HYPOLUXO'S MARINER'S CAY CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

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December 31, 2025:

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
Hypoluxo's Mariner's Cay Condominium Association, Inc.

Dear Members:

Opinion

We have audited the accompanying financial statements of Hypoluxo's Mariner's Cay Condominium Association, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hypoluxo's Mariner's Cay Condominium 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 (GAAS). 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 Hypoluxo's Mariner's Cay Condominium 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.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 6 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Effect of Adopting New Accounting Standard

As discussed in Note 3 to the financial statements, as of January 1, 2025, the Association elected early adoption of Financial Accounting Standards Board ASU No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which updates the previously issued ASU 2016-13 and changes the method for measuring expected credit losses on certain receivables. Our opinion is not modified with respect to that matter.

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 Hypoluxo's Mariner's Cay Condominium Association, Inc. 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 the 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 Hypoluxo's Mariner's Cay Condominium Association, Inc. 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 Hypoluxo's Mariner's Cay Condominium Association, Inc. 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.

Gerstle, Rosen & Goldenberg, P.A.

Gerstle, Rosen & Goldenberg, P.A.
Certified Public Accountants
Boca Raton, Florida

June 11, 2026

HYPOLUXO'S MARINER'S CAY CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	SPECIAL ASSESSMENT FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,080,974	$ 1,458,645	$ 103,636	$ 2,643,255
Accounts Receivable, Net of Allowance For Credit Losses of $ 3,923	26,851		20,175	47,026
Unbilled Special Assessment - Roof Replacement			922,689	922,689
Other Receivable	68,405			68,405
Prepaid Expenses	67,112			67,112
Unbilled Special Assessment - Capital Improvements			1,096,588	1,096,588
Utility Deposits	1,528			1,528
Due To/From Funds	(752,675)	(21,356)	774,031	0
TOTAL ASSETS	$ 492,195	$ 1,437,289	$ 2,917,119	$ 4,846,603
LIABILITIES AND FUND BALANCES				
Accounts Payable & Accrued Expense	$ 61,921	$ 24,581	$	$ 86,502
Loan Payable			890,946	890,946
Deferred Cable Income	35,437			35,437
Prepaid Member Assessments	52,021			52,021
Deferred Roof Replacement			154,841	154,841
Deferred Capital Improvements			1,571,332	1,571,332
Deferred Reserve Revenue		1,372,073		1,372,073
TOTAL LIABILITIES	149,379	1,396,654	2,617,119	4,163,152
Fund Balances	342,816	40,635	300,000	683,451
TOTAL LIABILITIES AND FUND BALANCES	$ 492,195	$ 1,437,289	$ 2,917,119	$ 4,846,603

The Accompanying Notes Are An Integral Part Of This Financial Statement.

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	SPECIAL ASSESSMENT FUND	TOTAL
REVENUES				
Member Assessments	$ 1,824,257	$ 600,733	$	$ 2,424,990
Roof Replacement			45,986	45,986
Gate/Key Cards	2,610			2,610
Interest Income	11,071	22,012		33,083
Late Fees	15,668			15,668
Misc. Income	3,563			3,563
Violation Fees	4,200			4,200
Screening Fees	75			75
GRS Processing Fees	3,050			3,050
Cable Income	563			563
Kayak Slips	2,295			2,295
TOTAL REVENUES	1,867,352	622,745	45,986	2,536,083
EXPENSES				
Administrative	438,084			438,084
Insurance	759,759			759,759
Utilities	270,898			270,898
Contracts	228,935			228,935
Repairs & Maintenance	159,275			159,275
Roof Replacement - Loan Interest			45,986	45,986
Reserve Expenditures		300,733		300,733
TOTAL EXPENSES	1,856,951	300,733	45,986	2,203,670
EXCESS REVENUES (EXPENSES)	10,401	322,012	0	332,413
FUND BALANCES - BEGINNING	332,415	18,623	0	351,038
INTERFUND TRANSFER		(300,000)	300,000	0
FUND BALANCES - ENDING	$ 342,816	$ 40,635	$ 300,000	$ 683,451

The Accompanying Notes Are An Integral Part Of This Financial Statement.

