

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

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FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Fund Balance (Deficit).....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6-12
Supplementary Information:	
Supplementary Information on Future Major Repairs and Replacements	13



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& COMPANY

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To the Board of Directors
The Crimson Condominium Association, Inc.
Miami, Florida

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of The Crimson 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 (deficit) 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 The Crimson Condominium Association, Inc. as of December 31, 2025 and the results of its operations and its cash flows for the year then ended in conformity 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 The Crimson 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 G 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.

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 The Crimson Condominium 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 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 The Crimson Condominium 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 The Crimson Condominium 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.

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 on page 13 be presented to supplement the basic financial statements. Such information, 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.

Leonardo & Company

Leonardo & Company
Certified Public Accountants
Boca Raton, Florida
June 15, 2026

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2025

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	\$ 476,395	\$ 756,226	\$ 1,232,621
Cash - security deposits	165,277	-	165,277
Assessments receivable, net of allowance for credit losses - \$21,276	20,492	-	20,492
Other receivables	36,426	-	36,426
Prepaid expenses	2,063	-	2,063
Prepaid insurance	140,387	-	140,387
TOTAL ASSETS	<u>\$ 841,040</u>	<u>\$ 756,226</u>	<u>\$ 1,597,266</u>

LIABILITIES AND FUND BALANCE (DEFICIT)

LIABILITIES			
Accrued expenses	75,806	-	75,806
Insurance payable	152,496	-	152,496
Security deposits	164,602	-	164,602
Prepaid assessments	15,689	-	15,689
Deferred settlement proceeds	509,495	-	509,495
Contract liabilities (assessments received in advance - replacement fund)	-	690,303	690,303
Total Liabilities	918,088	690,303	1,608,391
FUND BALANCE (DEFICIT)	<u>(77,048)</u>	<u>65,923</u>	<u>(11,125)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 841,040</u>	<u>\$ 756,226</u>	<u>\$ 1,597,266</u>

The accompanying notes are an integral part of these financial statements.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT)
For the Year Ended December 31, 2025

	Operating Fund	Replacement Fund	Total
REVENUES			
Member assessments	\$ 905,594	\$ 89,973	\$ 995,567
Settlement proceeds income	503,492	-	503,492
Easement income	10,000	-	10,000
Utility reimbursement	58,758	-	58,758
Late fees	2,296	-	2,296
Screening fees	2,287	-	2,287
Administrative fees	49,543	-	49,543
House charges	8,455	-	8,455
Gate/key cards	1,900	-	1,900
Cable income	122,512	-	122,512
Interest income	17,971	23,889	41,860
Miscellaneous income	410	-	410
Total Revenues	1,683,218	113,862	1,797,080
EXPENSES			
Administrative	54,475	-	54,475
Insurance	417,953	-	417,953
Salaries and benefits	454,622	-	454,622
Repairs and maintenance	59,694	89,973	149,667
Utilities	183,178	-	183,178
Contracts	258,388	-	258,388
Settlement expenses	203,492	-	203,492
Total Expenses	1,631,802	89,973	1,721,775
Excess (Deficiency) of Revenues over Expenses	51,416	23,889	75,305
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(129,814)	42,034	(87,780)
Capital Contributions	1,350	-	1,350
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (77,048)</u>	<u>\$ 65,923</u>	<u>\$ (11,125)</u>

The accompanying notes are an integral part of these financial statements.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess (Deficiency) of Revenues over Expenses	\$ 51,416	\$ 23,889	\$ 75,305
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:			
(Increase) decrease in:			
Assessments receivable	(16,566)	-	(16,566)
Other receivables	(1,169)	-	(1,169)
Prepaid expenses	2,443	-	2,443
Prepaid insurance	21,779	-	21,779
Utility deposits	21,068	-	21,068
Increase (decrease) in:			
Accounts payable and accrued expenses	(32,478)	-	(32,478)
Prepaid assessments	(2,741)	-	(2,741)
Security deposits	7,800	-	7,800
Deferred settlement proceeds	(420,924)	-	(420,924)
Contract liabilities (assessments received in advance - replacement fund)	-	227,627	227,627
Net Cash Provided by (Used in) Operating Activities	<u>(369,372)</u>	<u>251,516</u>	<u>(117,856)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Insurance payable	(21,695)	-	(21,695)
Net Cash Provided by (Used in) Financing Activities	<u>(21,695)</u>	<u>-</u>	<u>(21,695)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(391,067)	251,516	(139,551)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,032,739</u>	<u>504,710</u>	<u>1,537,449</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 641,672</u></u>	<u><u>\$ 756,226</u></u>	<u><u>\$ 1,397,898</u></u>
Cash and Cash Equivalents Consist of:			
Cash and Cash Equivalents - Operations	\$ 476,395		
Cash - Security Deposits	165,277		
	<u><u>\$ 641,672</u></u>		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest Paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income Taxes Paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Crimson Condominium Association, Inc. (the "Association") is a statutory condominium association incorporated in November 2015 as a not-for-profit corporation under Chapter 718 Florida Statute. The Association, located in Miami, Florida, is responsible for the operation and maintenance of the common areas of the condominium, which consists of one 19 story building containing 90 residential units and one commercial unit. The developer of the condominium project, "The Crimson, a Condominium", is Alpine Estates, LLC (the "Developer"), a Florida limited liability company. Control of the Association passed from the Developer to the unit owners on February 21, 2018 (date of turnover). As of December 31, 2025, 90 units had been sold and 1 unit was conveyed to the Association by the Developer.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Fund Accounting

