DC RANCH ASSOCIATION, INC.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS THEN ENDED

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DC RANCH ASSOCIATION, INC.

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1734 E. Boston St., Suite 101 • Gilbert, AZ 85295
TEL: 480-497-1250 • FAX: 480-497-0622
www.ButlerHansen.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
DC Ranch Association, Inc.

Opinion

We have audited the accompanying financial statements of DC Ranch Association, Inc. (an Arizona Corporation), which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses and changes in fund balances 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 DC Ranch Association, Inc. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DC Ranch Association, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 DC Ranch Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 DC Ranch Association, Inc.'s internal 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 DC Ranch Association, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the DC Ranch Association, Inc.'s December 31, 2024, financial statements, and we expressed an unqualified opinion on those statements in our report dated April 29, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of revenues, expenses, and changes in fund balances, on pages 27 to 43, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements of common property, on pages 23 to 26, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 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.

Butler Hansen, PLC

Gilbert, Arizona
June 22, 2026

DC RANCH ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
ASSETS					
Cash and Cash Equivalents	$ 2,659,986	$ 7,086,789	$ 90,668	$ 9,837,443	$ 7,074,591
Restricted Cash - Tree Replacement	-	125,000	-	125,000	-
Investments	-	7,108,563	-	7,108,563	8,355,852
Accounts Receivable, Net of Allowance of $41,332 and $31,522, 2025 and 2024, Respectively	20,186	27,861	-	48,047	39,498
Other Receivables	55,112	-	-	55,112	1,421
Related Party Receivable - Covenant Commission	-	-	-	-	511
Accrued Interest Receivable	-	64,164	-	64,164	61,489
Prepaid Expenses	173,884	-	-	173,884	69,724
Inventory - Transponders	25,555	-	-	25,555	34,701
Property and Equipment, Net	-	-	66,280	66,280	8,158
Operating Lease Right-of-Use Assets	153,635	-	-	153,635	144,531
Interfund Balance	(161,840)	161,840	-	-	-
TOTAL ASSETS	$ 2,926,518	$ 14,574,217	$ 156,948	$ 17,657,683	$ 15,790,476
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 320,452	$ 1,491,032	$ -	$ 1,811,484	$ 414,944
Accrued Expenses	85,975	-	-	85,975	128,554
Related Party Payable - Community Council	384,655	-	-	384,655	319,964
Prepaid Assessments	300,755	-	-	300,755	205,266
Operating Lease Right-of-Use Asset Liability	153,635	-	-	153,635	144,531
TOTAL LIABILITIES	1,245,472	1,491,032	-	2,736,504	1,213,259
FUND BALANCES					
Operating Fund	1,681,046	-	-	1,681,046	1,194,115
Reserve Fund	-	13,083,185	-	13,083,185	13,284,276
Capital Fund	-	-	156,948	156,948	98,826
TOTAL FUND BALANCES	1,681,046	13,083,185	156,948	14,921,179	14,577,217
TOTAL LIABILITIES AND FUND BALANCES	$ 2,926,518	$ 14,574,217	$ 156,948	$ 17,657,683	$ 15,790,476

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
ASSESSMENTS					
Master Assessments	$ 4,560,857	$ -	$ -	$ 4,560,857	$ 4,380,141
Builder and Developer Assessments	87,169	-	-	87,169	106,590
Neighborhood Assessments	5,830,653	-	-	5,830,653	5,479,574
Arcadia at Silverleaf Neighborhood Assessment	-	-	-	-	73,250
Desert Haciendas Special Assessment	-	174,000	-	174,000	-
Clubhouse Cost Share - Master Operating	270,268	-	-	270,268	260,824
Clubhouse Cost Share - Country Club	183,463	-	-	183,463	179,280
Clubhouse Cost Share - Horseshoe	190,517	-	-	190,517	167,899
TOTAL ASSESSMENTS	11,122,927	174,000	-	11,296,927	10,647,558
NON-ASSESSMENT REVENUE					
Disclosure Fee (Lot Sales Fees)	102,500	-	-	102,500	93,500
Initial Working Capital Fee	44,194	-	-	44,194	3,281
Covenant Commission Cost-Sharing Revenue	6,155	-	-	6,155	6,931
Council Cost-Sharing Revenue	442,703	-	-	442,703	472,362
Fines, Fees, and Violation Fees	114,600	-	-	114,600	104,955
Gate Transponders	178,771	-	-	178,771	184,005
Maintenance Fees	52,626	-	-	52,626	52,626
Security Monitoring Unmanned Gates	46,080	-	-	46,080	46,080
Cell Tower Land Operating Lease Revenue	83,450	-	-	83,450	81,111
Interest	61,049	504,477	-	565,526	544,027
Gain on Asset Disposal	-	14,500	-	14,500	-
Other Income	17,189	-	-	17,189	17,018
TOTAL NON-ASSESSMENT REVENUE	1,149,317	518,977	-	1,668,294	1,605,896
TOTAL REVENUES	12,272,244	692,977	-	12,965,221	12,253,454
EXPENSES					
ADMINISTRATIVE					
Personnel Expense	3,034,353	-	-	3,034,353	3,050,233
Administration	366,725	-	-	366,725	166,472
Cost-Sharing Management Fee Expense	834,195	-	-	834,195	920,648
Information Technology	122,896	-	-	122,896	211,747
Human Resources	41,812	-	-	41,812	48,211
TOTAL ADMINISTRATIVE	4,399,981	-	-	4,399,981	4,397,311
MAINTENANCE					
Landscape Services	575,079	-	-	575,079	584,620
Facilities Maintenance	183,842	-	-	183,842	192,936
Utilities	711,123	-	-	711,123	710,247
Fleet	269,483	-	-	269,483	223,631
TOTAL MAINTENANCE	1,739,527	-	-	1,739,527	1,711,434
COMMUNITY PROGRAMS					
Security	2,864,961	-	-	2,864,961	2,697,836
Community Standards	3,156	-	-	3,156	1,566
Community Relations	18,039	-	-	18,039	12,052
TOTAL COMMUNITY PROGRAMS	2,886,156	-	-	2,886,156	2,711,454
GENERAL EXPENSE					
Insurance and Taxes	308,517	-	-	308,517	223,621
Depreciation	-	-	11,242	11,242	34,275
TOTAL GENERAL EXPENSE	308,517	-	11,242	319,759	257,896

(CONTINUED)

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
RESERVE EXPENDITURES					
Asphalt Pavement and Seal Coating Repairs	-	2,372,511	-	2,372,511	45,121
Gate Repairs	-	404,227	-	404,227	13,930
Stucco/Paint Building Exterior	-	80,439	-	80,439	316,616
Technology	-	77,456	-	77,456	2,940
Cameras	-	77,369	-	77,369	14,402
Signage	-	74,138	-	74,138	57,700
Concrete Sidewalks	-	50,271	-	50,271	10,879
Reserve Study	-	45,000	-	45,000	-
Roofing	-	24,875	-	24,875	20,633
Pest Control	-	21,900	-	21,900	-
Landscape Plants/Trees/Turf	-	12,575	-	12,575	43,539
Furniture Replacement	-	11,248	-	11,248	-
Shade Structures/Awnings	-	8,503	-	8,503	-
Landscape Improvement/Drainage	-	6,345	-	6,345	102,525
Water Heater	-	3,983	-	3,983	-
Playground Replace and Repair	-	2,970	-	2,970	-
Lighting	-	1,874	-	1,874	-
Wall and Fence Replace/Repair/Paint	-	152	-	152	121,147
Firewise Program	-	-	-	-	337,594
Water Features and Pond	-	-	-	-	29,887
Provision for Credit Loss Expense	-	-	-	-	15,645
TOTAL RESERVE EXPENDITURES	-	3,275,836	-	3,275,836	1,132,558
TOTAL EXPENSES	9,334,181	3,275,836	11,242	12,621,259	10,210,653
EXCESS REVENUES (EXPENSES)	2,938,063	(2,582,859)	(11,242)	343,962	2,042,801
FUND BALANCES, BEGINNING OF YEAR	1,194,115	13,284,276	98,826	14,577,217	12,534,416
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(2,451,132)	2,451,132	-	-	-
Fixed Asset Transfers	-	(69,364)	69,364	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(2,451,132)	2,381,768	69,364	-	-
ENDING FUND BALANCES	$ 1,681,046	$ 13,083,185	$ 156,948	$ 14,921,179	$ 14,577,217