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	SPECIAL ASSESSMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
EXCESS REVENUES (EXPENSES)	$ 10,401	$ 322,012	$ 0	$ 332,413
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DECREASE (INCREASE) IN ASSETS:				
Assessments Receivable - Net of Allowance	37,267		(20,175)	17,092
Unbilled Special Assessment - Roof Replacement			298,909	298,909
Other Receivable	(68,405)			(68,405)
Prepaid Expenses	115,877			115,877
Unbilled Special Assessment - Capital Improvements			(1,096,588)	(1,096,588)
Due To/From Funds	508,898	299,998	(808,896)	0
INCREASE (DECREASE) IN LIABILITIES:				
Accounts Payable & Accrued Expense	22,820	24,581		47,401
Deferred Cable Income	35,437			35,437
Prepaid Member Assessments	3,465			3,465
Deferred Roof Replacement			(45,986)	(45,986)
Deferred Capital Improvements			1,571,332	1,571,332
Deferred Reserve Revenue		(34,250)		(34,250)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	665,760	612,341	(101,404)	1,176,697
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interfund Transfer		(300,000)	300,000	0
Proceeds From (Payments On) Loan			(196,215)	(196,215)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	0	(300,000)	103,785	(196,215)
NET INCREASE (DECREASE) IN CASH	665,760	312,341	2,381	980,482
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	415,214	1,146,304	101,255	1,662,773
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,080,974	$ 1,458,645	$ 103,636	$ 2,643,255
SUPPLEMENTAL DISCLOSURES:				
Interest Paid	$ 0	$ 0	$ 45,986	$ 45,986
Income Tax Paid				
Federal	$ 0	$ 0	$ 0	$ 0
State	$ 0	$ 0	$ 0	$ 0

The Accompanying Notes Are An Integral Part Of This Financial Statement.

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

1. ORGANIZATION

Hypoluxo's Mariner's Cay Condominium Association, Inc. is a statutory condominium association incorporated on July 24, 2003, in the State of Florida. The Association is responsible for the operation and maintenance of the common property of Hypoluxo's Mariner's Cay Condominium Association, Inc. and consists of 240 residential units located in Hypoluxo, FL.

2. DATE OF MANAGEMENT'S REVIEW

The Association has evaluated transactions and events that occurred after December 31, 2025 through June 11, 2026, the date the financial statements were available to be issued, and has determined that there were no subsequent transactions or events which would require recognition or disclosure in the financial statements, except as noted herein. Management has also evaluated whether conditions or events raise substantial doubt about the Association's ability to continue as a going concern within one year after the date the financial statements were available to be issued. Management concluded no such conditions or events existed as of that date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned and expenses are recorded in the period in which they are incurred.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

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

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Special Assessment Fund - This fund was used in the prior year to track the special assessment and loan activity.

Member Assessments, Special Assessments and Allowance for Credit Losses

Association members are subject to monthly assessments to fund the Association's operating expenses and major repairs and replacements based on each owner's percentage of common ownership. Any excess assessments at year end are retained by the Association for use in the succeeding year. Association members are also subject to occasional special assessments approved by the Board of Directors as deemed necessary for the operations of the Association. Assessments receivable represent amounts billed to owners that remain unpaid at year-end and are stated at the amounts expected to be collected. The Association evaluates collectability based on owner payment history, current conditions, and other relevant factors. Amounts for which collection is no longer considered probable are not recognized as revenue. The Association pursues collection through its established procedures, including late notices, legal demand, and liens. The balances of assessments receivable as of the beginning and end of the year are $64,118 and $47,026, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Association treats uncollectible assessments and other charges as credit losses. In measuring expected credit losses, the Association considers historical experience and current conditions. Based on this evaluation, management recorded an allowance for credit losses in the amount of $3,923 at year-end.

The Association elected the practical expedient under ASU 2025-05 and assumes current conditions remain unchanged over the remaining life of the receivables when estimating expected credit losses.

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists primarily of cash, money market accounts, and other highly liquid investments (not allocated to Investments) that are readily convertible into cash and purchased with original maturities of three months or less.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances. The Association maintains cash sweep accounts which allows the Association, as a depositor, to protect their funds beyond the standard FDIC limits, therefore reducing the risk of cash concentration.

Prepaid Insurance and Insurance Payable

Prepaid insurance is shown net of the related financing agreement payable, if any, as the insurance policies are cancelable by either the Association or the insurance company upon appropriate notice (Footnote 5).

