COLLEGE GREENS EAST HOMEOWNERS ASSN. INC.

Financial Statements and Supplementary Information
Year Ended December 31, 2025

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KAREN A. HAHN CPA, INC.
CERTIFIED PUBLIC ACCOUNTANT, CERTIFIED VALUATION ANALYST, MASTER OF SCIENCE IN TAXATION
500 EAST CALAVERAS BLVD. SUITE 333, MILPITAS, CA 95035
OFFICE: 408.263.8888 FAX: 408.263.8808 WWW.KHAHNCPA.COM

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
College Greens East Homeowners Assn. Inc.

I have reviewed the accompanying financial statements of College Greens East Homeowners Assn. Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses and changes in fund balance 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 as a whole. Accordingly, I 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.

Accountant's Responsibility

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of College Greens East Homeowners Assn. Inc. and to me my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am 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

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 10 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. I have not audited, reviewed, or compiled the required supplementary information, and do not express an opinion, a conclusion, nor provide any assurance on it.

Karen A. Hahn

Karen A. Hahn
Certified Public Accountant

Milpitas, California
June 4, 2026

College Greens East Homeowners Association, Inc.
Balance Sheet
December 31, 2025
(reviewed)

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash & Cash Equivalents	$62,358	$55,913	$118,271
Investments	0	131,186	131,186
Assessments Receivable	6,469	0	6,469
Prepaid Taxes	63	0	63
Prepaid Insurance	3,400	0	3,400
Due From Reserve Fund	55,756	0	55,756
TOTAL ASSETS	$128,046	$187,099	$315,145
LIABILITIES & FUND BALANCE			
Accounts Payable	$437	$0	$437
Prepaid Income	59,559	0	59,559
Income Tax Payable	423	0	423
Barn Rental Deposit	6,550	0	6,550
Due To Operating Fund	0	55,756	55,756
Contract Liabilities	0	131,343	131,343
(Assessments received in advance-replacement fund)			
TOTAL LIABILITIES	66,968	187,099	254,067
FUND BALANCE	61,078	0	61,078
TOTAL LIABILITIES & FUND BALANCE	$128,046	$187,099	$315,145

College Greens East Homeowners Association, Inc.
Revenue, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2025
(reviewed)

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUE:			
Assessments	$77,822	$19,618	$97,440
Barns Rental Income	5,450	0	5,450
Interest Income	57	5,390	5,447
Miscellaneous Income	1,369	0	1,369
TOTAL REVENUE	84,699	25,008	109,707
EXPENSES:			
Accounting	3,641	0	3,641
Bad Debt	1	0	1
Grounds, Facilities	37,775	25,008	62,782
Insurance	12,649	0	12,649
Provision for Income Taxes	1,360	0	1,360
Legal	1,714	0	1,714
Property Taxes	19	0	19
Miscellaneous	2,107	0	2,107
Office Expense	4,111	0	4,111
Reserve Study	1,000	0	1,000
Utilities	16,529	0	16,529
TOTAL EXPENSES	80,904	25,008	105,912
Excess Revenue over Expenses	3,795	0	3,795
BEGINNING FUND BALANCE	57,284	0	57,284
ENDING FUND BALANCE	$61,078	$0	$61,078

See accompanying notes and accountant's report

College Greens East Homeowners Association, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2025
(reviewed)

	OPERATING FUND	REPLACEMENT FUND	TOTAL
Cash Flow from Operating Activities			
Indirect Method:			
Excess Revenue over Expenses	$3,795	$0	$3,795
Decrease (Increase) in Assessments Receivable	(4,370)	0	(4,370)
Decrease (Increase) in Prepaid Income Tax	(63)	0	(63)
Decrease (Increase) in Prepaid Insurance	9,202	0	9,202
(Decrease) Increase in Accounts Payable	(14,420)	0	(14,420)
(Decrease) Increase in Prepaid Income	17,522	0	17,522
(Decrease) Increase in Income Tax Payable	(1,207)	0	(1,207)
(Decrease) Increase in Barn Rental Deposit	4,950	0	4,950
(Decrease) Increase in Contract Liabilities (Assessments received in advance-replacement fund)	0	(4,267)	(4,267)
Total Adjustments	11,613	(4,267)	7,346
Total Cash Provided by Operations	15,408	(4,267)	11,141
Cash Flow (Used) Provided from Investment Activities:			
Decrease in Investments	0	24,657	24,657
BEGINNING CASH	46,950	35,523	82,473
ENDING CASH	$62,358	$55,913	$118,271

NOTE 1

The association made cash payments for income taxes of $2,629 for the year ended December 31, 2025.

College Greens East Homeowners Assn. Inc.
Notes to Financial Statements
December 31, 2025

Note A: Organization and Significant Accounting Policies

Organization

The Association was incorporated on March 6, 1974 in the state of California to provide for the orderly maintenance, preservation, and architectural control of the common areas within the development, which consists of 464 residential units located in Sacramento County, CA.

The Association derives its authority and responsibilities from its Declaration of Covenants, Conditions and Restrictions. An elected Board of Directors makes most policy decisions and oversees daily operation, but major decisions are referred to the general association membership.

Membership in the Association is mandatory for homeowners. Voting members consist of all owners. Each owner is obligated to pay annual assessments to the Association in support of its operations and purposes.

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.

Member Assessments

Association members are subject to annual 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 are 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 thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2025, the Association had delinquent assessments of $6,469. It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are $2,099 and $6,469 respectively.