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess Revenues (Expenses)	$ 2,938,063	$ (2,582,859)	$ (11,242)	$ 343,962	$ 2,042,801
Adjustments to Reconcile Excess Revenues (Expenses) to Cash Provided (Used) by Operating Activities					
Provision for Credit Loss Expense	9,810	-	-	9,810	(11,976)
Depreciation Expense	-	-	11,242	11,242	34,275
Accretion of Investment Discount	-	(24,286)	-	(24,286)	(21,867)
(Increase)/Decrease In					
Accounts Receivable	(10,732)	(7,627)	-	(18,359)	62,031
Other Receivables	(53,691)	-	-	(53,691)	50,127
Related Party Receivable - Covenant Commission	511	-	-	511	(274)
Accrued Interest Receivable	-	(2,675)	-	(2,675)	(15,733)
Prepaid Expenses	(104,160)	-	-	(104,160)	10,258
Security Deposits	-	-	-	-	2,206
Inventory - Transponders	9,146	-	-	9,146	(10,880)
Increase/(Decrease) In					
Accounts Payable	(2,383)	1,398,923	-	1,396,540	(55,797)
Accrued Expenses	(35,079)	(7,500)	-	(42,579)	(35,084)
Related Party Payable - Community Council	64,691	-	-	64,691	94,604
Prepaid Assessments	95,489	-	-	95,489	(69,698)
Net Cash Provided (Used) by Operating Activities	2,911,665	(1,226,024)	-	1,685,641	2,074,993
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property and Equipment	-	-	(69,364)	(69,364)	-
Purchase of Investments	-	(1,500,000)	-	(1,500,000)	(2,875,000)
Maturities of Investments	-	2,771,575	-	2,771,575	2,290,645
Net Cash Provided (Used) by Investing Activities	-	1,271,575	(69,364)	1,202,211	(584,355)
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributions to Reserve Fund	(2,451,132)	2,451,132	-	-	-
Fixed Asset Transfers	-	(69,364)	69,364	-	-
Change in Interfund Balance	141,280	(141,280)	-	-	-
Net Cash Provided (Used) by Financing Activities	(2,309,852)	2,240,488	69,364	-	-
NET INCREASE (DECREASE) IN CASH	601,813	2,286,039	-	2,887,852	1,490,638
CASH BALANCE, BEGINNING OF YEAR	2,058,173	4,925,750	90,668	7,074,591	5,583,953
CASH BALANCE, END OF YEAR	$ 2,659,986	$ 7,211,789	$ 90,668	$ 9,962,443	$ 7,074,591
SUPPLEMENTARY INFORMATION					
Income Taxes Paid	$ -	$ -	$ -	$ -	$ -
Interest Paid	$ -	$ -	$ -	$ -	$ -

SUPPLEMENTARY NON-CASH ITEMS

The Association has entered into operating lease agreement for vehicles, with a present value of the minimum lease payments of $153,635. See Note 14 of the accompanying notes to the financial statements.

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)

NOTE 1 - NATURE OF THE ORGANIZATION

DC Ranch Association, Inc. (the "Association" or "Ranch"), a non-stock homeowners association, was incorporated on September 6, 1996, 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. As of December 31, 2025, the Association consisted of 2,727 lots paying assessments. At December 31, 2025, homeowners owned 2,692 lots and builders and the developer owned 35 lots, and the Country Clubs were paying equivalent assessments for 159 lots. The Association is located in Scottsdale, Arizona. The Association is managed by a paid staff, with the Board of Directors providing oversight and policy governance. The Board of Directors also approves and implements an annual financial budget from which the Association operates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Fund Accounting</u>
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:

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

<u>Reserve Fund</u>
The Reserve Fund is used to account for the use and accumulation of funds for future major repairs and replacements.

<u>Capital Fund</u>
The Capital Fund is used to accumulate funds for new assets or major upgrades to existing capital assets.

<u>Assessments Receivable</u>
The annual budget and member assessments are approved by the Board of Directors. Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and future replacements. Assessments receivable at December 31, 2025 and 2024, represent fees due from homeowners. The Association accounts for receivables on the cost basis. Receivables are reviewed regularly, and the Association establishes an allowance for credit losses on receivables based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base have not changed significantly. The Association does not believe economic conditions have had an impact on the current expected credit losses. Accounts are written-off when a homeowner enters bankruptcy or foreclosure. Any excess assessments at year end are retained by the Association for use in the succeeding year.

<u>Prepaid Assessments and Revenue Recognition</u>
Payments received by the Association prior to the assessment due date are properly classified as Prepaid Assessments. These payments are recognized as revenue when the corresponding assessment is billed by the Association. Revenue from assessments, allocated to either the operating or reserve fund, is recognized as the performance obligation to maintain the community and to provide ongoing services is considered completed, generally on a monthly basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. At December 31, 2025, and 2024, all financial instruments are classified as Level I (inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets) within the fair value hierarchy.

Cash and Cash Equivalents

For statement of cash flows purposes, 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.

Use of 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, 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. Accordingly, actual results could differ from those estimates. Estimates for the allowance of credit losses for receivables are based on historical credit loss experience and the practical expedient that assumes the current conditions as of the balance sheet do not change for the remaining life of the receivables.

Property and Equipment

In accordance with American Institute of Certified Public Accountants guidelines, the Association capitalizes all common real property to which it has title or other evidence of ownership and either:

(1) can dispose of the property, at the discretion of the Board of Directors, for cash or claims to cash, and it can retain the proceeds,

- or -

(2) the property is used to generate significant cash flows from the members on the basis of usage.

The Association capitalizes personal property acquired with a purchase price of $5,000 or more and a life expectancy of three years or more. Purchased personal property and equipment is recorded at cost and depreciated using the straight-line depreciation method over the useful life of the property.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with property owners or other DC Ranch entities are satisfied. Generally, this satisfaction of performance obligations and transfer of controls occurs, and revenues are recognized, as services are provided to property owners. The amounts charged, and the amount of consideration the Association receives in exchange for its services provided, are established, and approved by the Board of Directors. The Association recognizes revenue through the following steps: identifying the contract with the member; identifying the performance obligations in the contract; determining the transaction prices; allocating the transaction price to the performance obligation; and recognizing revenue when or as each performance obligation is satisfied.

Interest Income

Interest income is generally allocated to each fund based on actual earnings from depository accounts maintained separately for each fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Association invests in Certificates of Deposit, U.S. Treasury obligations, and U.S. Government Sponsored Entity bonds with a reasonable effort to preserve capital, maximize return, and minimize loss. The Association's Board of Directors has resolved that all investments are intended to be held until maturity.

Inventory

Inventory, which consists of gate transponders, is valued at the lower of cost or net realizable value, with cost determined using the first-in, first-out (FIFO) basis.

Common Property

Certain land areas were contributed by the developer, upon completion of the project, at no cost to the Association; therefore, they are not reflected in the financial statements. The contributed areas consist of parks, streets, gates, gate houses, walls and fences, landscape, and landscape rights-of-way, which can never be sold or subdivided.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by fund balance class. Prior period summarized financial information has been presented for comparison with current period amounts. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2024, from which the summarized information was derived. While the summarized information in the current year financial statements from 2024 is not in conformance with GAAP, the December 31, 2024 financial statements were prepared in conformance with GAAP.

Date of Management's Review

Subsequent events have been evaluated through June 22, 2026, which is the date the financial statements were available to be issued.

Adoption of FASB ASU 326 Financial Instruments-Credit Losses Update No. 2025-05

The Association adopted FASB Accounting Standards Update No. 2025-05, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which modifies the measurement of current expected credit losses on certain financial statements. The Current Expected Credit Losses update provides a framework for estimating and recognizing credit losses on financial assets measured at amortized cost based on historical credit loss experience, current conditions, and reasonable forecasts of future cash flows at the end of a reporting period. The Association elected a practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Association is utilizing the modified retrospective transition method, meaning the new accounting principle is applied prospectively. The adoption of this Standard did not have a material impact on the Association's financial statements.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Association enters into various contracts for services. Generally, the contracts are for terms of one year or less and can be canceled by either party with 30-to-90-day notifications.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2025 and 2024:

	2025	2024
Assessments Receivable	$ 16,527	$ 18,219
Arcadia Tree Assessment Receivable	10,140	35,879
Desert Haciendas Assessment Receivable	33,366	-
Other Accounts Receivables	29,346	16,922
Total Gross Receivables	89,379	71,020
Less: Allowance for Credit Losses	(41,332)	(31,522)
Total Net Receivables	$ 48,047	$ 39,498

Provision for credit loss expense for the years ended December 31, 2025 and 2024, totaled $9,810 and ($11,976), respectively. At December 31, 2025 and 2024, an allowance for credit losses for accounts receivable was recorded in the amount of $41,332 and $31,522, respectively. Accounts receivable past due greater than 90 days at December 31, 2025 and 2024, totaled $69,177 and $26,945, respectively.

NOTE 5 - 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 judgements. 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. Management routinely assesses the collectability of these receivables and provides for an allowance for credit losses.

The Association places its cash deposits and investments with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage. The Association also maintains investment accounts in a brokerage account, which are covered up to $500,000, limited to $250,000 in cash, by the Securities Investor Protection Corporation (SIPC). At various times, deposits with these financial institutions, designated as cash and cash equivalents and investments, may exceed insurance coverage provided by the FDIC, SIPC, or other types of insurance programs.

NOTE 6 - CORPORATE INCOME TAX

During 2018, the Association applied for tax exempt status under Internal Revenue Code Section 501(a). The tax-exempt status was approved on June 4, 2019, with a retroactive date of August 9, 2018. The Association is classified as an exempt "social welfare" organization under Internal Revenue Code Section 501(c)(4) of the Internal Revenue Code.

For the years ended December 31, 2025 and 2024, federal and state income tax liabilities have not been accrued for unrelated trade or business earned income because they are not expected to have a material impact on the financial statements based on historical liabilities.

NOTE 7 - INVESTMENTS

The Association invests in Certificates of Deposit, U.S. Treasury obligations, and U.S. Government Sponsored Entity bonds. At December 31, 2025, and 2024, it held $7,108,563 and $8,355,852, respectively, in held-to-maturity investments. Held-to-maturity debt securities are reported at their amortized cost basis. For investments held in the year ended December 31, 2025, the annual interest rates range from 1.50% to 4.625% for the U.S. Treasury obligations, from 1.5% to 2.375% for the U.S. Government Sponsored Entity Bonds, and from 0.9% to 1.35% for the Certificates of Deposit. The investments at December 31, 2025, mature at various dates between 2026 and 2029. For investments held in the year ended December 31, 2024, the annual interest rates range from 2.875% to 4.625% for the U.S. Treasury obligations, from 1.5% to 2.375% for the U.S. Government Sponsored Entity Bonds, and from 0.9% to 1.70% for the Certificates of Deposit. The investments at December 31, 2024, mature at various dates between 2025 and 2028. The held-to-maturity debt securities are reported at their amortized cost basis and do not include accrued interest of $64,164 and $61,489, for the years ended December 31, 2025 and 2024, respectively, which is reported separately.