Property and Equipment

Real property and common area property acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the owners in common and not by the Association. Capital Expenditures are charged to the designated funds. Generally, personal property purchased by the Association is expensed.

Due To/From Funds

The Association occasionally engages in transactions, arising in the ordinary course of business, between funds. The Associations' policy is to reimburse the appropriate fund for such transactions on a timely basis. Due To/From Funds, if applicable, are recorded to the extent certain transactions between funds have not been reimbursed to the appropriate fund.

Revenue Recognition

The Association derives its revenue from operating assessments, reserve assessments, special assessments, and other ancillary sources. Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services. The Association has applied ASC 606-10-10-4 as all contracts with owners have similar characteristics and applying the guidance to individual contracts would not produce materially different results. Assessments represent a series of similar services that are transferred over time; therefore, revenue is recognized over time as services are provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Association has identified the following performance obligations:

Operating assessments – The performance obligation is the maintenance and management of the common area property. This obligation is satisfied on a periodic basis throughout the year. Operating assessment revenue is recognized periodically, as billed, when collection is considered probable.

Reserve assessments – The performance obligation is the expenditure of the assessed funds for their designated purpose. Reserve assessment revenue is recognized when the related expenditures are incurred, except for amounts applied to capitalized property and equipment. Reserve assessments related to capitalized assets are recognized when the expenditures are made and the assets are placed in service. Management believes this recognition method faithfully depicts the transfer of services to owners.

Special assessments – The performance obligation is the specific purpose for which the assessment was levied. When a special assessment is approved, the Association obtains an enforceable right to receive consideration from owners. Amounts billed and not yet collected are recorded as Assessment Receivable. Amounts not yet billed but for which the Association has an enforceable right to receive payment are recorded as an Unbilled Special Assessment, which represents a contract asset under ASC 606-10-45-1. Special assessment revenue is recognized when the related performance obligation is satisfied—that is, when the Association incurs expenditures for the designated projects. Any difference between assessment proceeds and project expenditures at year-end is recorded as Deferred Special Assessment Income until the remaining performance obligations are fulfilled.

Other ancillary revenues – The performance obligation is delivery of the underlying services. Revenue is recognized when the related services are rendered.

In evaluating whether collectability is probable, the Association considers each owner's ability and intent to pay when due. If collectability of fees is not probable (e.g., delinquent owners, foreclosures), revenue is not recognized.

Deferred Reserve Revenue

Replacement reserve assessments are recognized as revenue when the Association incurs expenditures for the designated reserve components. Amounts collected in advance of satisfying these performance obligations are recorded as Deferred Reserve Revenue within the Replacement Fund. Deferred Reserve Revenue at the beginning and end of the year were $1,406,323 and $1,372,073, respectively. As projects funded by reserves are undertaken, the related amounts are recognized as revenue in the period the expenditures occur.

Prepaid Member Assessments

Prepaid Member Assessments consists of amounts received, which are applicable to subsequent year assessments. The balances of Prepaid Member Assessments as of the beginning and end of the year are $48,556 and $52,021, respectively.

Interest Income

The Association recognizes interest income on the Operating and Replacement Fund as earned.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Association is subject to federal and state taxation and has two methods to determine the amount of tax if any it must pay. Under one method, the Association may elect to be taxed as a regular corporation and is required to allocate its revenue to member and nonmember sources as applicable in accordance with Section 277 of the Internal Revenue Code. The excess revenues members and nonmembers (unless such membership excess is applied to the following year's assessments), is subject to taxation, at the flat Federal and State rates of 21% and 5.5%, respectively. The other method enables the Association to elect to be taxed as a Homeowners' Association and exclude from taxation exempt function income, in accordance with Section 528 of the Internal Revenue Code, which generally consists of annual revenue from member assessments to maintain the common elements. Consequently, the Association is taxed only on its non-exempt function income at the flat Federal rate of 30%. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates. When applicable, interest and penalties will be reported as interest expense and administrative expense, respectively.

The Association will elect to be taxed as a Homeowners' Association for the current year ended December 31, 2025 under Section 528 of the Internal Revenue Code. From time to time, the Association may have temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. The overall effects of the temporary differences, if any, between financial and taxable income are not material to the financial statements as a whole. Accordingly, no deferred tax assets or liabilities are recorded.