The Association uses fund accounting which requires that funds such as the operating fund and replacement fund be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors and Property Manager as guided by the corresponding budget. Disbursements from the replacement fund may be made only for their designated purposes.

4. Member Assessments and Allowance for Credit Losses

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Income and expenses are allocated to each unit owner based on the approved budget. Assessment revenue is recognized as the related performance obligations that are satisfied at the transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purposes. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The balances of assessments receivable, net, as of the beginning and end of the year are \$3,926 and \$20,492, respectively. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

The Association recognizes an expected allowance for credit losses, based on historical losses of aged receivables and adjusted for management's assessment of current conditions, reasonable and supportable economic forecasts, and any other factors deemed relevant by management. The Association believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Association's member base has remained relatively constant. The Association writes off receivables when the unit is sold and no possibility of recovery is determined.

5. Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

6. Income Taxes

The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended December 31, 2025, no interest or penalties were paid or accrued.

7. Recognition of Assets

Real property and common areas 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 individual unit owners in common and not by the Association.

8. Cash and Cash Equivalents

For purposes of the December 31, 2025 balance sheet and the statement of cash flows for the year then ended, the Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

9. Property and Equipment

The Association capitalizes all property and equipment to which it holds title or has other evidence of ownership. Property and equipment are depreciated over the estimated useful lives of the assets using the straight-line method. No depreciable capital assets were acquired in the current fiscal year.

10. Fair Value Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and payables approximate their fair values due to their short-term maturities.

11. Interest Income

The Association's policy is to allocate to the operating and replacement funds all interest earned on their respective cash accounts

12. Prepaid Assessments

Assessments received in advance for the subsequent year are recognized as prepaid assessments on the accompanying balance sheet. The balances of prepaid assessments as of the beginning and end of the year are \$18,430 and \$15,689, respectively.

13. Contract Liabilities (Assessments Received in Advance - Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance - replacement fund) as of the beginning and end of the year are \$462,676 and \$690,303, respectively.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE B - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents and assessments receivable. The Association deposits its cash and cash equivalents with various major financial institutions and the carrying value approximates market value. The Federal Deposit Insurance Corporation (FDIC) coverage is limited to \$250,000 per depositor. As of December 31, 2025, the Association had \$506,226 in cash and cash equivalents in excess of the FDIC limits. The Association has not experienced losses related to these deposits. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents and assessments receivable.

NOTE C - INSURED CASH BALANCES (ICS SWEEP FACILITY)

The Association maintains its cash balance at several financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. At December 31, 2025, the Association had a cash balance with two of their financial institutions in the amount of \$392,370. These bank accounts have an ICS Sweep facility in place. This facility divides the balance into amounts under the standard FDIC maximum and places those amounts with other ICS banks which are all FDIC-insured institutions. The result is that these funds are properly insured with FDIC.

NOTE D - WORKING CAPITAL CONTRIBUTIONS

Purchasers of condominium units in The Crimson, a Condominium, are obligated to contribute an amount equal to two months maintenance fees to fund the Association's working capital. These funds are maintained in a separate bank account until withdrawn for purposes of funding operating and replacement fund expenditures. In 2025, there were no working capital contributions received by the Association. The unexpended portion is \$1,350.

NOTE E - OTHER RECEIVABLES

Other receivables consist of miscellaneous accrued income items (HVAC, cable, water, administrative fees and other) that were earned in 2025 and collected in 2026. As of December 31, 2025, other receivables aggregate to \$36,426 in the accompanying balance sheet.

NOTE F - DEFERRED SETTLEMENT PROCEEDS/SETTLEMENT PROCEEDS INCOME

In 2021, the Association entered into a settlement agreement relative to the construction defects and received \$2,937,795 in accordance with Florida Statutes §558, which was reflected in the financial statements for the year ended December 31, 2021. The amount constituted the settlement amount of \$3,000,000 less legal fees totaling \$62,205.