At December 31, 2025 and 2024, all financial instruments are classified as Level I (inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets) within the fair value hierarchy. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Ranch does not intend to sell the investments and it is unlikely that the Ranch will be required to sell the investments before they mature, the Ranch does not consider those investments to be other-than-temporarily impaired at December 31, 2025, and 2024.

Held-to-maturity investments consisted of the following at December 31, 2025 and 2024:

	2025	2024
U.S. Treasury Obligations	$ 4,875,000	$ 5,887,000
U.S. Government Sponsored Entity Bonds	1,500,000	1,500,000
Certificates of Deposit	750,000	1,000,000
Unaccreted Discount	(16,437)	(31,148)
Total Investments	$ 7,108,563	$ 8,355,852

The fair value of the investments is determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of held to maturity investments at December 31, 2025 and 2024, is determined as follows:

	2025	2024
Cost and Par Value	$ 7,125,000	$ 8,387,000
Less: Accreted Discount	(2,540)	(27,027)
Less: Unaccreted Discount	(16,437)	(31,148)
Unrealized Gains	85,697	43,538
Unrealized Losses	(38,269)	(134,196)
Total Fair Value	$ 7,153,451	$ 8,238,167

The Association's Board of Directors has resolved that all investments are intended to be held until maturity. Accordingly, the net unrealized gains and (losses) of $47,428 and ($90,658) as of December 31, 2025 and 2024, respectively, on these investments are (were) not recognized.

NOTE 7 – INVESTMENTS (CONTINUED)

The following table presents the fair value hierarchy for the balances of all investments of the Association measured at fair value on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Obligations	$ 4,937,150	$ -	$ -	$ 4,937,150
U.S. Government Sponsored Entity Bonds	1,478,312	-	-	1,478,312
Certificates of Deposit	737,989	-	-	737,989
Total Investments	$ 7,153,451	$ -	$ -	$ 7,153,451

The following table presents the fair value hierarchy for the balances of all investments of the Association measured at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Obligations	$ 5,839,426	$ -	$ -	$ 5,839,426
U.S. Government Sponsored Entity Bonds	1,435,268	-	-	1,435,268
Certificates of Deposit	963,473	-	-	963,473
Total Investments	$ 8,238,167	$ -	$ -	$ 8,238,167

NOTE 8 - ASSESSMENT REVENUE RECOGNITION

Assessments and Related Fees – Under FASB ASC 606, the Association's governing documents and operating budgets create a contract between the Association and its members. When the Association collects an assessment from members, it creates enforceable rights and obligations. The Association's primary revenue source is generated through the levy of assessments, fines, dues, and fees of members. The use of operational assessments is for maintenance and management of common property and related member services and represents the output of the Association's normal activities. The funding of operational assessments allows the Association to provide services to its members. The Association's obligation to provide services to members generally represents a single performance obligation representing a series of distinct services that are substantially the same and have the same pattern of transfer of goods and services to the member that is satisfied over time as members simultaneously receive and consume the benefits provided.

The Association's performance obligation related to its annual assessments billed on a periodic basis is satisfied over time on a daily pro-rata basis using the input method. Provided member services are non-refundable and there are no return obligations. No significant remaining performance obligations exist as of December 31, 2025, and 2024. There is no variable pricing associated with provided services. Assessments received in advance of the budgeted and billed assessments are recorded as a liability as prepaid assessments until the time services will be provided to the members.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding homeowners' assessments. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are ninety days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. There is no maximum annual assessment defined in the Association's governing documents.

NOTE 8 - ASSESSMENT REVENUE RECOGNITION (CONTINUED)

At December 31, 2025 and 2024, the Association had delinquent assessments of $60,033 and $54,098, respectively. It is the opinion of the Board of Directors that the Association will ultimately prevail against the majority of the homeowners with delinquent assessments.

The Association treats uncollectible assessments as variable consideration. 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 $54,098 and $60,033, respectively.

Ranch Master Assessments
Association members are subject to monthly assessments for the Ranch Master, which are used to pay for the Ranch Master operating expenses, major repairs, and future replacements. The annual rates for 2025 and 2024 were $1,699.80 and $1,640.40, respectively, which were billed in monthly installments of $141.65 and $136.70, respectively.

Neighborhood Assessments
Certain neighborhoods are subject to an annual Neighborhood Assessment, which is paid in monthly installments. Neighborhood Assessments for one-time projects or programs are not included in this schedule of assessments. Below are the 2025 and 2024 Annual and Monthly Neighborhood Assessments:

2025 and 2024 Annual and Monthly Neighborhood Assessments

	2025		2024	
	Annual	Monthly	Annual	Monthly
Desert Haciendas	$ 2,362.80	$ 196.90	$ 2,114.40	$ 176.20
Terrace Homes - West	$ 1,900.20	$ 158.35	$ 1,791.00	$ 149.25
Park & Manor	$ 1,663.20	$ 138.60	$ 1,402.20	$ 116.85
Country Club	$ 2,210.40	$ 184.20	$ 2,160.00	$ 180.00
The Estates	$ 1,339.20	$ 111.60	$ 1,182.00	$ 98.50
Terrace Homes - East	$ 1,791.60	$ 149.30	$ 1,778.40	$ 148.20
Rosewood	$ 2,117.40	$ 176.45	$ 2,014.20	$ 167.85
Camelot	$ 1,597.20	$ 133.10	$ 1,488.00	$ 124.00
The Haciendas	$ 1,657.80	$ 138.15	$ 1,498.20	$ 124.85
Market Street Villas	$ 6,589.80	$ 549.15	$ 6,311.40	$ 525.95
Montelana	$ 2,215.80	$ 184.65	$ 2,004.00	$ 167.00
Windgate	$ 3,278.40	$ 273.20	$ 3,318.00	$ 276.50
Arcadia at Silverleaf	$ 6,067.80	$ 505.65	$ 5,056.80	$ 421.40
Horseshoe Canyon	$ 2,506.80	$ 208.90	$ 2,209.20	$ 184.10
Sterling Villas	$ 120.00	$ 10.00	$ 2,196.00	$ 183.00
Icon	$ 2,628.00	$ 219.00	$ 120.00	$ 10.00
Pioneer	$ 1,430.40	$ 119.20	$ 1,192.20	$ 99.35

NOTE 8 - ASSESSMENT REVENUE RECOGNITION (CONTINUED)

Builder and Developer Assessments

Builders and developers are assessed monthly at a rate of 100% of the annualized master and neighborhood assessment rates. For the years ending December 31, 2025 and 2024, the Association billed assessments to builders and developers in the amount of $87,169 and $106,590, respectively.

NOTE 9 - 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 period. 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 10 - PROPERTY AND EQUIPMENT - CAPITAL FUND

Depreciable Property and Equipment in use as of December 31, 2025 and 2024, consisted of the following:

	2025	2024
Equipment	$ 132,229	$ 132,229
Vehicles	297,813	228,449
Total Property and Equipment Cost	430,042	360,678
Less: Accumulated Depreciation	(363,762)	(352,520)
Net Property and Equipment	$ 66,280	$ 8,158

Depreciation expense for the years ending December 31, 2025 and 2024, was $11,242 and $34,275, respectively.

NOTE 11 - COMPENSATED BALANCES

Regular, full-time employees of the Association are entitled to certain employee benefits after 60 days of continuous employment. Vacation time is accrued per pay period and based on the length of service of the employee. Vacation time can be carried over to a new calendar year, ranging from 80-160 hours, based on length of service. Any unused, accrued vacation time is paid out to employees at the time of termination. For the years ending December 31, 2025 and 2024, the Association recorded accrued vacation of $55,581 and $55,581, respectively.

NOTE 11 - COMPENSATED BALANCES (CONTINUED)

Full-time employees begin accruing paid sick time after 60 days of employment. Sick time is accrued at a rate of 1.54 hours per week worked (10 days per year). Part time, temporary and seasonal employees begin accruing paid sick time after 60 days of employment. Sick time is accrued at a rate of 0.0334 hours per hour worked per pay cycle up to a maximum of 40 hours per year. Sick time is not paid out when employment terminates.

NOTE 12 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. At December 31, 2025 and 2024, funds accumulated for this purpose totaled $13,083,185 and $13,284,276, respectively. The funds 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 studies to estimate the remaining useful lives and replacement costs of the common property components. The reserve studies were completed in October 2025 and November 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.

NOTE 13 - CELL TOWER LAND OPERATING LEASE REVENUE

The Association entered into two, non-cancellable, ten-year land lease agreements with unrelated third parties who have the purpose of building and maintaining distributed antenna systems (i.e., "cell towers"), which are renewable under the specific terms of those agreements.

<u>Tower Asset Group, LLC, and Verizon Land Lease</u> - Under the terms of the lease agreement with Tower Asset Group, LLC, the tenant agreed to pay the Association 50% of the initial $2,400 lease it obtains from Verizon for the land on which cell towers are operated. The $1,200 monthly revenue, effective October 1, 2012, increases at an annual rate of 2.5% over the prior year's rate throughout the initial term and any subsequent terms. This lease agreement has provisions for up to four consecutive five-year extensions, provided that the tenant exercises the option to extend and is current on lease obligations to the Association. The initial ten-year lease was renewed on October 1, 2022, for five years, ending on September 30, 2027.