The Association has evaluated its tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

The Association has no income tax returns under examination by the Internal Revenue Service. The Association believes it is no longer subject to income tax examinations for years prior to December 31, 2022.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2025; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2025.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of FASB ASU 2025-05 and Related Standards

The Association has elected early adoption of Accounting Standards Update 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. Under the amendment, the Association has elected the practical expedient that current conditions as of December 31, 2025 will be assumed to remain unchanged over the remaining life of its current accounts receivable and contract assets arising from revenue transactions under ASC 606. In addition, as a non-public entity, the Association has elected the accounting policy allowing consideration of cash collection activity subsequent to the balance sheet date through the date of this report. The scope of this accounting policy election is limited to current receivables and contract assets from ASC 606 transactions; other financial assets are not affected. The amendments have been applied prospectively. The adoption resulted in no material effect on the allowance for credit losses.

4. OTHER RECEIVABLES

Other Receivables as of December 31, 2025 were as follows:

	BALANCE 12/31/2025
Water Restoration Reimbursement	$ 32,405
Xfinity Community Service Agreement - Door Fee	36,000
Total Other Receivables	$ 68,405

As a result of water restoration services related to damage in the 100 and 900 buildings, the Association was reimbursed $32,405 in expenses in 2026.

5. PREPAID EXPENSES

Prepaid Expenses as of December 31, 2025 were as follows:

	BALANCE 12/31/2025
Insurance - Net of Related Financing Agreement	$ 63,673
Service Contracts	2,479
License & Fees	960
Total Prepaid Expenses	$ 67,112

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS

In accordance with Florida Statutes Chapter 718 § 112(2)(f)(2a), in addition to annual operating expenses, the budget of the Association must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and any other item that has a deferred maintenance expense or replacement cost that exceeds $25,000. The amount to be reserved to the Replacement Fund annually must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of the reserve item. These accounts, when adopted, are restricted to their intended purpose unless modified by a qualified membership vote.

Effective December 31, 2025, the Association was required to obtain a structural integrity reserve study ("SIRS") to comply with Chapter 718 § 112(2)(f)(2a). The purpose of the SIRS was to obtain an independent estimate of the remaining useful lives and the replacement costs of the Structural and Non-Structural components of the common property. This study must be completed at least every 10 years for each building on the condominium property that is three stories or higher in height, as determined by the Florida Building Code. For an Association that is required to obtain a structural integrity reserve study, reserves must be maintained for the structural items identified in the reserve study for which the Association is responsible pursuant to the declaration of the condominium. The amount included in the Association's budget for such items must be based on the findings and recommendations of the Association's most recent independent structural integrity reserve study.

At a minimum, the study must include the following items as related to the structural integrity and safety of the common property:

a. Roof
b. Structure (including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in Florida Statutes § 627.706)
c. Fireproofing and fire protection systems
d. Plumbing
e. Electrical systems
f. Waterproofing and exterior painting
g. Windows and exterior doors
h. Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items listed in sub-subparagraphs (a)-(g), as determined by the visual inspection portion of the structural integrity reserve study.

In accordance with Chapter 718 § 112(2)(f)(2)(a)-(e), for any budget adopted on or after December 31, 2024, members of the Association may not vote to determine to provide no reserves or less reserves than required by this subsection for the aforementioned items listed above. In addition, the members may not vote to use reserve funds, or any interest accruing thereon, for any other purpose other than the replacement or deferred maintenance costs of the aforementioned items listed above.

At a duly constituted meeting, the Association elected to fund the baseline funding recommendation for the SIRS Pooled Reserve in the amount of $256,103, and $310,380 for the Non-SIRS Pooled Reserve. The Association completed the SIRS required by Florida Statutes as disclosed in the supplementary information on Future Major Repairs and Replacements. Actual expenditures, however, may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, levy special assessments, or delay major repairs and replacements until funds are available.

