CASITA COLONY
RECREATION ASSOCIATION

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025
AND FOR THE YEAR THEN ENDED

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CASITA COLONY RECREATION ASSOCIATION

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To the Board of Directors of
Casita Colony Recreation Association

Management is responsible for the accompanying financial statements of Casita Colony Recreation Association (an Arizona corporation), which comprise the statement of assets, liabilities and members' equity - cash basis as of December 31, 2025, and the related statement of revenues, expenses and changes in members' equity - cash basis for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants.

We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash financial reporting framework, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information about future major repairs and replacements of common property, on page 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have not audited, reviewed, or compiled the supplementary information and we do not express an opinion or provide any assurance on such information.

Butler Hansen, PLC

Gilbert, Arizona
July 20, 2026

CASITA COLONY RECREATION ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - CASH BASIS
DECEMBER 31, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash	$ 25,842	$ 71,567	$ 97,409
TOTAL ASSETS	$ 25,842	$ 71,567	$ 97,409
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES	$ -	$ -	$ -
MEMBERS' EQUITY	25,842	71,567	97,409
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 25,842	$ 71,567	$ 97,409

See accompanying notes to the financial statements.

CASITA COLONY RECREATION ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN MEMBERS' EQUITY - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Assessment Income	$ 118,922	$ -	$ 118,922
Disclosure Fees	3,200	-	3,200
Services Income	121	-	121
Social Income	375	-	375
Interest Income	385	475	860
TOTAL REVENUES	123,003	475	123,478
EXPENSES			
ADMINISTRATIVE			
Accounting	2,735	-	2,735
Bank Fees	79	-	79
Insurance	3,305	-	3,305
Copies - Miscellaneous/Annual Packet	17	-	17
Office Supplies	135	-	135
Website	978	-	978
Social Expenses	430	-	430
TOTAL ADMINISTRATIVE	7,679	-	7,679
ENTRANCE			
Electric	467	-	467
Fountain Maintenance	1,843	-	1,843
Landscape/Repairs	5,838	-	5,838
Water	2,097	-	2,097
TOTAL ENTRANCE	10,245	-	10,245
POOL AREA			
Equipment Repair/Replacement	6,535	-	6,535
Pest Control	770	-	770
Pool Cleaning	7,800	-	7,800
Pool House - Supplies/Expenses	1,053	-	1,053
TOTAL POOL AREA	16,158	-	16,158
RAMADA AREA			
Cleaning	2,920	-	2,920
Landscape	11,361	-	11,361
Repairs/Supplies	6,285	-	6,285
TOTAL RAMADA AREA	20,566	-	20,566

(CONTINUED)

See accompanying notes to the financial statements.

CASITA COLONY RECREATION ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN MEMBERS' EQUITY - CASH BASIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
UTILITIES			
Electric	8,478	-	8,478
Gas	10,870	-	10,870
Water	9,911	-	9,911
TOTAL UTILITIES	29,259	-	29,259
RESERVE EXPENSES			
General Reserve Expenses	-	5,034	5,034
TOTAL RESERVE EXPENSES	-	5,034	5,034
TOTAL EXPENSES	83,907	5,034	88,941
EXCESS REVENUES (EXPENSES)	39,096	(4,559)	34,537
MEMBERS' EQUITY BEGINNING OF YEAR	7,780	55,092	62,872
TRANSFERS BETWEEN FUNDS	(21,034)	21,034	-
MEMBERS' EQUITY END OF YEAR	$ 25,842	$ 71,567	$ 97,409

See accompanying notes to the financial statements.

CASITA COLONY RECREATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - NATURE OF THE ORGANIZATION

Casita Colony Recreation Association (the "Association"), a non-stock homeowners association, was incorporated on July 3, 1991, under the general non-profit laws of the State of Arizona. The Association was established to provide management, maintenance and preservation of the common areas and other property owned by the Association or property placed under its jurisdiction. The Association consists of 124 single family homes, and is located in Scottsdale, Arizona. There is a Board of Directors elected by the member homeowners. The Board of Directors acts as the managing agent for the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting
The Association's general records and the accompanying financial statements are prepared using the cash basis method of accounting. Consequently, revenues (assessments and other income) are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, accounts receivable due from homeowners, deferred revenues and accrued expenses are not included in the financial statements.