<u>Crown Castle Solutions Corp. Land Lease</u> - Under the terms of the lease agreement with Crown Castle Solutions Corp., formerly New Path Networks, LLC, the tenant agrees to pay the Association an annual rate of $3,183 per each of the 13 nodes for the first lease year, effective April 28, 2010, increasing at a 3% annual rate per lease year for the initial term of 10 years and any subsequent terms for land on which cell towers are operated. This lease agreement has provisions for up to two consecutive five-year extensions, provided that the tenant exercises the option to extend and is current on lease obligations. The current lease, renewed on May 1, 2025, is in year 1 of the second 5-year renewal and will expire April 30, 2030.

NOTE 13 - CELL TOWER LAND OPERATING LEASE REVENUE (CONTINUED)

For the years ended December 31, 2025 and 2024, the Association recorded $83,450 and $81,111, respectively, of operating lease revenue. Approximate future minimum lease payments to be received under operating leases as of December 31, 2025 are:

Operating Lease Annual Cash Flows			
Years Ending December 31,	Tower Asset Group	Crown Castle	Total
2026	$ 19,975	$ 67,400	$ 87,375
2027	15,260	69,422	84,682
2028	-	71,505	71,505
2029	-	73,650	73,650
2030	-	25,287	25,287
Total Cash Flow	$ 35,235	$ 307,263	$ 342,498

NOTE 14 - OPERATING LEASE OBLIGATIONS

The Association leases various equipment, vehicles and office space under operating lease agreements that expire at various dates through 2029. The Association assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less or those that are considered immaterial are not recorded on the balance sheet. Future lease expense for reporting purposes does not include variable costs not tied to an index, such as taxes, insurance, and CAM costs. The leases have remaining lease terms of 1 to 4 years.

In the years ended December 31, 2025 and 2024, the Association recorded the office lease and fleet leases as a Right-of-Use Asset and Operating Lease Liability in the amount of $153,635 and $148,167, respectively. The Association leases vehicles for specified lease terms at current market rates for the maintenance and landscape staff under a Master Lease Agreement, effective January 31, 2025. In the year ended December 31, 2025, the monthly base lease rates ranged from $331.66 to $807.40 for the 18 leased vehicles, depending on the type of vehicle and when the vehicle was leased.

Total expense under operating leases was approximately $164,000 and $177,000 for the years ending December 31, 2025 and 2024, respectively. The average remaining lease terms for the operating leases at December 31, 2025 and 2024, are 12 and 11 months, respectively.

The operating leases in the calculation below have remaining lease terms of one to four years:

	2025	2024
Operating Leases		
Operating Lease Right-of-Use Assets	$ 153,635	$ 144,531
Operating Lease Liabilities - Current	$ 67,838	$ 82,638
Operating Lease Liabilities - Long-Term	85,798	61,893
Total Operating Lease Liabilities	$ 153,635	$ 144,531

NOTE 14 - OPERATING LEASE OBLIGATIONS (CONTINUED)

The minimum future lease payments under the operating leases at December 31, 2025, are as follows:

2026	$ 67,838
2027	49,616
2028	24,141
2029	12,040
Total Obligations	$ 153,635

NOTE 15 - COST-SHARING AGREEMENT MANAGEMENT FEE AND REVENUE RECOGNITION

DC Ranch Community Council (the "Council"), DC Ranch Association (the "Association") and The Covenant Commission are components of the "Property" known as DC Ranch. During the course of the year, through a cost sharing agreement, the related parties share various business expenses, such as office space and payroll. Under the current cost sharing agreement effective for the year ended December 31, 2025, the Ranch pays Council, and the Covenant pays the Ranch a monthly net reimbursement fee approved by the Executive Directors of the Council and Ranch and President of the Covenant. The actual costs for each entity are reviewed at year end and the expense reimbursement fees are adjusted based on the actual expenses incurred during the year.

Ranch is delegated the responsibility for collections. As a result, the Ranch acted as an agent between the Council and homeowners and builders paying assessments. The funds collected by the Ranch are subsequently transferred to the Council each month.

Although the three DC Ranch Community entities bill each other on a net basis for convenience purposes, the gross allocations for revenues and expenses are being reported in the financial statements.

For the year ended December 31, 2025, the gross shared-cost revenue and expenses are as follows:

	Shared-Cost Revenue				Shared-Cost Expense			Net
	From Council	From Ranch	From Covenant	Total	Incurred by Council	Incurred by Ranch	Total	
Council	$ -	$ 834,195	$ 164,943	$ 999,138	$ -	$ (442,703)	$ (442,703)	$ 556,435
Ranch	442,703	-	6,155	448,858	(834,195)	-	(834,195)	(385,337)
Covenant	-	-	-	-	(164,943)	(6,155)	(171,098)	(171,098)
Total	$ 442,703	$ 834,195	$ 171,098	$1,447,996	$ (999,138)	$ (448,858)	$ (1,447,996)	$ -

For the year ended December 31, 2024, the gross shared-cost revenue and expenses are as follows:

	Shared-Cost Revenue				Shared-Cost Expense			Net
	From Council	From Ranch	From Covenant	Total	Incurred by Council	Incurred by Ranch	Total	
Council	$ -	$ 920,648	$ 174,874	$1,095,522	$ -	$ (472,362)	$ (472,362)	$ 623,160
Ranch	472,362	-	6,931	479,293	(920,648)	-	(920,648)	(441,355)
Covenant	-	-	-	-	(174,874)	(6,931)	(181,805)	(181,805)
Total	$ 472,362	$ 920,648	$ 181,805	$1,574,815	$ (1,095,522)	$ (479,293)	$ (1,574,815)	$ -

NOTE 15 - COST-SHARING AGREEMENT MANAGEMENT FEE AND REVENUE RECOGNITION (CONTINUED)

For the years ended December 31, 2025, and 2024, the gross and net shared-cost revenue and expenses for the Ranch are as follows:

	2025	2024
Revenue from Council	$ 442,703	$ 472,362
Less Expense to Council	(834,195)	(920,648)
Net billed Ranch/Council	(391,492)	(448,286)
Revenue from Covenant	6,155	6,931
Total Net Billings	$ (385,337)	$ (441,355)

The largest shared expense relates to the payroll and benefits of employees shared between the Council and the Ranch. The Council and the Ranch use their own payroll providers to pay their employees, then allocate the costs based on the cost sharing agreement. For the years ended December 31, 2025 and 2024, the Ranch allocated approximately $295,865 and $290,264, respectively, of payroll costs to the Council and $3,979 and $3,979, respectively to the Covenant. For the years ended December 31, 2025 and 2024, the Council allocated approximately $629,951 and $740,217, respectively, of payroll costs to the Ranch.

The Ranch recognizes revenue it earns through the cost-sharing agreements from other DC Ranch entities to be compensated for the operating expenses it incurs to maintain and preserve the community. The three entities bill each other monthly on a net basis based on the annual budget, which is reconciled to actual expense after year end. The cost-sharing revenue is recognized as the related performance obligation is satisfied for transaction amounts expected to be collected. The Ranch performance obligation related to cost-sharing revenue, billed on a periodic basis, is satisfied over time on a daily pro-rata basis using the input method. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the Council and Covenant. Under the cost-sharing agreement no additional fees above the actual costs are billed to the other organizations. Therefore, there are no excess cost-sharing revenues at year end.

NOTE 16 - MASTER AND NEIGHBORHOOD CLUBHOUSE COST SHARE REVENUE RECOGNITION

The Association collects assessments from The Country Club at DC Ranch and The Silverleaf Club for the lots that were acquired by these entities for the purpose of building and maintaining Country Club facilities. The Country Club at DC Ranch pays equivalent master and neighborhood assessments for 83 lots under the Declaration of Easements and Covenant to Share Costs for The Country Club at DC Ranch and DC Ranch Association, Inc., effective April 1, 2000. The Silverleaf Club pays equivalent master and neighborhood assessments for 76 lots under the Declaration of Easements and Covenant to Share Costs for The Silverleaf Club and DC Ranch Association, Inc., effective November 22, 2004.

The use of the clubhouse cost share revenue is for maintenance and management of shared common property and related member services and represents the output of the Association's normal activities. The funding of the shared costs revenue allows the Association to provide services to its members. The Association's obligation to provide services to members generally represents a single performance obligation representing a series of distinct services that are substantially the same and have the same pattern of transfer of goods and services to the member that is satisfied over time as members simultaneously receive and consume the benefits provided.

NOTE 16 - MASTER AND NEIGHBORHOOD CLUBHOUSE COST SHARE REVENUE RECOGNITION (CONTINUED)

The Association applies the inputs method based on resources consumed and labor hours incurred to measure its progress towards satisfactorily completing its performance obligations to transfer each distinct delivery of services to the members. Provided member services are non-refundable and there are no return obligations.

