

WAVERLY ESTATES CONDOMINIUM ASSOCIATION, INC.

**FINANCIAL STATEMENTS WITH REVIEW
REPORT OF INDEPENDENT ACCOUNTANTS**

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



Fuller Lowenberg & Co., CPAs, P.C.

Waverly Estates Condominium Association, Inc.
For the Year Ended December 31, 2025

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Managers and Members
Waverly Estates Condominium Association, Inc.
Holtsville, New York

We have reviewed the accompanying financial statements of Waverly Estates Condominium Association, Inc. which comprise the balance sheet as of December 31, 2025, and the related statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Waverly Estates Condominium Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the required supplementary information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our conclusion is not modified with respect to this matter.

Fuller Lowenberg & Co.

Hauppauge, NY
February 2, 2026



Fuller Lowenberg & Co., CPAs, P.C.

Waverly Estates Condominium Association, Inc.

Balance Sheet

December 31, 2025

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>ASSETS</u>			
ASSETS:			
Cash and Cash Equivalents	\$ 82,346	\$ 178,864	\$ 261,210
Common Charges Receivable	10,424	-	10,424
Prepaid Insurance	<u>79,095</u>	<u>-</u>	<u>79,095</u>
TOTAL ASSETS	<u>\$ 171,865</u>	<u>\$ 178,864</u>	<u>\$ 350,729</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable and Accrued Expenses	\$ 6,200	\$ -	\$ 6,200
Due to/from Reserve Fund	<u>916</u>	<u>(916)</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,116</u>	<u>(916)</u>	<u>6,200</u>
FUND BALANCES	<u>164,749</u>	<u>179,780</u>	<u>344,529</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 171,865</u>	<u>\$ 178,864</u>	<u>\$ 350,729</u>

See independent accountants' review report and notes to financial statements

Waverly Estates Condominium Association, Inc.

Statement of Revenues and Expenses
For the Year Ended December 31, 2025

	Operating Fund	Reserve Fund	Total
REVENUES:			
Member Common Charges	\$ 404,512	\$ 8,000	\$ 412,512
Special Assessment Reserve	-	55,724	55,724
Late Fees and Fines	5,147	140	5,287
Interest Income	-	41	41
Insurance Recovery	41,351	-	41,351
Other Income	289	-	289
TOTAL REVENUES	<u>451,299</u>	<u>63,905</u>	<u>515,204</u>
EXPENSES:			
Grounds Costs	101,021	-	101,021
Utilities	20,204	-	20,204
Repairs and Maintenance	92,748	-	92,748
Administrative	43,781	-	43,781
Insurance	140,961	-	140,961
TOTAL EXPENSES	<u>398,715</u>	<u>-</u>	<u>398,715</u>
EXCESS OF REVENUES OVER EXPENSES			
BEFORE COST OF CAPITAL IMPROVEMENTS	52,584	63,905	116,489
COST OF CAPITAL IMPROVEMENTS	<u>33,300</u>	<u>55,680</u>	<u>88,980</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 19,284</u>	<u>\$ 8,225</u>	<u>\$ 27,509</u>

See independent accountants' review report and notes to financial statements

Waverly Estates Condominium Association, Inc.

Statement of Changes in Fund Balances

For the Year Ended December 31, 2025

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
FUND BALANCES - Beginning of Year	\$ 145,465	\$ 171,555	\$ 317,020
EXCESS OF REVENUES OVER EXPENSES	<u>19,284</u>	<u>8,225</u>	<u>27,509</u>
FUND BALANCES - End of Year	<u>\$ 164,749</u>	<u>\$ 179,780</u>	<u>\$ 344,529</u>

See independent accountants' review report and notes to financial statements

Waverly Estates Condominium Association, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2025

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Excess of Revenues Over Expenses	\$ 19,284	\$ 8,225	\$ 27,509
Adjustments to Reconcile Net Excess of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:			
Changes in Operating Assets and Liabilities:			
Increase in Common Charges Receivable	(8,008)	-	(8,008)
Decrease in Prepaid Expenses	14,594	-	14,594
Decrease in Accounts Payable and Accrued Expenses	<u>(907)</u>	<u>-</u>	<u>(907)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>24,963</u>	<u>8,225</u>	<u>33,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,963	8,225	33,188
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>57,383</u>	<u>170,639</u>	<u>228,022</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 82,346</u>	<u>\$ 178,864</u>	<u>\$ 261,210</u>

