2025, for the term December 1, 2025 through November 30, 2026, with a monthly fee of \$1,700 excluding accounting. A licensed manager will be assigned to oversee the property and coordinate with the Board. The fees for all annual periods after the initial term will be negotiable by both parties. Either party shall have the right to cancel this agreement at any time upon thirty (30) days’ notice to the Association. During the year, \$1,700 was paid to Brooks PMS.

**NOTE Q – STRUCTURAL INTEGRITY RESERVE STUDY**

Florida Statute 718.112(2)(g) (paragraph (g)) states that a residential condominium association must have a structural integrity reserve study (SIRS) completed at least every 10 years for each building on the condominium property that is three stories or higher in height, as determined by the Florida Building Code. The SIRS includes, at a minimum, certain items listed as related to the structural integrity and safety of the building.

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

In a budget adopted by an association that is required to obtain a SIRS, reserves must be maintained for the items identified in paragraph (g) for which the association is responsible pursuant to the declaration of condominium. The reserve amount for such items must be based on the findings and recommendations of the association's most recent SIRS. For a budget adopted on or after December 31, 2024, the members of an association that must obtain a SIRS may not determine to provide no reserves or less reserves than required for items listed in paragraph (g).

As of July 1, 2025, certain associations may extend the deadline to December 31, 2025. Additionally, subject to various requirements and restrictions, associations may be allowed to use special assessments, lines of credit or loans to fund reserves listed in paragraph (g). Further, *“for a budget adopted on or before December 31, 2028, if the association has completed a milestone inspection within the previous two calendar years, the Board, upon the approval of a majority of the total voting interests, may temporarily pause, for a period of no more than two consecutive annual budgets, reserve fund contributions or reduce the amount of reserve funding for the purpose of funding repairs recommended by the milestone inspection.”*

As of December 31, 2025, the Association had completed their SIRS study.

**NOTE R – DATE OF MANAGEMENT’S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for the potential recognition of disclosure through the date of this report. That date is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025

GENERAL AND ADMINISTRATIVE	
DBPR Fees	\$ 1,092
Depreciation	3,058
Insurance	183,503
Licenses, Fees and Taxes	1,954
Miscellaneous Administrative	8,185
Office	3,139
Professional Fees	<u>24,967</u>
TOTAL GENERAL AND ADMINISTRATIVE	<u>225,898</u>
CONTRACT	
Elevator Maintenance	3,596
Exterminating	2,530
Management	<u>20,400</u>
TOTAL CONTRACT	<u>26,526</u>
PAYROLL	
Directors Compensation	7,000
Health Benefits	1,125
Maintenance Wages	27,701
Payroll Processing Fees	2,224
Payroll Taxes	<u>6,925</u>
TOTAL PAYROLL	<u>44,975</u>
REPAIRS AND MAINTENANCE	
Cameras	6,712
Fire Equipment Maintenance	1,605
General Building Repairs	77,749
Plumbing	6,621
Rental Unit Expenses	<u>4,592</u>
TOTAL REPAIRS AND MAINTENANCE	<u>97,279</u>
UTILITIES	
Cable	133,992
Electricity	6,708
Elevator Telephone	1,660
Trash Removal	54,026
Water and Sewer	<u>156,106</u>
TOTAL UTILITIES	<u>352,492</u>
SPECIAL ASSESSMENT	
Loan Interest	69,286
Special Assessment	<u>283,799</u>
TOTAL SPECIAL ASSESSMENT	<u>353,085</u>
TOTAL EXPENSES	<u>\$ 1,100,255</u>

CYPRESS CHASE NORTH CONDOMINIUM NO. 3 ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS  
 DECEMBER 31, 2025  
 (UNAUDITED)

The Association engaged an independent engineer who conducted a study in October 2024 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based in part on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund.

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Replacement Cost</u>	<u>2026 Funding Per Budget</u>
Roof	15	\$ 587,500	29,045
Painting and Waterproofing	8	175,000	11,452
Fire Protection System	12	187,500	16,250
Elevators	30	130,000	3,162
Structural Load Bearing Concrete	30	165,000	14,300
Plumbing	80	115,000	11,960
Electrical	40	117,500	4,888
Exterior Finish (Stucco)	20	115,000	11,960
Windows and Doors	30	<u>125,000</u>	<u>10,833</u>
		<u>\$ 1,717,500</u>	<u>\$ 113,850</u>

Pavement Resurfacing is the responsibility of the POA.