These in-lieu of assessments for shared costs are as follows for the years ended December 31, 2025 and 2024:

Clubhouse Cost Share Revenue for Year Ended December 31, 2025

	# Lots	Master	Country Club Neighborhood	Horseshoe Canyon Neighborhood	Total
The Country Club at DC Ranch	83	$ 141,083	$ 183,463	$ -	$ 324,547
The Silverleaf Club	76	129,185	-	190,517	319,702
Total		$ 270,268	$ 183,463	$ 190,517	$ 644,248

Clubhouse Cost Share Revenue for Year Ended December 31, 2024

	# Lots	Master	Country Club Neighborhood	Horseshoe Canyon Neighborhood	Total
The Country Club at DC Ranch	83	$ 136,153	$ 179,280	$ -	$ 315,433
The Silverleaf Club	76	124,670	-	167,899	292,570
Total		$ 260,824	$ 179,280	$ 167,899	$ 608,003

NOTE 17 - RELATED PARTY TRANSACTIONS

DC Ranch Association (the “Association”), DC Ranch Community Council (the “Council”) and The Covenant Commission comprise the principal components of the “Property” known as DC Ranch. During the year, through a cost sharing agreement, the related parties share various business expenses, such as office space and payroll. Under the current cost sharing agreement, the Council pays the Association, and the Covenant Commission pays the Association a monthly expense reimbursement fee approved by the Directors. The actual costs for each entity are reviewed at year end and the expense reimbursement fees are adjusted based on the actual expenses incurred during the year.

For the year ended December 31, 2025, the gross shared cost management fee revenue from Council was $442,703 and the related shared-cost management fee was $834,195, a net expense amount of $391,492, which is described in more detail in Note 15 - Cost-Sharing Agreement for Management Fee. For the year ended December 31, 2024, the gross shared cost management fee revenue from Council was $472,362 and the related shared-cost management fee was $920,648, a net expense amount of $448,286, which is described in more detail in Note 15 - Cost-Sharing Agreement for Management Fee.

The Association had a payable balance to the Council of $384,655 for the year ended December 31, 2025, and had payable and receivable balances from the Council and the Covenant Commission of $319,964 and $511, respectively, for the year ended December 31, 2024.

NOTE 18 - RETIREMENT PLANS

The Association's regular, full-time employees have the opportunity to participate in a 401(k)-retirement plan after 90 days of employment. Participating employees may elect to contribute, on a tax deferred basis, a portion of their compensation. The Association matches 50% on the first 6% of employee contributions. The Association made matching contributions to the plan of approximately $15,000 and $23,000 for the years ending December 31, 2025 and 2024, respectively.

NOTE 19 - ARCADIA AT SILVERLEAF NEIGHBORHOOD TREE ASSESSMENT REVENUE

Each property within Arcadia at Silverleaf is governed by the Amended and Restated Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel T7, Supplement to the Covenant, and Airport Notification, recorded in the Official Records of the Maricopa County Recorder's Office at Instrument No. 2005-0413369 ("Arcadia Supplemental Declaration"). Regarding the cost of the Street Trees in the Arcadia Neighborhood, the Arcadia Supplemental Declaration expressly provides that the Street Tree expenses are common expenses shared proportionately by all Arcadia Neighborhood Owners as a "Neighborhood Assessment." See Arcadia Supplemental Declaration at Section 8(b).

The Arcadia Street Tree Replacement Program is an initiative based on the expert opinions of four independent, certified arborists that have concluded that the actual (and potential for) root related damage is significant and recommend removal of the sissoo trees as "the best option" to prevent certain damage to the City's utility assets and homes, as well as the pipes, irrigation lines, streets, walls, pools, sidewalks, curbing, driveways, yards, patios, and other property owned by the Association and homeowners. The Arcadia Street Tree Replacement Program is being completed in several phases, beginning with those Owners who request priority removal – and ultimately ending with the goal to replace all destructive sissoo trees with the Chinese Evergreen Elm species approved by the City of Scottsdale, Covenant Commission, and Community Council.

Regardless of what phase the tree replacement occurs in, all related expenses shall be paid by the Arcadia Neighborhood Owners as a Neighborhood Assessment. Ultimately, it is the Association's intent to save the Arcadia Owners what it believes will be a far greater expense of damage that will be inevitably caused by these destructive trees if they are not replaced.

There are a total of 675 streetscape trees that must be addressed. Due to the lawsuit by an owner in Arcadia, the Ranch Association is required to work with individual homeowners to remove/replace the trees. The Ranch Association is in Phase 4 of the process which is planned for Fall 2025.

The Arcadia at Silverleaf Neighborhood Tree Assessment is either billed at the completion of each Phase or is included in the operating budget and provides funds for the removal and replacement of streetscape trees and related irrigation costs. The Neighborhood Tree Assessment revenue allocated to the reserve funds is recognized as the related performance obligation is satisfied for transaction amounts expected to be collected. The Association's performance obligation related to the Neighborhood Tree Assessment is met when the expenses are incurred for each Phase of the project.

The costs incurred by the Arcadia at Silverleaf Reserve Fund for the effort in the year ended December 31, 2025, was $0. The litigation related to this program was settled in 2025. See Note 20.

NOTE 20 - LITIGATION

Residents of the Silverleaf-Arcadia neighborhood in the Association filed a Complaint against the Association regarding sissoo trees in the Association. In May of 2025, the parties resolved the lawsuit through mediation and entered into a settlement agreement. Below is a summary of the settlement agreement.

As for the Sissoo trees located on the three (3) common area parks in the Silverleaf-Arcadia neighborhood ("Park Trees"), the Association agreed not to remove or replace any Park Trees unless a Park Tree dies or the Arborist Expert determines, for any other reason, that such trees must be removed as a last resort, in which case the Park Tree will be replaced with another Sissoo tree that is at least 14 feet tall and 4 inches in diameter, provided the City of Scottsdale allows the planting of a Sissoo tree.

As for the Sissoo trees located at the two (2) common area front and back entrances into the Silverleaf-Arcadia Neighborhood ("Entry Trees"), the Association agreed not to remove or replace any Entry Tree unless such Entry Tree dies or there is evidence that an Entry Tree's root structure is causing damage to Association or homeowner property or a homeowner complains about such Entry Tree, and, after inspecting such Entry Tree, the Arborist Expert determines that the Entry Tree must be removed to address and/or prevent such damage. If the Arborist Expert determines that an Entry Tree must be removed (as a "last resort"") for those reasons, the Entry Tree will be replaced with another Sissoo tree provided the City of Scottsdale allows the planting of a Sissoo tree with the best available root containment system.

As for Sissoo trees that are not Park or Entry Trees or Sissoo trees that are planted within an individual Lot's perimeter walls ("Street Trees"), the parties agreed that the Association may proceed with its Street Tree Replacement Program with respect to such Street Trees, as amended by and subject to the following requirements:

1. Street Trees will be evaluated by an independent professional arborist to evaluate and assess the health of each Street Tree, determine whether any specific maintenance needs to be performed upon such Street Tree, and determine whether it poses a hazard or danger to the adjacent homes, existing infrastructure or community. The arborist' fees shall be paid for by the Association out of Neighborhood Assessments. The Arborist Expert shall perform inspection of each Street Tree no more than one time every two (2) years.

2. Replacement of Street Trees will be coordinated with the independent arborist and Lot Owner. If a Lot Owner wishes to retain their Street Trees after the arborist recommends replacement, they may do so if they agree to be solely responsible for any damage subsequently caused by the Street Tree to their property (from the curb in) or to any adjoining neighbor's properties (from the curb in).

3. At any time, property owners may elect to remove all of the Street Trees from their property at their own cost. Removal and replacement of any Street Tree shall only be funded via a Neighborhood Assessment if the Arborist Expert recommended that such Street Tree be removed as a last resort.

The Association agreed to pay the residents who filed the Complaint $125,000.00. The residents contributed the entire $125,000.00 for the purpose of establishing a Sissoo Tree Relief Fund for the sole purpose of repairing damage on private Lots caused by Street Trees, excluding damage caused by Street Trees that remain on Owners' Lots against the Arborist Expert's recommendations. The Tree Fund will be funded solely through the payment set forth above and shall not be replenished once it is exhausted. Once the Tree Fund is exhausted, any future repairs will be funded by Neighborhood Assessments.

NOTE 21 - SPECIAL ASSESSMENT – DESERT HACIENDAS ROAD RECONSTRUCTION PROJECT

During 2025, the Board of Directors approved a special assessment for the road reconstruction project in the Desert Haciendas neighborhood. On October 1, 2025, all lots were charged a special assessment of $2,000. In accordance with FASB ASC 606, the Association recognizes special assessment revenue as the related performance obligations are satisfied, which in this case is as the related expense is incurred. During the year ended December 31, 2025, the Association recorded special assessment revenue in the amount of $174,000. As of December 31, 2025, special assessment receivables totaled $33,366.

DC RANCH ASSOCIATION, INC.

SUPPLEMENTARY
INFORMATION

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DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2025

The Association's Board of Directors authorized management to engage an independent consulting company to perform updated studies to estimate the remaining useful lives and the replacement costs of the components of property and improvements. The studies were completed in October and November 2025, and are the basis for future requirements presented in this schedule. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the studies. Estimated current replacement costs have not been revised since the date of the studies and do not take into account the effects of inflation between the date of the studies and the date that the components will require repair or replacement. The following table is based on these studies and presents significant information about the components of common property.