See independent accountants' review report and notes to financial statements

Waverly Estates Condominium Association, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2025

(See independent accountants' review report)

1. Description of Association

The accompanying financial statements include the accounts of Waverly Estates Condominium Association, Inc. (the "Association"), a homeowners association consisting of 40 Townhouse units and 26 Simplex units constructed on approximately 10 acres of land in Holtsville, New York.

The Association was incorporated in the State of New York under Section 402 of the Not-for-Profit Corporation Law and commenced operations in 1988. The Association was formed to own, acquire, build, operate, and maintain the common property of the community for the benefit of its members. Common property includes land facilities for recreational and community use, including roads, parking areas, structures, and personal property incidental thereto.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). In addition, the Association utilizes fund accounting, which requires that funds, such as the operating fund and the reserve fund designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Managers. Disbursements from the reserve fund may generally be made only for their designated purposes.

b. Revenue Recognition

The Association recognizes revenue related to Common Charges and Special Assessments following the core principles described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606.

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. For purposes of these financial statements, owners are the recipients of the goods or services. Revenue is recognized when performance obligations are satisfied, and the owner obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Association expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Association determines are within the scope of ASC 606, the Association performs the following five steps: (i) identifies the contracts with an owner; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Association satisfies each performance obligation.

The owners of units within the Association are subject to annual common charges to provide funds for the Association's operating expenses and major repairs and replacements. The amount of the common charges assessed is based upon an annual budget for operations of the Association as determined by the Board of Directors. Common charges are billed monthly in advance and revenue is recognized monthly as the related performance obligations are satisfied over time on a daily pro-rata basis. Any amounts received prior to the month common charges are due are deferred, since the

Waverly Estates Condominium Association, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2025

(See independent accountants' review report)

2. Summary of Significant Accounting Policies - Continued

b. Revenue Recognition - Continued

performance obligations have not been satisfied. In addition, the Association may periodically impose special assessments or designate a portion of common charges to provide funds for major repairs, replacements, and improvements. These assessments are satisfied when these funds are expended for their designated purpose, including being added to the Reserve Fund. Assessments receivable represent common and other charges, special assessments, and fees due from owners. Assessments receivable are charged off when all reasonable collection efforts have been exhausted. Common charges and other charges receivable from owners are presented net of accounts receivable allowance for doubtful accounts.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with maturities of three (3) months or less to be cash equivalents.

d. Common Charges

Common Charges represent assessments to each member based upon an annual budget for the operation of the Association as determined by the Board of Managers (the "Board"). The total annual requirements are assessed as a single sum against all units and pro-rated to each unit equally and are payable on a monthly basis. For the year ended December 31, 2025, Common Charges amounted to \$589 and \$416 per month per unit for Townhouse and Simplex units, respectively.

e. Common Property

The Association's policy for recognizing common property as assets on its balance sheet is to recognize (a) common personal property and (b) real property to which it has title and that it can dispose of for cash while retaining the proceeds or that is used to generate significant cash flows from members or from non-members on the basis of usage. Substantially all of the existing common property was transferred to the Association from the developer at no cost; therefore, it is not reported in the financial statements. Operating costs and capital improvement costs associated with the common areas are charged to operations as they are incurred. Major repairs or improvements are reported on the Statement of Revenues and Expenses under "Cost of Capital Improvements."

f. Management

The Association is managed by a Board of Managers, which is elected by a plurality vote of the members. In addition, the daily accounting and administrative responsibilities are performed by an independent property management company.

g. Fair Value and Use of Estimates

FASB ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the Association.

The Association's financial instruments consist mainly of cash and cash equivalents, receivables, and trade payables.