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 using the following funds established according to their nature and purpose:

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

Replacement Fund
The Replacement Fund is used to account for the use and accumulation of funds for future major repairs and replacements.

Cash and Cash Equivalents
The Association considers cash in operating bank accounts, money market accounts, cash on hand, and certificates of deposit, purchased with original maturity dates of three months, or less, as cash and cash equivalents. Certificates of deposit and financial instruments, with original maturities, at date of purchase, of more than three months, are classified as certificates of deposit.

Fair Value of Financial Instruments
Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes), approximate the carrying values of such amounts.

Common Property
Certain land areas were contributed by the developer, upon completion of the project, at no cost to the Association, which are not reflected in the financial statements. The contributed areas consist of a pool, a spa, a ramada, a fountain, landscape and landscape rights-of-way, which can never be sold or subdivided. The Association has not placed a value on these assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management's Review
Subsequent events have been evaluated through July 20, 2026, which is the date the financial statements were available to be issued.

NOTE 3 - MAINTENANCE ASSESSMENTS AND EXPENSES

Association members are subject to annual assessments to provide funds for the Association's operating expenses and future major repairs and replacements. During 2025, the combined annual assessment was $649, payable annually. Excess assessments at year end are retained by the Association for use in future periods. The maximum annual assessment is defined in the Association's governing documents.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association's primary source of revenue is member assessments, which are earned on assessable lots or parcels located within a small geographic area. Member assessments and related receivables are subject to significant concentration of credit risk, given that they are primarily from a small geographical area, which can be impacted by similar economic conditions. Member assessments may be secured by liens upon a member's property or legal judgments. The Association monitors the collectability of these receivables and pursues collection as needed. Should the Association's collection efforts be unsuccessful, the Association could incur losses up to the full amount due.

The Association places its cash deposits and investments with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage. At various times, deposits with these financial institutions, designated as cash, cash equivalents and investments, may exceed insurance coverage provided by the FDIC, or other types of insurance programs.

NOTE 5 - UNCERTAIN TAX POSITIONS

The Association accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Association recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax position for the year ending December 31, 2025.

The Association believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, net income or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain tax provisions at December 31, 2025.

The Association is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Association believes it is no longer subject to income tax examinations by U.S. federal tax authorities for years before 2023, or by Arizona state tax authorities for years before 2022.

NOTE 6 - INCOME TAXES

The Association has received from the Internal Revenue Service an exemption from federal income taxes under section 501(c)(4) of the Internal Revenue Code for exempt function income earned. A provision is made in the financial statements for income taxes on unrelated trade or business income earned, when required.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Association enters into various contracts for management, landscape and other services. Generally, all contracts are for one-year terms and can be canceled by either party with 30 to 90 day notifications.

NOTE 8 - REPLACEMENT FUND

The Association accumulates funds for future major repairs and replacements; at December 31, 2025, these funds were $71,567 and are held in separate accounts and are generally not available for operating purposes.

In 2025, the Association's Board of Directors engaged a firm to conduct a study to estimate the remaining useful lives and replacement costs of the common property components. The reserve study was completed on February 3, 2025. The Association is funding future major repairs and replacements based on the study's estimates of current replacement costs. Funding considerations include amounts previously designated for future major repairs and replacements. Actual expenditures, when incurred, may vary from the estimated amounts and the variations may be material. Accordingly, amounts designated for future major repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association may increase regular assessments up to the maximum annual assessment, levy special assessments, subject to member approval, or may delay major repairs and replacements until funds are available.

CASITA COLONY
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SUPPLEMENTARY
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CASITA COLONY RECREATION ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2025

The Association's Board of Directors engaged a firm to conduct a study to estimate the replacement costs of certain common property components. The study was completed on February 3, 2025. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

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

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Replacement Fund Balance December 31, 2025
Cabana	8 to 50	$ 15,350	$ -
Cabana Bathroom	10 to 50	15,970	-
Common Area	3 to 20	54,835	-
Entrance	10 to 50	5,840	-
Walk-Through	6 to 10	9,000	-
Furniture	5 to 20	11,420	-
Pool/Spa	8 to 30	16,368	-
Ramada		-	71,567
Total		$ 128,783	$ 71,567