Component	Current Remaining Life (Years)	Estimated Current Replacement Cost	Reserve Fund Balance December 31, 2025
Master Association			
Vehicles	1 to 5	$ 130,000	$ -
Painting	0	100,000	-
Walls and Fencing	0	60,000	-
Security	0 to 2	63,500	-
Electronics	0 to 8	178,820	-
Maintenance	0 to 4	196,000	-
Office	0 to 3	41,000	-
Grounds	0 to 7	360,000	-
Unallocated		-	1,163,206
Total Master Association		1,129,320	1,163,206
Desert Haciendas			
Asphalt	1 to 29	693,469	-
Painting	1 to 4	63,000	-
Fencing/Walls	4	7,500	-
Center Park	0 to 16	112,200	-
Ironwood Bend Park	16	2,200	-
Entrance	0 to 15	60,500	-
Grounds	0 to 8	74,700	-
Unallocated		-	138,942
Total Desert Haciendas		1,013,569	138,942
Terrace Homes - West			
Asphalt	0 to 10	359,793	-
Painting	0 to 5	37,500	-
Fencing/Walls	0	5,000	-
Center Park	0 to 16	123,400	-
Entrance	0 to 15	60,500	-
Grounds	0 to 14	63,500	-
Unallocated		-	298,801
Total Terrace Homes - West		649,693	298,801
Terrace Homes - East			
Asphalt	0 to 10	497,634	-
Painting	1	31,100	-
Fencing/Walls	0	5,000	-
Center Park	0 to 16	94,800	-
Entrance	0 to 15	60,500	-
Grounds	0 to 14	59,000	-
Unallocated		-	351,362
Total Terrace Homes - East		748,034	351,362

(CONTINUED)

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2025

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Reserve Fund Balance December 31, 2025
Country Club			
Asphalt	0 to 33	4,892,738	-
Painting	4	60,000	-
Fencing/Walls	4	25,000	-
Happy Hollow Park	16	2,500	-
West Gate Entrance	0 to 14	70,000	-
East Gate Entrance	7 to 14	39,000	-
Guardhouse	0	15,000	-
West Gate Guardhouse	1 to 8	48,720	-
East Gate Guardhouse	1 to 8	48,720	-
Grounds	0 to 8	256,000	-
Unallocated		-	1,205,700
Total Country Club		5,457,678	1,205,700
The Estates			
Asphalt	0 to 16	637,135	-
Painting	0 to 1	44,500	-
Fencing/Walls	0	7,500	-
Center Park	0 to 16	111,450	-
Entrance	0 to 15	60,500	-
Grounds	0 to 8	71,700	-
Unallocated		-	331,421
Total The Estates		932,785	331,421
Park & Manor			
Asphalt	1 to 3	845,624	-
Painting	0 to 1	65,000	-
Fencing/Walls	17	5,000	-
Center Park	0 to 16	101,875	-
Canyon View Park	0 to 4	7,000	-
North Park	0 to 6	106,625	-
Entrance	0 to 15	60,500	-
Grounds	0 to 8	90,500	-
Unallocated		-	672,326
Total Park & Manor		1,282,124	672,326
Rosewood			
Asphalt	0 to 8	176,121	-
Painting	4	23,650	-
Fencing/Walls	0	5,000	-
Center Park	16	4,300	-
Entrance	0 to 15	60,500	-
Grounds	0 to 14	29,800	-
Unallocated		-	114,031
Total Rosewood		299,371	114,031
Pioneer			
Asphalt	0 to 12	374,660	-
Painting	4	30,000	-
Fencing/Walls	4	3,000	-
Grounds	0 to 6	24,500	-
Unallocated		-	307,216
Total Pioneer		432,160	307,216

(CONTINUED)

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2025

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Reserve Fund Balance December 31, 2025
Sterling Villas			
Painting	5	30,000	-
Fencing/Walls	5	10,000	-
Lighting	7	15,000	-
Grounds	0 to 4	32,000	-
Unallocated		-	37,031
Total Sterling Villas		87,000	37,031
Camelot			
Asphalt	0 to 12	846,461	-
Painting	0	215,000	-
Fencing/Walls	0	15,000	-
Parks	16	6,800	-
93rd Place Entrance	0 to 7	60,500	-
94th Way Entrance	0 to 7	60,500	-
Grounds	0 to 4	79,000	-
Unallocated		-	821,486
Total Camelot		1,283,261	821,486
The Haciendas			
Asphalt	0 to 6	734,436	-
Painting	0	75,000	-
Fencing/Walls	0	100	-
Parks	16	5,600	-
Entrance	0 to 15	60,500	-
Grounds	0 to 14	68,500	-
Unallocated		-	433,110
Total The Haciendas		944,136	433,110
Market Street Villas			
Asphalt	1 to 3	457,894	-
Roofs	5 to 21	2,987,800	-
Buildings	0 to 9	90,441	-
Painting	7	321,755	-
Fencing/Walls	7	10,000	-
Center Park	16	5,800	-
Entrance	0 to 15	60,500	-
Grounds	1 to 14	60,400	-
Unallocated		-	1,513,574
Total Market Street Villas		3,994,590	1,513,574
Montelena			
Asphalt	0 to 12	370,042	-
Painting	4	47,000	-
Fencing/Walls	4	5,000	-
Center Park	16	2,600	-
Entrance	0 to 15	60,500	-
Grounds	0 to 14	36,500	-
Unallocated		-	207,339
Total Montelena		521,642	207,339

(CONTINUED)

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2025

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Reserve Fund Balance December 31, 2025
Windgate			
Asphalt	0 to 32	7,813,422	-
Painting	2 to 3	21,000	-
Fencing/Walls	3	4,000	-
Lighting	6	150,000	-
Ethel's Garden	6 to 16	49,400	-
Homestead Park	2 to 16	48,300	-
The Grove Park	16	7,600	-
Veranda Park	16	4,600	-
Jacaranda Park	0 to 26	15,850	-
Crescent Park	16	4,400	-
Desert Springs Park	0 to 16	41,100	-
Thompson Peak Entrance	0 to 12	71,000	-
Guardhouse	0 to 6	57,300	-
Grounds	0 to 8	106,500	-
Unallocated		-	2,700,687
Total Windgate		8,394,472	2,700,687
Arcadia at Silverleaf			
Asphalt	0 to 16	1,835,307	-
Painting	0 to 3	58,000	-
Fencing/Walls	3	10,000	-
Lighting	6	45,000	-
Legacy Park	4 to 16	95,440	-
Kemper Park	1 to 16	23,180	-
Firepit Park	16	4,700	-
Thompson Peak Entrance	2 to 11	68,245	-
Legacy Blvd Entrance	7 to 15	63,245	-
Guardhouse	0 to 12	53,100	-
Grounds	0 to 8	86,250	-
Unallocated		-	1,126,449
Total Arcadia at Silverleaf		2,342,467	1,126,449
Horseshoe Canyon			
Asphalt	0 to 16	2,484,538	-
Painting	2 to 3	115,000	-
Fencing/Walls	3	60,000	-
Lighting	6	55,000	-
Prospect Park	2 to 16	30,200	-
Horseshoe Park	16	5,500	-
Thompson Peak Entrance	2 to 15	122,000	-
Guardhouse	0 to 6	50,460	-
Grounds	0 to 8	112,000	-
Unallocated		-	1,660,504
Total Horseshoe Canyon		3,034,698	1,660,504
Total		$ 32,547,000	$ 13,083,185

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

RANCH MASTER ASSOCIATION

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
ASSESSMENTS					
Master Assessments	$ 4,560,857	$ -	$ -	$ 4,560,857	$ 4,380,141
Builder and Developer Assessments	77,898	-	-	77,898	96,510
Clubhouse Cost Share - Master Operating	270,268	-	-	270,268	260,824
TOTAL ASSESSMENTS	4,909,023	-	-	4,909,023	4,737,475
OTHER REVENUE					
Covenant Commission Cost-Sharing Revenue	6,155	-	-	6,155	6,931
Council Cost-Sharing Revenue	442,703	-	-	442,703	472,362
Disclosure Fees and Working Capital Fees	102,500	-	-	102,500	93,500
Initial Working Capital Fee	44,194	-	-	44,194	3,281
Gate Transponders	178,771	-	-	178,771	184,005
Fines, Fees, Violations, Permits	114,600	-	-	114,600	104,955
Cell Tower Land Operating Lease Revenue	83,450	-	-	83,450	81,111
CFD Maintenance Reimbursement	52,626	-	-	52,626	52,626
Miscellaneous Income	17,189	-	-	17,189	17,018
Gain on Asset Disposal	-	14,500	-	14,500	-
Interest	61,049	21,715	-	82,764	87,481
TOTAL OTHER REVENUE	1,103,237	36,215	-	1,139,452	1,103,270
TOTAL REVENUES	6,012,260	36,215	-	6,048,475	5,840,745
EXPENSES					
Personnel	2,019,931	-	-	2,019,931	2,195,090
Cost-Sharing Management Fee Expense	834,195	-	-	834,195	920,648
Administrative	257,283	-	-	257,283	150,290
Landscape Services	189,565	-	-	189,565	129,178
Facilities Maintenance	36,502	-	-	36,502	44,227
Security	1,089,819	-	-	1,089,819	1,064,137
Information Technology	94,597	-	-	94,597	153,550
Community Relations	18,039	-	-	18,039	12,052
Community Standards	3,156	-	-	3,156	1,566
Fleet	269,483	-	-	269,483	223,631
Human Resources	41,812	-	-	41,812	48,211
Utilities	102,466	-	-	102,466	105,409
Insurance and Taxes	180,807	-	-	180,807	125,421
Depreciation	-	-	11,242	11,242	34,275
Reserve Expenditures	-	37,247	-	37,247	37,952
TOTAL EXPENSES	5,137,655	37,247	11,242	5,186,144	5,245,637
EXCESS REVENUES (EXPENSES)	874,605	(1,032)	(11,242)	862,331	595,108
FUND BALANCES, BEGINNING OF YEAR	5,403	973,682	98,826	1,077,911	482,803
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(259,920)	259,920	-	-	-
Fixed Asset Transfers	-	(69,364)	69,364	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(259,920)	190,556	69,364	-	-
FUND BALANCES, END OF YEAR	$ 620,088	$ 1,163,206	$ 156,948	$ 1,940,242	$ 1,077,911