Waverly Estates Condominium Association, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2025

(See independent accountants' review report)

2. Summary of Significant Accounting Policies - Continued

g. Fair Value and Use of Estimates - Continued

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets. The carrying amounts of financial assets and liabilities approximate their fair values due to their short-term maturity period.

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.

3. Assessments Receivable

Common charges receivable represents monthly common charges due from unit owners. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined with an offsetting entry to a valuation allowance for common charges receivable. Common charges and assessments receivable amounted to \$10,424 at December 31, 2025.

The Association has adopted Accounting Standards Codification (ASC) 326. At each balance sheet date, the Association evaluates whether an expected allowance for credit losses is required on its accounts receivable. In addition, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. The allowance estimate is derived from a review of the Association's historical losses based on the ageing 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 performs ongoing credit evaluations of its customers' financial conditions and believes that its accounts receivable credit risk exposure is limited. Accordingly, no allowance for doubtful accounts has been recorded as of December 31, 2025.

4. Interfund Transfers and Interfund Borrowings

The Association adopted FASB ASC 972-205-45-10, which states that interfund borrowings should be considered permanent and recorded as transfers when the borrowing fund is not able or does not intend to repay the loan. In addition, the Board of Managers has reviewed the current cash balances held in each fund and has deemed such amounts to be appropriate for their specific purposes.

5. Special Assessments

During the year ended December 31, 2025, the Association instituted a special assessment in amount of \$955 and \$674 per unit for Townhouse and Simplex units, respectively. The special assessment was used to replace a fence.

Waverly Estates Condominium Association, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2025

(See independent accountants' review report)

6. Income Taxes

The Association may elect to file as a homeowners association in accordance with Internal Revenue Code Section 528 or as a regular corporation. Under Section 528, the Association excludes from taxation exempt function income, which generally consists of revenue from member assessments or other member charges. The Association's non-exempt income in excess of \$100 is subject to tax at a rate of 30%.

The Association will file as a homeowners association for the year ended December 31, 2025, as it provides for a lower tax liability.

In addition, the Association is required to file a New York State Corporation tax return, taxed on the greater of its capital base (assets less liabilities), gross receipts, or the federal based ENI (entire net income). The Association is also subject to the General Business Corporation Transportation ("MTA") surcharge. There was no income tax recorded for the year ended December 31, 2025.

7. Contracts and Commitments

The Association enters into contracts in the normal course of operations for property management, maintenance, landscaping, utilities and other services. Certain agreements extend beyond one year and generally include termination provisions with advance notice.

Future minimum obligations pursuant to the long term agreements are as follows:

Service	Year Ending December 31,		
	2026	2027	Total
Landscaping	\$ 52,207	\$ 52,206	\$ 104,413
Management	25,008	-	25,008
Refuse Removal	<u>18,419</u>	<u>18,861</u>	<u>37,280</u>
Totals	<u>\$ 95,634</u>	<u>\$ 71,067</u>	<u>\$ 166,701</u>

8. Concentration of Credit Risk

a. Accounts Receivable

As of December 31, 2025, approximately 97% of the Association's accounts receivable were due from a single owner. Management monitors the collectability of this receivable on an ongoing basis and believes it to be fully collectible. No allowance for credit losses has been recorded related to this concentration as of December 31, 2025.

b. FDIC

Federal Deposit Insurance Corporation ("FDIC") insurance covers all participating bank deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. FDIC insurance does not cover other financial products and services that banks may offer, such as stocks, bonds, mutual fund shares, life insurance policies, annuities, or securities. The standard insurance coverage is limited to \$250,000 per depositor, per insured bank.

Waverly Estates Condominium Association, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2025

(See independent accountants' review report)

8. Concentration of Credit Risk

b. FDIC - Continued

The Association maintains its bank accounts with one financial institution. At December 31, 2025, the Association's cash balances exceed amounts insured by the FDIC. Management does not believe that it is exposed to any significant credit risk to its cash and cash equivalents.

c. Revenue Concentration

The Association's primary source of revenue is assessments charged to unit owners within the Association. All assessment revenue is generated from owners of properties located within a single geographic area. As a result, the Association is economically dependent on the continued financial stability, property values, and occupancy levels within this geographic location. Adverse economic conditions, natural events, or other factors affecting this area could have significant impacts on the Association's ability to generate assessment revenue.

