

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2025

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements for the year ended December 31, 2025:	
Balance Sheet.....	3
Statement of Revenues, Expenses, and Changes in Fund Balances.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-11
Supplementary Information:	
Independent Auditors' Report on Supplementary and Prospective Information	12
Supplementary Information on Future Major Repairs and Replacements	13
Detailed Statement of Operating Revenues and Expenses – Budget Comparison.....	14-15



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INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
**Sonoma Bay Community
Homeowners Association, Inc.**

Dear Members:

Opinion

We have audited the accompanying financial statements of Sonoma Bay Community Homeowners 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 Sonoma Bay Community Homeowners 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 Sonoma Bay Community Homeowners' 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, 2024, 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.

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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 Sonoma Bay Community Homeowners 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 Sonoma Bay Community Homeowners 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 Sonoma Bay Community Homeowners 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
Hollywood, Florida
March 30, 2026

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

BALANCE SHEET

December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 99,565	\$ 627,930	\$ 727,495
Cash - Security Deposits	84,501		84,501
Assessments Receivable, Net of Allowance For Credit Losses of \$ 33,088	100,189		100,189
Prepaid Insurance	1,747		1,747
TOTAL ASSETS	\$ 286,002	\$ 627,930	\$ 913,932
LIABILITIES AND FUND BALANCES			
Accounts Payable and Accrued Expense	\$ 8,392	\$	\$ 8,392
Security Deposits	84,501		84,501
Prepaid Member Assessments	37,976		37,976
Deferred Reserve Revenue		627,930	627,930
TOTAL LIABILITIES	130,869	627,930	758,799
Fund Balances	155,133	0	155,133
TOTAL LIABILITIES AND FUND BALANCES	\$ 286,002	\$ 627,930	\$ 913,932

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

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

Year Ended December 31, 2025

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Member Assessments	\$ 1,528,909	\$	\$ 1,528,909
Credit Losses (Assessments)	(4,575)		(4,575)
Interest Income	1,928	17,292	19,220
Late Fees and Interest	16,601		16,601
Capital Contribution	5,500		5,500
Application Fees	5,188		5,188
Gate and Pool	4,800		4,800
Fines Income	714		714
Clubhouse Rental	850		850
TOTAL REVENUES	<u>1,559,915</u>	<u>17,292</u>	<u>1,577,207</u>
EXPENSES			
Administrative	40,246		40,246
Insurance	546,696		546,696
Contract Services	251,974		251,974
Repairs and Maintenance	186,961		186,961
Ground Maintenance	101,721		101,721
Utilities	419,898		419,898
TOTAL EXPENSES	<u>1,547,496</u>	<u>0</u>	<u>1,547,496</u>
EXCESS REVENUES (EXPENSES)	12,419	17,292	29,711
FUND BALANCES - BEGINNING	142,714	0	142,714
RESERVE DEFERRED		(17,292)	(17,292)
FUND BALANCES - ENDING	<u>\$ 155,133</u>	<u>\$ 0</u>	<u>\$ 155,133</u>

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

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
EXCESS REVENUES (EXPENSES)	\$ 12,419	\$ 17,292	\$ 29,711
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Reserve Deferred		(17,292)	(17,292)
DECREASE (INCREASE) IN ASSETS:			
Assessments Receivable - Net of Allowance	(31,922)		(31,922)
Prepaid Insurance	92,262		92,262
INCREASE (DECREASE) IN LIABILITIES:			
Accounts Payable and Accrued Expense	156		156
Security Deposits	3,000		3,000
Prepaid Member Assessments	(2,486)		(2,486)
Deferred Reserve Revenue			
		103,532	103,532
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	73,429	103,532	176,961
NET INCREASE (DECREASE) IN CASH	73,429	103,532	176,961
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	110,637	524,398	635,035
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 184,066	\$ 627,930	\$ 811,996
SUPPLEMENTAL DISCLOSURES:			
Interest Paid	\$ 0	\$ 0	\$ 0
Income Tax Paid			
Federal	\$ 0	\$ 0	\$ 0
State	\$ 0	\$ 0	\$ 0

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

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

1. ORGANIZATION

Sonoma Bay Community Homeowners Association, Inc. ("the Association") is a not-for-profit corporation incorporated on May 15, 2026, in the State of Florida. The Association is responsible, in accordance with Florida Statutes Chapter 720 and the provisions of its governing documents, for the operation and maintenance of the common property of Sonoma Bay Community Homeowners Association, Inc. The Association consists of 302 units residential lots located in West Palm Beach, Florida.

2. DATE OF MANAGEMENT'S REVIEW

The Association has evaluated transactions and events that occurred after December 31, 2025 through March 30, 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.

Member 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 \$68,267 and \$100,189, respectively.

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments and Allowance for Credit Losses (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.

In the event that the Association does not prevail against homeowners with delinquent assessments, an allowance for credit losses of \$33,088 has been established as of December 31, 2025.

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.

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.

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. Although they are owned by the Association, the Board of Directors cannot dispose of the property and the property does not generate any significant cash flow. 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.