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

DESERT HACIENDAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 205,564	$ -	$ -	$ 205,564	$ 183,953
Special Assessment	-	174,000	-	174,000	-
Interest Income	-	5,610	-	5,610	17,217
TOTAL REVENUES	205,564	179,610	-	385,174	201,170
EXPENSES					
Personnel	50,265	-	-	50,265	30,362
Landscape Services	25,988	-	-	25,988	27,029
Facilities Maintenance	3,100	-	-	3,100	2,443
Utilities	24,266	-	-	24,266	26,569
Security	10,000	-	-	10,000	9,545
Information Technology	1,485	-	-	1,485	3,036
Reserve Expenditures	-	610,713	-	610,713	142,142
TOTAL EXPENSES	115,104	610,713	-	725,817	241,126
EXCESS REVENUES (EXPENSES)	90,460	(431,103)	-	(340,643)	(39,956)
BEGINNING FUND BALANCES	95,627	465,645	-	561,272	601,228
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(104,400)	104,400	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(104,400)	104,400	-	-	-
ENDING FUND BALANCES	$ 81,687	$ 138,942	$ -	$ 220,629	$ 561,272

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

TERRACE HOMES - WEST

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 140,615	$ -	$ -	$ 140,615	$ 132,534
Interest Income	-	12,088	-	12,088	10,154
TOTAL REVENUES	140,615	12,088	-	152,703	142,688
EXPENSES					
Personnel	39,081	-	-	39,081	27,913
Landscape Services	13,222	-	-	13,222	17,164
Facilities Maintenance	2,195	-	-	2,195	2,779
Utilities	13,799	-	-	13,799	11,981
Security	10,000	-	-	10,000	9,545
Information Technology	1,499	-	-	1,499	3,176
Reserve Expenditures	-	50,061	-	50,061	5,709
TOTAL EXPENSES	79,796	50,061	-	129,857	78,267
EXCESS REVENUES (EXPENSES)	60,819	(37,973)	-	22,846	64,421
BEGINNING FUND BALANCES	49,760	274,614	-	324,374	259,953
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(62,160)	62,160	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(62,160)	62,160	-	-	-
ENDING FUND BALANCES	$ 48,419	$ 298,801	$ -	$ 347,220	$ 324,374

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

PARK & MANOR HOMES

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 274,428	$ -	$ -	$ 274,428	$ 231,363
Special Assessment	-	-	-	-	30,507
Interest Income	-	27,089	-	27,089	21,672
TOTAL REVENUES	274,428	27,089	-	301,517	283,542
EXPENSES					
Personnel	71,235	-	-	71,235	46,927
Landscape Services	18,000	-	-	18,000	41,475
Facilities Maintenance	3,482	-	-	3,482	4,139
Utilities	27,781	-	-	27,781	29,893
Security	10,000	-	-	10,000	9,571
Information Technology	1,482	-	-	1,482	2,947
Reserve Expenditures	-	69,610	-	69,610	9,086
TOTAL EXPENSES	131,980	69,610	-	201,590	144,038
EXCESS REVENUES (EXPENSES)	142,448	(42,521)	-	99,927	139,504
BEGINNING FUND BALANCES	131,420	586,147	-	717,567	578,063
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(128,700)	128,700	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(128,700)	128,700	-	-	-
ENDING FUND BALANCES	$ 145,168	$ 672,326	$ -	$ 817,494	$ 717,567

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

COUNTRY CLUB

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 1,067,623	$ -	$ -	$ 1,067,623	$ 1,043,280
Builder and Developer Assessment	4,421	-	-	4,421	4,320
Neighborhood Clubhouse Cost Share	183,463	-	-	183,463	179,280
Security Monitoring Unmanned Gates	18,432	-	-	18,432	18,432
Interest Income	-	50,000	-	50,000	76,445
TOTAL REVENUES	1,273,939	50,000	-	1,323,939	1,321,757
EXPENSES					
Personnel	157,372	-	-	157,372	181,498
Administrative	-	-	-	-	1,506
Landscape Services	37,801	-	-	37,801	47,018
Facilities Maintenance	28,299	-	-	28,299	29,332
Utilities	87,165	-	-	87,165	88,466
Security	673,985	-	-	673,985	551,550
Insurance	1,306	-	-	1,306	1,306
Information Technology	3,204	-	-	3,204	8,433
Reserve Expenditures	-	1,286,450	-	1,286,450	63,204
TOTAL EXPENSES	989,132	1,286,450	-	2,275,582	972,313
EXCESS REVENUES (EXPENSES)	284,807	(1,236,450)	-	(951,643)	349,444
BEGINNING FUND BALANCES	94,648	2,067,270	-	2,161,918	1,812,474
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(374,880)	374,880	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(374,880)	374,880	-	-	-
ENDING FUND BALANCES	$ 4,575	$ 1,205,700	$ -	$ 1,210,275	$ 2,161,918

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

THE ESTATES

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 148,651	$ -	$ -	$ 148,651	$ 131,202
Interest Income	-	13,403	-	13,403	11,316
TOTAL REVENUES	148,651	13,403	-	162,054	142,518
EXPENSES					
Personnel	50,641	-	-	50,641	28,428
Landscape Services	7,471	-	-	7,471	14,942
Facilities Maintenance	3,244	-	-	3,244	3,314
Utilities	15,390	-	-	15,390	15,172
Security	10,000	-	-	10,000	9,726
Information Technology	1,477	-	-	1,477	2,733
Reserve Expenditures	-	54,627	-	54,627	5,428
TOTAL EXPENSES	88,223	54,627	-	142,850	79,743
EXCESS REVENUES (EXPENSES)	60,428	(41,224)	-	19,204	62,775
BEGINNING FUND BALANCES	72,944	306,045	-	378,989	316,214
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(66,600)	66,600	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(66,600)	66,600	-	-	-
ENDING FUND BALANCES	$ 66,772	$ 331,421	$ -	$ 398,193	$ 378,989

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

TERRACE HOMES - EAST

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 137,953	$ -	$ -	$ 137,953	$ 136,937
Interest Income	-	14,162	-	14,162	12,563
TOTAL REVENUES	137,953	14,162	-	152,115	149,500
EXPENSES					
Personnel	46,058	-	-	46,058	30,439
Landscape Services	10,761	-	-	10,761	15,497
Facilities Maintenance	2,017	-	-	2,017	2,415
Utilities	16,323	-	-	16,323	18,411
Security	10,000	-	-	10,000	9,843
Information Technology	1,479	-	-	1,479	2,999
Reserve Expenditures	-	53,388	-	53,388	4,362
TOTAL EXPENSES	86,638	53,388	-	140,026	83,966
EXCESS REVENUES (EXPENSES)	51,315	(39,226)	-	12,089	65,534
BEGINNING FUND BALANCES	34,062	339,768	-	373,830	308,296
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(50,820)	50,820	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(50,820)	50,820	-	-	-
ENDING FUND BALANCES	$ 34,557	$ 351,362	$ -	$ 385,919	$ 373,830

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

ROSEWOOD

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 71,992	$ -	$ -	$ 71,992	$ 68,483
Interest Income	-	4,595	-	4,595	4,365
TOTAL REVENUES	71,992	4,595	-	76,587	72,848
EXPENSES					
Personnel	12,295	-	-	12,295	8,838
Landscape Services	2,643	-	-	2,643	3,645
Facilities Maintenance	769	-	-	769	882
Utilities	5,196	-	-	5,196	6,512
Security	10,000	-	-	10,000	9,519
Information Technology	1,475	-	-	1,475	2,835
Reserve Expenditures	-	40,442	-	40,442	61,042
TOTAL EXPENSES	32,378	40,442	-	72,820	93,273
EXCESS REVENUES (EXPENSES)	39,614	(35,847)	-	3,767	(20,425)
BEGINNING FUND BALANCES	19,572	118,054	-	137,626	158,051
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(31,824)	31,824	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(31,824)	31,824	-	-	-
ENDING FUND BALANCES	$ 27,362	$ 114,031	$ -	$ 141,393	$ 137,626

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

CAMELOT

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 265,135	$ -	$ -	$ 265,135	$ 247,008
Interest Income	-	33,104	-	33,104	29,576
TOTAL REVENUES	265,135	33,104	-	298,239	276,584
EXPENSES					
Personnel	39,656	-	-	39,656	37,433
Landscape Services	16,525	-	-	16,525	25,644
Facilities Maintenance	4,749	-	-	4,749	4,047
Utilities	43,649	-	-	43,649	41,177
Security	29,915	-	-	29,915	28,960
Information Technology	5,592	-	-	5,592	9,684
Reserve Expenditures	-	121,101	-	121,101	8,261
TOTAL EXPENSES	140,086	121,101	-	261,187	155,206
EXCESS REVENUES (EXPENSES)	125,049	(87,997)	-	37,052	121,378
BEGINNING FUND BALANCES	29,721	799,923	-	829,644	708,266
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(109,560)	109,560	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(109,560)	109,560	-	-	-
ENDING FUND BALANCES	$ 45,210	$ 821,486	$ -	$ 866,696	$ 829,644