9. Major Vendor

During the year ended December 31, 2025, the Association conducted business with vendors for home improvements and landscaping and irrigation services, whose fees represented approximately 16%, of the Association's operating expenditures for the year. In addition, the Association used one vendor to replace fencing that approximated 12% of the expenditures for the year. The Association does not believe it is exposed to any significant risk with respect to these relationships, as there are other vendors that could be engaged for such purposes.

10. Reserve for Future Major Repairs and Replacements

The Association has not conducted a study to determine the remaining useful lives of the components of common property, and current estimates of costs of major repairs and replacements that may be required in the future. The FASB has determined that this study is required to supplement these financial statements.

The Association's budget provides that funds be accumulated for future repairs and replacements. Accumulated funds are held in a separate reserve account and are not generally available for expenditures for normal operations.

When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to borrow the funds, increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available. The effect, if any, on future assessments has not been determined at this time.

11. Subsequent Events

For purposes of determining the effects of subsequent events on the financial statements, the Association has evaluated events subsequent to December 31, 2025 and through February 2, 2026, the date on which the financial statements were available to be issued.

**INDEPENDENT ACCOUNTANTS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Managers and Members
Waverly Estates Condominium Association, Inc.
Holtsville, New York

We have reviewed the financial statements of Waverly Estates Condominium Association, Inc for the year ended December 31, 2025, and have issued our report thereon dated February 2, 2026. The review was made primarily for the purpose of expressing a conclusion about whether any material modifications should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. The accompanying Schedule of Fund Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Fuller Lowenberg & Co.

Hauppauge, NY
February 2, 2026



Fuller Lowenberg & Co., CPAs, P.C.

Waverly Estates Condominium Association, Inc.

Schedule of Fund Expenses

For the Year Ended December 31, 2025

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
ADMINISTRATIVE:			
Administrative Services	\$ 24,300	\$ -	\$ 24,300
Bank Charges	11	-	11
Office Supplies and Postage	1,460	-	1,460
Professional Fees	7,513	-	7,513
Record Storage	2,263	-	2,263
Security and Fire Protection	7,769	-	7,769
Telephone and Internet	280	-	280
Website Expense	185	-	185
TOTAL ADMINISTRATIVE	<u>\$ 43,781</u>	<u>\$ -</u>	<u>\$ 43,781</u>
GROUNDS COSTS:			
Landscaping	\$ 52,758	\$ -	\$ 52,758
Powerwashing	326	-	326
Refuse Removal	17,985	-	17,985
Snow Removal	17,906	-	17,906
Sprinklers	3,421	-	3,421
Tree Maintenance	8,625	-	8,625
TOTAL GROUNDS COSTS	<u>\$ 101,021</u>	<u>\$ -</u>	<u>\$ 101,021</u>

See independent accountants' report on supplemental information

Waverly Estates Condominium Association, Inc.

Schedule of Fund Expenses

For the Year Ended December 31, 2025

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
REPAIRS AND MAINTENANCE:			
Building Repairs	\$ 760	\$ -	\$ 760
Cesspool Maintenance	13,578	-	13,578
Electrical Repairs	2,777	-	2,777
Hydrants	1,540	-	1,540
Fence Repairs	3,935	-	3,935
Gutter Repairs and Cleaning	1,930	-	1,930
Roof Repairs	585	-	585
Roads	5,837	-	5,837
Painting	435	-	435
Pest Control	3,942	-	3,942
Water Damage	<u>57,429</u>	<u>-</u>	<u>57,429</u>
TOTAL REPAIRS AND MAINTENANCE	<u>\$ 92,748</u>	<u>\$ -</u>	<u>\$ 92,748</u>
UTILITIES:			
Electricity	\$ 5,010	\$ -	\$ 5,010
Water	<u>15,194</u>	<u>-</u>	<u>15,194</u>
TOTAL UTILITIES	<u>\$ 20,204</u>	<u>\$ -</u>	<u>\$ 20,204</u>

See independent accountants' report on supplemental information