

TREASURER'S SUMMARY OF THE 2025 AUDIT

June 28, 2026

The 2025 audit shows that the Association's finances are in good shape and have been properly managed. The auditors noted a few items that need attention, but none of them affect the accuracy of the financial statements or the overall health of our accounts.

Key Points Residents Should Know

- Our Statutory Reserve Fund is strong.

It is fully funded and managed to cover future roof and painting projects when they reach the end of their useful life.

- No supplemental reserve report was requested.

If the auditors had asked for additional reserve information, it would have been provided.

- Bank transitions may cause temporary high balance issues.

As we move from Synovus to SouthState, some accounts may briefly exceed FDIC insurance limits. This will be corrected once the transition is complete, and all balances will be reviewed with our accountant.

- Taxes were filed and paid correctly.

Our accountant filed the Association's tax return on April 1, 2026 and paid the required amount. A small discrepancy (\$63) in the draft audit will be reviewed, but no issues are expected.

- Reserve and operating fund balances will be adjusted.

The audit confirmed that the Reserve Fund owes \$62,420 to the Operating Fund. The Board previously created a Capital Expenditure Fund (CEF) for unexpected expenses to serve as a depository for this money. Transferring the full amount into the CEF may be the best option. This will be discussed with our accountant before any action is taken.

- Planning for the future continues.

A proposed 2027 budget will be ready for Board review this November and subsequently presented to the members. It will include updated reserve projections and reflect actual 2026 spending with adjustments for inflation. A ten-year plan is also being developed to ensure our reserves remain fully funded.

- Tax planning may help reduce future costs.

As our interest income increases, our taxable income may also rise. We will work with our accountant to see whether any elections are available to reduce our tax liability.

Jeffery F. Negle, Treasurer