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

THE HACIENDAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 147,544	$ -	$ -	$ 147,544	$ 133,340
Interest Income	-	17,459	-	17,459	13,336
TOTAL REVENUES	147,544	17,459	-	165,003	146,676
EXPENSES					
Personnel	26,366	-	-	26,366	24,134
Landscape Services	11,532	-	-	11,532	13,999
Facilities Maintenance	2,073	-	-	2,073	3,418
Utilities	17,729	-	-	17,729	18,195
Security	10,000	-	-	10,000	9,545
Information Technology	1,885	-	-	1,885	2,990
Reserve Expenditures	-	9,114	-	9,114	115,340
TOTAL EXPENSES	69,585	9,114	-	78,699	187,621
EXCESS REVENUES (EXPENSES)	77,959	8,345	-	86,304	(40,945)
BEGINNING FUND BALANCES	34,368	360,685	-	395,053	435,998
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(64,080)	64,080	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(64,080)	64,080	-	-	-
ENDING FUND BALANCES	$ 48,247	$ 433,110	$ -	$ 481,357	$ 395,053

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

MARKET STREET VILLAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 593,082	$ -	$ -	$ 593,082	$ 568,026
Interest Income	-	61,199	-	61,199	49,431
TOTAL REVENUES	593,082	61,199	-	654,281	617,457
EXPENSES					
Personnel	81,364	-	-	81,364	86,640
Landscape Services	24,462	-	-	24,462	37,025
Facilities Maintenance	9,662	-	-	9,662	7,075
Utilities	40,704	-	-	40,704	42,075
Security	10,000	-	-	10,000	9,545
Insurance	123,901	-	-	123,901	94,481
Information Technology	1,478	-	-	1,478	2,817
Reserve Expenditures	-	179,288	-	179,288	323,069
TOTAL EXPENSES	291,571	179,288	-	470,859	602,727
EXCESS REVENUES (EXPENSES)	301,511	(118,089)	-	183,422	14,730
BEGINNING FUND BALANCES	105,246	1,336,823	-	1,442,069	1,427,339
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(294,840)	294,840	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(294,840)	294,840	-	-	-
ENDING FUND BALANCES	$ 111,917	$ 1,513,574	$ -	$ 1,625,491	$ 1,442,069

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

MONTELENA

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 101,927	$ -	$ -	$ 101,927	$ 92,184
Interest Income	-	8,355	-	8,355	7,729
TOTAL REVENUES	101,927	8,355	-	110,282	99,913
EXPENSES					
Personnel	21,774	-	-	21,774	16,675
Landscape Services	12,465	-	-	12,465	13,813
Facilities Maintenance	1,639	-	-	1,639	1,333
Utilities	10,023	-	-	10,023	13,243
Security	10,000	-	-	10,000	9,519
Information Technology	1,477	-	-	1,477	3,112
Reserve Expenditures	-	42,620	-	42,620	37,530
TOTAL EXPENSES	57,378	42,620	-	99,998	95,225
EXCESS REVENUES (EXPENSES)	44,549	(34,265)	-	10,284	4,688
BEGINNING FUND BALANCES	41,180	209,036	-	250,216	245,528
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(32,568)	32,568	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(32,568)	32,568	-	-	-
ENDING FUND BALANCES	$ 53,161	$ 207,339	$ -	$ 260,500	$ 250,216

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

WINDGATE

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 1,252,349	$ -	$ -	$ 1,252,349	$ 1,267,476
Security Monitoring Unmanned Gates	9,216	-	-	9,216	9,216
Interest Income	-	109,501	-	109,501	103,507
TOTAL REVENUES	1,261,565	109,501	-	1,371,066	1,380,199
EXPENSES					
Personnel	205,900	-	-	205,900	151,767
Administrative	34,442	-	-	34,442	13,524
Landscape Services	89,709	-	-	89,709	112,706
Facilities Maintenance	34,748	-	-	34,748	35,144
Utilities	180,379	-	-	180,379	171,138
Security	350,245	-	-	350,245	342,754
Insurance	854	-	-	854	769
Information Technology	1,033	-	-	1,033	3,352
Reserve Expenditures	-	599,682	-	599,682	97,649
TOTAL EXPENSES	897,310	599,682	-	1,496,992	928,803
EXCESS REVENUES (EXPENSES)	364,255	(490,181)	-	(125,926)	451,396
BEGINNING FUND BALANCES	251,658	2,778,308	-	3,029,966	2,578,570
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(412,560)	412,560	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(412,560)	412,560	-	-	-
ENDING FUND BALANCES	$ 203,353	$ 2,700,687	$ -	$ 2,904,040	$ 3,029,966

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

ARCADIA AT SILVERLEAF

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 746,339	$ -	$ -	$ 746,339	$ 621,986
Security Monitoring Unmanned Gates	9,216	-	-	9,216	9,216
Arcadia at Silverleaf Neighborhood Assessment	-	-	-	-	73,250
Interest Income	-	45,399	-	45,399	35,918
TOTAL REVENUES	755,555	45,399	-	800,954	740,370
EXPENSES					
Personnel	58,691	-	-	58,691	61,130
Administrative	75,000	-	-	75,000	1,152
Landscape Services	90,323	-	-	90,323	47,026
Facilities Maintenance	4,948	-	-	4,948	8,157
Utilities	46,192	-	-	46,192	52,080
Security	285,733	-	-	285,733	282,318
Insurance	912	-	-	912	822
Information Technology	3,352	-	-	3,352	6,853
Reserve Expenditures	-	84,354	-	84,354	102,411
TOTAL EXPENSES	565,151	84,354	-	649,505	561,949
EXCESS REVENUES (EXPENSES)	190,404	(38,955)	-	151,449	178,421
BEGINNING FUND BALANCES	29,744	955,812	-	985,556	807,135
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(209,592)	209,592	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(209,592)	209,592	-	-	-
ENDING FUND BALANCES	$ 10,556	$ 1,126,449	$ -	$ 1,137,005	$ 985,556

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

HORSESHOE CANYON

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 561,523	$ -	$ -	$ 561,523	$ 494,861
Clubhouse Cost Share	190,517	-	-	190,517	167,899
Security Monitoring Unmanned Gates	9,216	-	-	9,216	9,216
ICON Shared Cost Revenue	3,790	-	-	3,790	2,880
ICON Builder Shared Cost Revenue	4,850	-	-	4,850	5,760
Interest Income	-	66,925	-	66,925	52,532
TOTAL REVENUES	769,896	66,925	-	836,821	733,148
EXPENSES					
Personnel	121,734	-	-	121,734	100,410
Landscape Services	17,966	-	-	17,966	28,791
Facilities Maintenance	41,048	-	-	41,048	41,591
Utilities	70,729	-	-	70,729	60,852
Security	345,264	-	-	345,264	341,169
Insurance	737	-	-	737	822
Information Technology	1,381	-	-	1,381	3,230
Reserve Expenditures	-	33,839	-	33,839	27,612
TOTAL EXPENSES	598,859	33,839	-	632,698	604,477
EXCESS REVENUES (EXPENSES)	171,037	33,086	-	204,123	128,671
BEGINNING FUND BALANCES	141,456	1,420,778	-	1,562,234	1,433,563
TRANSFERS BETWEEN FUNDS					
ICON Reserve Contributions	(8,640)	8,640	-	-	-
Contributions to Reserve Fund	(198,000)	198,000	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(206,640)	206,640	-	-	-
ENDING FUND BALANCES	$ 105,853	$ 1,660,504	$ -	$ 1,766,357	$ 1,562,234

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

STERLING VILLAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 42,048	$ -	$ -	$ 42,048	$ 35,136
Interest Income	-	1,491	-	1,491	752
TOTAL REVENUES	42,048	1,491	-	43,539	35,888
EXPENSES					
Personnel	10,426	-	-	10,426	9,224
Landscape Services	2,790	-	-	2,790	3,895
Facilities Maintenance	2,424	-	-	2,424	1,341
Utilities	4,645	-	-	4,645	4,464
Reserve Expenditures	-	1,500	-	1,500	413
TOTAL EXPENSES	20,285	1,500	-	21,785	19,337
EXCESS REVENUES (EXPENSES)	21,763	(9)	-	21,754	16,551
BEGINNING FUND BALANCES	31,104	20,336	-	51,440	34,889
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(16,704)	16,704	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(16,704)	16,704	-	-	-
ENDING FUND BALANCES	$ 36,163	$ 37,031	$ -	$ 73,194	$ 51,440

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2024)

PIONEER

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2025	TOTAL 2024
REVENUES					
Neighborhood Assessments	$ 70,090	$ -	$ -	$ 70,090	$ 58,418
Interest Income	-	12,382	-	12,382	10,033
TOTAL REVENUES	70,090	12,382	-	82,472	68,451
EXPENSES					
Personnel	21,564	-	-	21,564	13,325
Landscape Services	3,856	-	-	3,856	5,773
Facilities Maintenance	2,943	-	-	2,943	1,299
Utilities	4,687	-	-	4,687	4,610
Security	-	-	-	-	590
Reserve Expenditures	-	1,800	-	1,800	91,348
TOTAL EXPENSES	33,050	1,800	-	34,850	116,945
EXCESS REVENUES (EXPENSES)	37,040	10,582	-	47,622	(48,494)
BEGINNING FUND BALANCES	26,202	271,350	-	297,552	346,046
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(25,284)	25,284	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(25,284)	25,284	-	-	-
ENDING FUND BALANCES	$ 37,958	$ 307,216	$ -	$ 345,174	$ 297,552

See independent auditor's report.