In 2022, 2023 2024 and 2025, the Association has recognized \$200,000, \$250,000, \$407,200 and \$300,000, respectively, as settlement proceeds income to reduce maintenance fees.

In 2021, pursuant to the agreement, the Developer agreed to convey the unit, CU-01, to the Association via fee simple deed in exchange for a full release of any past, present and future claims or any legal actions. Relative to the agreement, the Association had written-off \$38,725, which was due from the Developer and was reflected in settlement expenses in the previous year financial statements.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE F - DEFERRED SETTLEMENT PROCEEDS/SETTLEMENT PROCEEDS INCOME (Continued)

In 2021, the Association had filed a lawsuit against design and architectural companies alleging professional negligence, violation of minimum building codes and breach of third-party beneficiary contract, with respect to certain design-related defects. As of December 31, 2023, the lawsuit was settled and the Association received \$475,367 and \$85,956, net of \$93,677 legal fees.

As of December 31, 2025, the Association had spent \$1,914,991 for construction defects and legal settlement (see Note N), and the deferred settlement proceeds balance was \$509,495 which will be utilized for future construction defects.

NOTE G - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate to \$756,226 are presented on the accompanying December 31, 2025 balance sheet as contract liabilities and replacement fund balance. These "Assessments Received in Advance - Replacement Fund" and replacement fund balance are held in a separate bank account and are generally not available for operating purposes.

On May 8, 2024, the Association has an independent reserve study conducted to estimate the remaining useful lives and the replacement costs of the structural integrity reserve components (SIRS) and other components of common property (Non-SIRS). The table included in the unaudited supplementary information on future major repairs and replacement is based on these estimates.

Actual expenditures may vary from those estimates and the variations may be material to the financial statements. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. 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 activity was as follows:

<u>Components</u>	<u>Balance 1/1/2025</u>	<u>Interest/ Assessments</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance 12/31/2025</u>
Structural Components (SIRS)					
Roof	\$ 9,999	\$ -	\$ (3,379)	\$ -	\$ 6,620
Painting	13,484	-	-	-	13,484
Pooled	-	177,100	-	232,691	409,791
Subtotal SIRS	23,483	177,100	(3,379)	232,691	429,895
Other Components (Non-SIRS)					
HVAC	6,000	-	-	-	6,000
Pavement	4,196	-	-	-	4,196
Pooled	428,997	140,500	(86,594)	(232,691)	250,212
Interest	42,034	23,889	-	-	65,923
Subtotal Non-SIRS	481,227	164,389	(86,594)	(232,691)	326,331
Totals	<u>\$ 504,710</u>	<u>\$ 341,489</u>	<u>\$ (89,973)</u>	<u>\$ -</u>	<u>\$ 756,226</u>

During 2025, the Association transferred \$232,691 from the pooled reserve component to the pooled SIRS component.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE G - FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The pooled replacement expenses were as follows:

Air conditioning	\$ 7,759
Pool	8,101
Fire sprinkler pipe repairs	36,737
Fire alarm panel	2,980
Doors	13,183
Compressors	10,850
Elevator repairs	4,584
Stairwell valve	2,400
Total	<u>\$ 86,594</u>

The Association does not allocate interest earned on the replacements fund to specific replacement components as earned but does so periodically depending on projected requirements.

NOTE H - INSURANCE PAYABLE

During 2025, the Association financed its insurance premiums. The total amount financed was \$362,072 and payable in monthly installments of \$33,983 including interest at 6.430% per annum through April 2026. In addition, the Association financed its flood insurance premiums. The total amount financed was \$19,090 and payable in monthly installments of \$1,811 including interest at 8.570% per annum through October 2026. The financing is secured by any unearned premiums or other sums which may become collectible under the terms of the agreement.

At December 31, 2025, the outstanding balance, including accrued interest, was \$152,496.

NOTE I - COMMITMENTS

The Association is contracted with an independent third-party property management company to provide complete management services. Additionally, the Association has contracts for various services to maintain the common property including pool, trash and janitorial services, security, and odor and pest control. These contracts have different expiration dates and renewal terms.

In 2015, the Developer entered into an agreement with Hotwire Communications, Ltd. on behalf of the Association to install, operate, upgrade and maintain on the property a system to provide multi-channel video, audio, internet, telephone, enhanced home security and other services to Association members. The term of the agreement is for 10 years commencing after the initial anniversary date, with automatic five (5) year renewal periods thereafter. Per the agreement, all rights, duties and obligations of the agreement passed to the Association from the Developer on December 31, 2015.