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 \$524,398 and \$627,930, respectively. As projects funded by reserves are undertaken, the related amounts are recognized as revenue in the period the expenditures occur.

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$40,462 and \$37,976 respectively.

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.

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.

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.

Interest Income

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

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.

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Association is subject to federal and state taxation and has essentially 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 from nonmembers and the excess revenues from members (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.

There is no current year provision for taxes.

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.

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.

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.

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2025

4. PREPAID INSURANCE

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

	BALANCE 12/31/2025
Insurance - Net of Related Financing Agreement	\$ 1,747
Total Prepaid Insurance	\$ 1,747

5. FUTURE MAJOR REPAIRS AND REPLACEMENTS FUND - RESERVES

In addition to annual operating expenses, the budget of the Association may include reserve accounts for capital expenditures and deferred maintenance for which the Association is responsible. If reserve accounts are not established pursuant to Florida Statutes Chapter 720 § 303(6)(d), funding of such reserves is limited to the extent that the governing documents limit increases in assessments, including reserves. If the budget of the association includes reserve accounts established pursuant to Florida Statutes Chapter 720 § 303(6)(d), such reserves shall be determined, maintained, and waived in the manner provided in this subsection. Once an association provides for reserve accounts pursuant to Florida Statutes Chapter 720 § 303(6)(d), the association shall thereafter determine, maintain, and waive reserves in compliance with this subsection.

The Association is funding the future major repairs and replacements based on a study conducted by the board of directors to estimate the remaining useful lives and the replacement costs of the common property components, as disclosed in the Supplementary Information.

Contingency

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 has adopted the pooling method, which allows the Association to utilize all available replacement funds for future projects rather than only using funds designated for each individual replacement component.

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

COMPONENTS	BALANCE 12/31/2024	INTEREST/ ASSESSMENTS	EXPENDITURES	BALANCE 12/31/2025
General (Pooled)	\$524,398	\$103,532	\$0	\$627,930
DEFERRED RESERVES AND FUND BALANCE	\$524,398	\$103,532	\$0	\$627,930

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2025

6. COMMITMENTS

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

7. 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 maintenance fees, 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.

8. SECURITY DEPOSITS

The Association collects refundable security deposits from owners who rent their units. These funds are maintained in a separate non-interest bearing checking account and are reflected in the accompanying financial statements as security deposits. As of December 31, 2025, the security deposit balance was \$84,501.

9. CAPITAL CONTRIBUTION

A contribution to the working capital fund in the sum of five hundred (500) dollars shall be payable by the unit owner to the Association at the time of closing. These funds may be used for initial expenses such as advance insurance premiums, purposes of emergency needs, initial items and non-recurring capital expenses. As of December 31, 2025, working capital contributed was \$5,500 has been consolidated into the operating fund.

10. CONCENTRATION OF CREDIT RISK

As of December 31, 2025, the Association maintained cash and cash equivalent balances, which exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association has not experienced any losses related to these cash balances and believes it is not exposed to any significant risk on these accounts.



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Gerstle, Rosen & Goldenberg, P.A.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors and Unit Owners
Sonoma Bay Community Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Sonoma Bay Community Association, Inc., as of and for the year ended December 31, 2025, and our report thereon dated March 30, 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 Supporting Schedules – Statement of Operation 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
Hollywood, Florida
March 30, 2026

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SUPPLEMENTARY INFORMATION

Supplementary Information on Future Major Repairs and Replacements

**SONOMA BAY COMMUNITY
ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

**December 31, 2025
(Unaudited)**

The Association has not conducted an independent study 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. 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:

COMPONENTS	ESTIMATED REMAINING USEFUL LIVES (YEARS)	ESTIMATED CURRENT REPLACEMENT COSTS
Painting	6	\$190,000
Roofs	14	3,000,000
Pool	1	40,000
Paving	5	120,000
TOTAL		\$3,350,000

CONTRIBUTION PERIOD	POOLING METHOD FUNDING
Annual Contribution	2026 \$86,240

SUPPLEMENTARY INFORMATION

Detailed Statement of Operating Revenues and Expenses Budget Comparison

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2025

<u>REVENUES:</u>	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
Member Assessments	\$1,528,909	\$1,528,909	\$0
Credit Losses (Assessments)	(4,575)	0	(4,575)
Interest Income	1,928	3,024	(1,096)
Late Fees and Interest	16,601	3,220	13,381
Capital Contribution	5,500	9,000	(3,500)
Application Fees	5,188	6,525	(1,337)
Gate and Pool	4,800	5,676	(876)
Fines Income	714	0	714
Clubhouse Rental	850	10,925	(10,075)
TOTAL REVENUES	1,559,915	1,567,279	(7,364)
 <u>EXPENSES:</u>			
<u>ADMINISTRATIVE</u>			
Office Expense	23,472	13,429	(10,043)
Community Event	425	1,000	575
Bank Charges	1,810	1,302	(508)
Background Checks	150	225	75
Accounting Fees	5,200	5,500	300
Legal Fee	7,926	5,000	(2,926)
Fobs	0	1,000	1,000
Annual Report	61	62	1
License and Permits	475	475	0
Property Taxes	727	0	(727)
TOTAL ADMINISTRATIVE	40,246	27,993	(12,253)
 <u>INSURANCE</u>			
Insurance	499,556	577,802	78,246
Insurance (Old Policy)	47,140	0	(47,140)
TOTAL INSURANCE	546,696	577,802	31,106
 <u>CONTRACT SERVICES</u>			
Management Fees	87,804	85,980	(1,824)
Golf Cart	1,235	2,700	1,465
Pool Maintenance	6,054	6,620	566
Envera Services	54,686	55,110	424
Security Services	89,753	86,228	(3,525)
Lake Maintenance	7,590	2,736	(4,854)
Termite Treatment	3,052	7,016	3,964
Pest Control Contract	1,800	1,800	0
TOTAL CONTRACT SERVICES	251,974	248,190	(3,784)