The Association elected the pooled method for reserve funding as of January 1, 2023. The prior existing reserve components will remain until depleted.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The balance of the Replacement Fund at December 31, 2025, consists of the following:

COMPONENTS	BALANCE 12/31/2024	INTEREST/ ASSESSMENTS	TRANSFERS	EXPENDITURES	BALANCE 12/31/2025
Elevator R&M	$56,783	$0	$0	($32,700)	$24,083
Balcony	66,868				66,868
Paint - Interior	2,300			(1,840)	460
Pool.Spa,Deck	11,546			(7,558)	3,988
Pavers	44,312			(3,317)	40,995
Resurfacing Pavement	95,619			(21,197)	74,422
Roof (Tile)	526,459				526,459
Pooled Non-SIRS	300,735	310,380	(300,000)	(84,934)	226,181
Pooled SIRS	301,701	256,103		(149,187)	408,617
SUB-TOTAL CONTRACT LIABILITY - DEFERRED RESERVES	1,406,323	566,483	(300,000)	(300,733)	1,372,073
Fund Balance - Unallocated Interest	18,623	22,012			40,635
TOTAL CONTRACT LIABILITY - DEFERRED RESERVES AND FUND BALANCE	$1,424,946	$588,495	($300,000)	($300,733)	$1,412,708

The reserve expenses consisted of a entrance/exit gate replacement, pavement resurfacing, door lock monitoring, pool heater replacement, and emergency leak repairs to bldg. 1000 and 1200.

The Association transferred $300,000 to the special assessment approved in November 2025 to fund a portion of the capital improvement projects.

7. SPECIAL ASSESSMENTS

Roof Replacement

On October 4, 2022, the Association approved a special assessment of $2,639,139 (excluding interest) to fund the community roofing project and repay the associated loan (Note 8). The Association also transferred $200,000 from the Reserve Roof account to offset a portion of the roofing project. The owners had the option to either pay the assessment in full by December 15, 2022, or over 96 months (with interest) effective January 1, 2023.

7. SPECIAL ASSESSMENTS (Continued)

As of December 31, 2025, the Association earned $48,931 of interest from the owners, $235 of bank interest, and spent $2,733,464 of which $45,986 was recognized in the current year. The Association had a Deferred Special Assessment Income of $154,841.

As of December 31, 2024, the Association had a Special Assessment Unbilled of $1,221,598. For the current year ended, the Association billed the owners $298,909, leaving a Special Assessment Unbilled of $922,689 on the balance sheet.

Capital Improvements

On November 5, 2025 the Association approved a special assessment of $1,417,330 (excluding interest) to fund the capital improvement projects and the loan repayment (Note 8). The Association also transferred $300,000 from the Reserves to fund a portion of the projects. Owners were given the option to pay in full by January 1, 2026 or in monthly installments based on unit type over a 60 month term with interest.

As of December 31, 2025, 79 owners paid in full totaling $467,768 and also received prepayments of $6,977. The Association reported an Unbilled Special Assessment Receivable balance of $1,096,588 reflected on the Balance Sheet, representing 164 owners who elected to pay in installments.

As of December 31, 2025, the Association also reported a Deferred Capital Improvements Income balance of $1,571,332 which will be recognized as income to offset loan repayment.

8. LOAN PAYABLE - AVIDIA BANK

Roof Replacement

On October 27, 2022, the Association secured a line of credit from Avidia Bank in the amount of $3,000,000 to fund the roof replacement project. The Association was required to make interest only payments for the first 12 months at a rate of 4.5% per annum. As of October 27, 2023 the line of credit and converted to a term loan and the Association is required to make monthly payments of principal and interest for seven years. The loan will mature on October 27, 2030 and is collateralized as a first priority perfected security interest in all borrower's property including without limitation of all assets and all future income.

For the current year ended, the Association had $242,201 of loan payments, consisting of $196,215 of principal and $45,986 of interest.

8. LOAN PAYABLE - AVIDIA BANK (Continued)

The principal payments for each year through maturity are as follows:

YEAR	PRINCIPAL PAYMENT
2026	$168,811
2027	176,566
2028	184,678
2029	193,162
2030	167,729
TOTAL	$890,946

Prepayment Terms:

The loan is subject to a prepayment penalty calculated at 3% in years one (1) through seven (7) of the loan. No prepayment fee will be assessed after year seven (7), and the Association may refinance, pay down or payoff the loan with Avidia Bank.

Capital Improvements

In November 2025, the Board of Directors approved a loan from Avidia Bank to fund the capital improvements project. The loan was obtained for $897,900 and will be subject to a 12 month draw period, 5-year amortization schedule with fixed rate of 6.08%. The loan is collateralized by all special assessments levied to fund the project, all general assessments, and any future income excluding statutory reserves. As of December 31, 2025, the Association did not receive loan advances.