Due to the contract language regarding the anniversary date, the anniversary date of the contract is December 2019, and the contract is valid for ten (10) years from that date. The Association is discussing revisions to the agreement, with negotiations set to begin at the end of 2026.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE J - WINDSTORM AND FLOOD INSURANCE

The Association maintains insurance coverage for damage sustained by the common elements. The insurance coverage in force includes substantial deductible amounts which the Association would be required to fund. In addition, in as much as certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such loss in excess of the aforementioned maximum deductible cannot be determined.

NOTE K - SECURITY DEPOSITS

The Association collects refundable security deposits from unit owners who rent their units. These funds aggregated to \$164,602 as of December 31, 2025. The Association maintains this cash in a separate non-interest-bearing account totaling \$165,277 as of December 31, 2025.

NOTE L - INCOME TAXES

In 2025, the Association has elected to file as a homeowners' association and file an 1120-H in accordance with Internal Revenue Code section 528. Under this section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE M - CONTINGENCIES

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. Management believes that none of the claims and complaints of which it is currently aware will materially affect its financial position or future operating results with the exception to increase legal costs which may or may not be covered by the Association's directors' and officers' insurance, although no assurance can be given with respect to the ultimate outcome of any such claims or with respect to the occurrence of any future claims.

NOTE N - LEGAL SETTLEMENT

On July, 2022, a tenant filed a complaint against the Association. The complaint alleges that the Association violated Florida's Deceptive Trade Practices Act, Florida's Consumer Collections Practices Act, and unjustly enriched itself by knowingly mischaracterizing illegal and illegitimate transfer fees as "legitimate," or fees paid or others, for the purpose of enriching itself at the expense of Florida consumers. The Association's insurance carrier has assigned a law firm to defend the Association in this matter.

In 2025, the Association entered into a proposed class action settlement. Under the proposed terms, the Association is required to pay up to \$22,200 to class members, \$125,000 for attorney's fees and costs, \$4,000 as an incentive award, and additional settlement administration costs. As of December 31, 2025, the Association had paid \$125,000 for attorneys' fees, \$4,000 as an incentive award, \$5,400 to class members and \$11,137 for administration cost, for a total of \$145,537.

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE N - LEGAL SETTLEMENT (Continued):

The Association has reflected the \$145,537 in settlement expenses in the accompanying statement of revenues, expenses and change in fund balance (deficit).

NOTE O - FUND BALANCE (DEFICIT)

As of December 31, 2025, the Association has an operating fund deficit of \$77,048. The Association has the right to increase regular assessments or pass a special assessment to remedy the situation.

NOTE P - EASEMENT INCOME

In 2025, the Association entered into an agreement allowing access to the property for installation, maintenance and removal of camera/security equipment. The agreement has an initial term of thirty-six (36) months and requires an annual payment of \$10,000. The agreement may be renewed for an additional six (6) months if written notice is provided at least 30 days before the end of the then-current term. As of December 31, 2025, the Association recognized \$10,000 of income.

NOTE Q - DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 15, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE CRIMSON CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2025
(Unaudited)

The Association had an independent reserve study update conducted on May 8, 2024 by a reserve specialist to estimate the remaining useful lives and the replacement costs of the components of common property. The study was utilized in the preparation of the 2026 budget.

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

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Contract Liabilities and Replacement Fund Balances 12/31/25	2026 Required Funding	2026 Adopted Funding
Structural Components (SIRS)					
Garage	0	\$ 2,324,958	\$ -	\$ -	\$ -
Generator	25	632,892	-	-	-
Balconies	7	1,647,413	-	-	-
Fire Proofing	2	206,212	-	-	-
Life Safety	10	406,281	-	-	-
Pool	18	1,159,674	-	-	-
Painting	7	2,233,266	13,484	-	-
Seawall	10	220,319	-	-	-
Roof	8	478,654	6,620	-	-
Milestone Report	10	53,288	-	-	-
Windows	13	299,864	-	-	-
Pooled	0	-	409,791	\$ 183,300	\$ 183,300
Subtotal SIRS		9,662,821	429,895	183,300	183,300
Other Components (Non-SIRS)					
Common Area Interior	15	1,389,666	-	-	-
Equipment - Pool	8	91,432	-	-	-
Reserve Study	0	6,500	-	-	-
Furniture - Pool	8	185,423	-	-	-
Garage	7	223,620	-	-	-
HVAC	2	2,513,101	6,000	-	-
Mechan/HVAC/Elevators	17	933,231	-	-	-
Pumps/Motors/Heaters	6	193,143	-	-	-
Paving	10	29,277	4,196	-	-
Security Equipment	0	309,370	-	-	-
Pooled	0	-	250,212	145,400	145,400
Interest		-	65,923	-	-
Subtotal Non-SIRS		5,874,763	326,331	145,400	145,400
Totals		\$ 15,537,584	\$ 756,226	\$ 328,700	\$ 328,700