See independent auditors' report.

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.**

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2025

<u>EXPENSES (Continued):</u>	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>REPAIRS AND MAINTENANCE</u>			
General Repairs and Maintenance	61,747	70,538	8,791
Fitness Center	12,640	5,000	(7,640)
Holiday Lights	3,959	7,286	3,327
Roof Repairs	28,950	0	(28,950)
Janitorial Services	24,390	24,260	(130)
Goode Companies	29,870	36,732	6,862
Gate Repairs	5,432	10,000	4,568
Gutter Cleaning	0	16,000	16,000
Irrigation Repairs	13,348	13,230	(118)
Pool Equipment and Repairs	6,625	5,000	(1,625)
TOTAL REPAIRS AND MAINTENANCE	186,961	188,046	1,085
<u>GROUND MAINTENANCE</u>			
Landscape Extras	19,419	25,000	5,581
Lawn Service	58,092	58,092	0
Tree Trimming	22,810	25,000	2,190
Fertilizer and Pest Control	1,400	0	(1,400)
TOTAL GROUND MAINTENANCE	101,721	108,092	7,771
<u>UTILITIES</u>			
Electricity	22,551	20,427	(2,124)
Gas	389	0	(389)
Water and Sewer	4,193	4,042	(151)
Cable and Internet	391,512	391,047	(465)
Telephone	1,253	1,640	387
TOTAL UTILITIES	419,898	417,156	(2,742)
TOTAL EXPENSE	1,547,496	1,567,279	21,183
EXCESS REVENUES (EXPENSES)	\$12,419	\$0	\$12,419

SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.
POST CLOSING TRIAL BALANCE
December 31, 2025

ACCOUNT TITLE	CLIENT ACCOUNT NUMBER	CLIENT T/B		ADJUSTMENTS		CPA F/S	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<u>BALANCE SHEET</u>							
ASSETS							
BB & T Operating Account	1003	76,801		-			
BB & T Reserve Account	1008	99,709		-		76,801	
Bank Florida Operating	1009	22,764		-		99,709	
Bank Florida - Reserve	1010	528,221		-		22,764	
Truist Escrow Account	1011	84,501		-		528,221	
Accounts Receivable	1200	133,277		-		84,501	
Allowance for Bad Debt	1207		33,088	-		133,277	
Prepaid Insurance (Net Payable)	1405	1,747		-			33,088
				-		1,747	
				-			
<u>LIABILITIES AND FUND BALANCE</u>							
Accrued Expense	2020		0	-	1	3,192	
Accrued Expense (CPA FEE)	2020		5,200	-			3,192
Prepaid Member Assessments	2030		37,976	-			5,200
Security Deposit	2035		84,501	-			37,976
Deferred Cable Income	2200			-			84,501
				-			
				-			
<u>REPLACEMENT</u>							
General	2501		612,638	-			612,638
Unallocated Interest	2590		15,292	-			15,292
				-			
				-			
FUND BALANCE	3020		98,126	-		44,588	142,714
CURRENT YEAR INCOME / LOSS	3020		60,199	47,780		-	12,419
		\$947,020	\$947,020	\$47,780		\$47,780	\$947,020
		\$0			\$0		\$0
ENDING FUND BALANCE PER CPA F/S SHOULD EQUAL:						\$155,133	

**SONOMA BAY COMMUNITY
HOMEOWNERS ASSOCIATION, INC.
PROPOSED ADJUSTING JOURNAL ENTRIES
December 31, 2025**

	CLIENT ACCOUNT NUMBER	DEBIT	CREDIT
1			
Lake Maintenance	6015	146	
Lake Maintenance	6015	273	
Accrued Expense			419
<i>(to accrue for December 2025 expense paid in 2026, please remove from 2026 and reclass to fund balance)</i>			
Goode Company	7027	2,623	
Accrued Expense			2,623
<i>(to accrue for December 2025 expense paid in 2026, please remove from 2026 and reclass to fund balance)</i>			
Pest Control	6040	150	
Accrued Expense			150
<i>(to accrue for December 2025 expense paid in 2026, please remove from 2026 and reclass to fund balance)</i>			
Total		\$3,192	\$3,192