9. COMMITMENTS

The Association has various contract services to maintain the common property including management services, elevator, pest control, pool service, and common area landscaping. These contracts have different expiration dates and renewal terms.

The following capital projects were approved:

- Johnson Davis Inc in the amount of $73,010 for the pipe replacement.
- United Professional Engineers for site visit to review the building structure and provide findings
- Forshee Construction and Restoration – Building 1000 and 1200
- Forshee Construction and Restoration - install new landing pads in stairways
- Forshee Construction and Restoration – address building envelope leaks in two buildings

10. DEFERRED CABLE INCOME

The Association executed a service agreement effective November 1, 2025 for a term of 10 years and 8 months with Xfinity for exclusive marketing. Subsequent to the yearend, the Association received a door fee of $36,000 which was setup as a receivable (footnote 4) on the audited balance sheet. The income will be recognized over the contract term. For the current year ended, the Association recognized income of $563, leaving a Deferred Cable Income of $35,437.

11. CONTINGENCIES

Insurance Deductible

The current property insurance policy contains a deductible for hurricane damage. Should the Association incur an uninsured loss, the Association has the right to increase member assessments, pass a special assessment or delay repairs until funds are available.

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. As of the date of this report, management believes that there are no claims or complaints, of which it is currently aware, that will materially affect its business, financial position, or future operating results.

Milestone Inspection

Florida Statutes § 553.899 require the Association to complete milestone inspections once the building reaches 30 years of age, based on the date of certificate of occupancy for the building was issued, and every 10 years thereafter. Accordingly, it is possible that the Association may incur substantial costs to correct identified deficiencies, if any, as a result of these required milestone inspections. The timing, scope, and cost of the required inspections and certain resulting work, if any, cannot be reasonably estimated; therefore no provision has been recorded in these financial statements. Deficiencies identified in the required milestone inspections may require funding through special assessments, increased reserve contributions, or external financing, depending on the findings and available reserves. The Association will assess the financial impact once cost estimates, if any, become available.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors and Unit Owners
Hypoluxo's Mariner's Cay Condominium Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hypoluxo's Mariner's Cay Condominium Association, Inc., as of and for the years ended December 31, 2025, and our report thereon dated June 11, 2026, which expressed an unmodified opinion on those financial statements.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Report on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Detailed Statement of Operating Revenues and Expenses Budget Comparison is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gerstle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants
Boca Raton, Florida

June 11, 2026

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2025
(Unaudited)

The Association has conducted a structural integrity reserve study ("SIRS"), as required by Senate Bill 154, in November 2025 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates from historical experience. Reserve Study Standards characterizes baseline funding as establishing a reserve-funding goal of never allowing the reserve cash balance to be below zero during the cash flow projections. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following presents significant information about the components of common property:

"SIRS" COMPONENTS	ESTIMATED REMAINING USEFUL LIVES	ESTIMATED CURRENT REPLACEMENT COSTS
Roofing	20 Years	$2,363,946
Painting/Waterproofing	4 Years	294,299
Structure/Restoration	9 Years	1,577,422
Fire Protection Systems	10 Years	619,900
Plumbing	25 Years	1,404,800
Electrical Systems	20 Years	480,800
Windows/Exterior Doors	12 Years	291,550
2026 Baseline Funding Recommended $265,067		
TOTAL "SIRS" COMPONENTS		$7,032,717

For the fiscal year ending, December 31, 2026, the Association elected to fund the Baseline Funding Recommendations of the SIRS Pooled Reserves in the amount of $265,067. The Association also elected to fund the Non-SIRS Pooled Reserves $321,243.