College Greens East Homeowners Assn. Inc.
Notes to Financial Statements
December 31, 2025

Contract Liabilities (Assessments received in advance-replacement fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) 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 (assessments received in advance-replacement fund) as of the beginning and end of the year are $135,610 and $131,343 respectively.

Interest Income

Interest income is allocated to the operating and replacement fund in proportion to the interest-bearing deposits of each fund.

Income Taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2025, the Association was taxed as a homeowners' association. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its nonmembership income, such as interest earnings, at regular federal and state corporate rates. Income tax for the year ended December 31, 2025 is $1,360.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Capitalization Policy and Depreciation

The Association has not capitalized in the financial statements the common area real property acquired at its inception from the developer. This policy of non-capitalization is widely followed in the homeowners association industry as all beneficial rights of ownership belong to the unit owners and not to the Association.

Replacements and improvements to the real property are not capitalized for the same reasons described above. They are instead charged directly to either operating or restricted funds in the period they are incurred.

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.

Statement of Cash Flow Information

For purposes of the Statement of Cash Flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

College Greens East Homeowners Assn. Inc.
Notes to Financial Statements
December 31, 2025

Bad Debts

The Association uses the direct write-off method of recording bad debts. Although generally accepted accounting principles dictate the allowance method, the Association's minimal bad debt experience indicates the direct write-off method closely approximates the allowance method. The bad debts were zero for the year ended December 31, 2025.

Note B: Operating and Replacement Funds

The Association has placed funds in several different accounts as follows:

ACCOUNT	BALANCE 12/31/25	TYPE OF ACCOUNT	INTEREST RATE	MATURITY DATE
OPERATING FUNDS				
Columbia Bank	$ 38,164	Demand	none	
Columbia Bank	24,194	Money Market	0.07%	
TOTAL	$ 62,358			
REPLACEMENT FUND				
Columbia Bank	$ 55,913	Money Market	0.14%	
TOTAL	$ 55,913			
INVESTMENT FUNDS				
Columbia Bank	$ 23,240	Cert. Of Deposit	2.72%	not stated
Columbia Bank	53,973	Cert. Of Deposit	2.72%	not stated
Columbia Bank	53,973	Cert. Of Deposit	2.72%	not stated
TOTAL	$131,186			

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2025 totaled approximately $0.

Note C: Regular Assessments

During the fiscal year ended December 31, 2025, regular annual assessments were payable to the Association in annual payments of $210 for a total of $97,440.

The annual budget and owners' assessments are determined by the Board of Directors and the homeowners. Annual budgets are approved and assessments are divided between the operating fund to meet normal operating costs and contributions to the replacement funding program.

During the fiscal year ended December 31, 2025, $19,618 was budgeted to be placed in the restricted fund. $19,618 was actually placed in the restricted fund.

Delinquent assessments may be secured by a lien on the property against which the assessments are made, and the Association has the power to foreclose the property of any owner who fails to pay assessments.

It is the association's policy that any excess operating funds at the end of a fiscal year be applied to the following year's operating budget.

College Greens East Homeowners Assn. Inc.
Notes to Financial Statements
December 31, 2025

Note D: Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately $131,343 at December 31, 2025, are held in separate accounts and are generally not available for operating purposes.

The funding program was based on a study by Browning Reserve Group on September 22, 2025 for the period beginning January 1, 2026 to estimate the remaining useful lives and the replacement costs of the common property components. The estimates were obtained from licensed contractors who inspected the property.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, 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. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

Note E: Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 4, 2026, the date that the financial statements were available to be issued.

Note F: Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, certificates of deposit, accounts receivable, and accounts payable approximate their fair value due to the short term maturities of these instruments.

SUPPLEMENTARY INFORMATION

College Greens East Homeowners Association, Inc.
Supplementary Information on Future Major Repairs & Replacements
December 31, 2025
(unaudited)

The Association's board of directors had a study performed by Browning Reserve Group for the period beginning January 1, 2026 to estimate the remaining useful lives and the replacement cost of the components of common property. Replacement costs were based on the most probable component replacement costs and remaining useful lives as taken from industry resources. An inflation rate of 0.25% and an interest rate of 2.50% was assume

COMPONENT	USEFUL LIFE	REMAINING LIFE	REPLACEMENT COSTS
Concrete	1-30 yrs	0-13 yrs	$107,923
Painting: Exterior	5-10 yrs	1-6 yrs	35,373
Painting: Interior	10 yrs	3 yrs	5,863
Structural Repairs	10-30 yrs	1-28 yrs	30,116
Roofing	28 yrs	28 yrs	63,393
Rehab	20-25 yrs	10-15 yrs	44,028
Landscaping	1-20 yrs	0-8 yrs	18,358
Fencing	6-18 yrs	1-16 yrs	7,555
Retaining Wall	20 yrs	5 yrs	6,265
Lighting	15 yrs	12 yrs	4,800
Signage	15-20 yrs	2-19 yrs	5,730
Mechanical Equipment	12-15 yrs	2-5 yrs	20,276
Furnishings	1-5 yrs	0-2 yrs	8,728
Safety/Access	10 yrs	1 yr	7,500
Outdoor Equipment	18-20 yrs	4-10 yrs	67,472
Appliances	10-12 yrs	1 yr	4,000
Infrastructure	10-50 yrs	1 yr	42,709
Total			$480,089