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2025

	ACTUAL	BUDGET (Unaudited)	VARIANCE
REVENUES:			
Member Assessments	$1,824,257	$1,823,791	$466
Gate/Key Cards	2,610	2,000	610
Interest Income	11,071	1,000	10,071
Late Fees	15,668	1,000	14,668
Misc. Income	3,563	0	3,563
Violation Fees	4,200	2,000	2,200
Screening Fees	75	2,000	(1,925)
GRS Processing Fees	3,050	0	3,050
Cable Income	563	1,000	(437)
Kayak Slips	2,295	0	2,295
Storage Income	0	5,000	(5,000)
Total Revenues	1,867,352	1,837,791	29,561
EXPENSES:			
ADMINISTRATIVE			
Management Contract	20,388	20,820	432
Wages	254,046	263,550	9,504
Contracted Labor	53,311	45,000	(8,311)
Bad Debt	482	0	(482)
Performance Based Merit	0	1,800	1,800
Licenses & Permits	957	1,700	743
Annual Condo Fees	960	960	0
Office Expense	26,427	10,000	(16,427)
Administrative Expenses	1,879	1,000	(879)
Year End Report/ Tax Prep	8,400	7,500	(900)
Legal Fees - General	23,477	25,000	1,523
Professional Fees	45,957	20,000	(25,957)
GRS Processing Fee Expense	1,800	0	(1,800)
TOTAL ADMINISTRATIVE	438,084	397,330	(40,754)
INSURANCE	759,759	816,000	56,241
UTILITIES			
Electric	53,580	48,000	8,420
Water	74,948	62,000	11,052
Sewer	77,600	86,000	(67,300)
Telephone/Internet	13,342	10,300	(3,042)
Telephone - Alarm (ADT)	810	820	10
Trash Collection	50,618	35,100	(15,518)
TOTAL UTILITIES	270,898	242,220	(28,678)

See independent auditors' report on supplementary information.

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2025

	ACTUAL	BUDGET (Unaudited)	VARIANCE
EXPENSES(Continued):			
CONTRACTS			
Access Control/Gate/CCTV System	95	0	(95)
Internet Svc/Support/Website	0	1,000	1,000
Fire/Life Safety - Monitoring	15,189	14,000	(1,189)
Fire Pump - Maintenance Contract	0	1,000	1,000
Fire/Life Safety - Inspection	2,338	1,000	(1,338)
Elevator Contract	5,024	4,800	(224)
Security Alarm Contract - Elevator	1,440	1,500	60
Compactor Contract	31,717	43,300	11,583
Landscaping Contract (Spray/Irrigation)	96,908	96,908	0
Mangrove Preservation	18	7,300	7,282
Pest Control	9,030	8,800	(230)
Tree Trimming	23,114	23,500	386
Rust Prevention	6,263	5,500	(763)
Water Pump	1,295	1,100	(195)
Trash Chute Maintenance	2,337	2,400	63
Pool Maintenance Contract	9,900	12,500	2,600
Roof Maintenance Contract	13,548	12,558	(990)
HVAC Maintenance	5,243	3,300	(1,943)
Fitness Center Main Contract	685	675	(10)
Holiday Lighting	4,791	3,100	(1,691)
TOTAL CONTRACTS	228,935	244,241	15,306
REPAIRS AND MAINTENANCE			
Landscape Extras	30,449	12,000	(18,449)
Irrigation - Repairs & Maintenance	2,481	3,000	519
Elevator Repairs & Maintenance	2,269	6,000	3,731
Life/Safety R&M - Alarm / Sprinkler	20,076	15,000	(5,076)
HVAC Parts & Repairs	6,178	4,500	(1,678)
Fitness Equipment R&M	0	1,000	1,000
General Repairs & Maintenance	60,903	55,000	(5,903)
Carpet & Floors Repairs/Maintenance	1,989	3,000	1,011
Maintenance Supplies	6,005	8,000	1,995
Cleaning Supplies	2,088	4,000	1,912
CCTV Repairs & Maintenance	11,260	5,000	(6,260)
Backflow	4,013	4,000	(13)
R&M Pool/Spa/Fountain	3,268	6,000	2,732

See independent auditors' report on supplementary information.

HYPOLUXO'S MARINER'S CAY
CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2025

	ACTUAL	BUDGET (Unaudited)	VARIANCE
EXPENSES(Continued):			
R&M Pool Furniture	851	1,000	149
R&M Painting	0	2,000	2,000
R&M Fire Extinguisher	2,127	2,000	(127)
R&M Hurricane	0	2,000	2,000
R&M Gate	5,080	4,000	(1,080)
Doggie Park Maintenance	238	500	262
TOTAL REPAIRS AND MAINTENANCE	159,275	138,000	(21,275)
Total Operating Expenses	1,856,951	1,837,791	(19,160)
Excess Operating Revenues (Expenses)	$10,401	$0	$10,401

See independent auditors' report on supplementary information.