

STONEWALL CONDOMINIUM ASSOCIATION, INC.

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

STONEWALL CONDOMINIUM ASSOCIATION, INC.

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Independent Auditor's Report

The Board of Directors
Stonewall Condominium Association, Inc.

Opinion

We have audited the accompanying financial statements of Stonewall Condominium Association, Inc., which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years 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 Stonewall Condominium Association, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stonewall 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.

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.

Independent Auditor's Report
Stonewall Condominium Association, Inc.

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 Stonewall 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 judgement made by a reasonable user based on the financial statements.

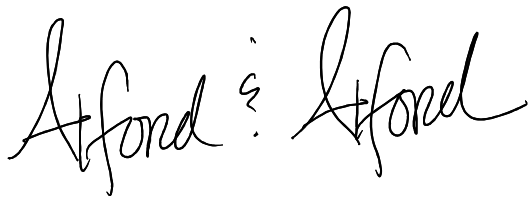
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Stonewall 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stonewall 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 information on future major repairs and replacements of common property 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.

A handwritten signature in cursive script that reads "Alford & Alford". The signature is written in dark ink and is positioned above the printed name of the firm.

Alford & Alford, Certified Public Accountants, PC
Atlanta, Georgia
June 16, 2026

STONEWALL CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEETS
December 31, 2025 and 2024

	2025			2024
	Operating Fund	Replacement Fund	Total	Total
<u>ASSETS</u>				
Cash, including interest-bearing deposits	\$ 23,117	\$ 81,404	\$ 104,521	\$ 108,131
Certificates of deposit	-	192,065	192,065	125,487
Assessments receivable	10,439	-	10,439	91,579
Prepaid expenses	16,173	-	16,173	16,037
Other receivables	-	-	-	600
TOTAL ASSETS	<u>\$ 49,729</u>	<u>\$ 273,469</u>	<u>\$ 323,198</u>	<u>\$ 341,834</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable	\$ 5,820	\$ -	\$ 5,820	\$ 11,955
Prepaid assessments	<u>9,239</u>	<u>-</u>	<u>9,239</u>	<u>9,365</u>
Total Liabilities	15,059	-	15,059	21,320
FUND BALANCES	<u>34,670</u>	<u>273,469</u>	<u>308,139</u>	<u>320,514</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 49,729</u>	<u>\$ 273,469</u>	<u>\$ 323,198</u>	<u>\$ 341,834</u>

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

STONEWALL CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCES
For the Years Ended December 31, 2025 and 2024

	2025			2024
	Operating Fund	Replacement Fund	Total	Total
<u>REVENUES</u>				
Regular member assessments	\$ 357,240	\$ 120,000	\$ 477,240	\$ 494,700
Other member revenue	43,660	-	43,660	6,450
Late charges, fines, and collection fees	13,412	-	13,412	10,453
Initiation fees	-	7,650	7,650	4,500
Bank interest	-	7,527	7,527	7,519
TOTAL REVENUES	414,312	135,177	549,489	523,622
<u>EXPENSES</u>				
Common area repairs and maintenance	83,630	118,889	202,519	115,156
Landscape and grounds maintenance	79,540	54,344	133,884	151,243
Insurance	50,077	23,628	73,705	76,232
Water and sewer	44,740	-	44,740	40,702
Termite bond and pest control	24,742	-	24,742	25,437
Sanitation	21,512	-	21,512	17,429
Professional fees	21,301	-	21,301	17,090
Pool maintenance and supplies	17,375	-	17,375	33,203
Electricity	11,771	-	11,771	10,599
General and administrative	10,250	-	10,250	9,268
Taxes	65	-	65	80
Provision for (recovery of) uncollectible receivables	-	-	-	(31,107)
TOTAL EXPENSES	365,003	196,861	561,864	465,332
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	49,309	(61,684)	(12,375)	58,290
BEGINNING FUND BALANCES	115,646	204,868	320,514	262,224
Interfund transfers, net	(130,285)	130,285	-	-
ENDING FUND BALANCES	\$ 34,670	\$ 273,469	\$ 308,139	\$ 320,514

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

STONEWALL CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025			2024
	Operating Fund	Replacement Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	\$ 49,309	\$ (61,684)	\$ (12,375)	\$ 58,290
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Interfund transfers, net	(130,285)	130,285	-	-
(Increase) Decrease in assessments receivable	81,140	-	81,140	(46,535)
(Increase) in prepaid expenses	(136)	-	(136)	(12,067)
(Increase) Decrease in other receivables	600	-	600	(600)
Increase (Decrease) in accounts payable	(2,885)	(3,250)	(6,135)	2,247
(Decrease) in prepaid assessments	(126)	-	(126)	(1,420)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(2,383)	65,351	62,968	(85)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net (increase) in certificates of deposit	-	(66,578)	(66,578)	(65,487)
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	(66,578)	(66,578)	(65,487)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,383)	(1,227)	(3,610)	(65,572)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,500	82,631	108,131	173,703
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 23,117	\$ 81,404	\$ 104,521	\$ 108,131

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

STONEWALL CONDOMINIUM ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2025 and 2024

1. NATURE OF ORGANIZATION

Stonewall Condominium Association, Inc. (the “Association”) was incorporated on August 1, 1977, in the State of Georgia as a statutory condominium association organized as a nonprofit corporation for the purposes of administering, maintaining, and preserving the common property of Stonewall Condominium, located in Cobb County, Georgia. The Association consists of 97 residential units and associated amenities and common areas.

2. DATE OF MANAGEMENT’S REVIEW

The Association evaluated subsequent events through June 16, 2026, the date that the financial statements were available to be issued. Based upon this evaluation, the Association has determined that no subsequent events have occurred which require adjustment to disclosure in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Revenues and expenses. The Association records revenues and expenses on a cash basis of accounting for monthly and annual financial statement reporting. Accordingly, revenues are recorded when received (rather than earned) and expenses are recorded when paid (rather than incurred). The financial statements have been converted to the accrual basis of accounting, by which revenues are recorded when earned and expenses are recorded when incurred.

Interest earned. The Board’s policy is to allocate interest earned to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STONEWALL CONDOMINIUM ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2025 and 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment. 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. The Association capitalizes personal property at cost and depreciates it using the straight-line method.

Cash. The Association's cash consists of cash on deposit held with local financial institutions, including interest-bearing accounts. Cash deposits with each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Certificates of deposit. The Association invests in certificates of deposit (CDs) with original maturities exceeding three months. Investments with maturities less than one year from the balance sheet date are classified as short-term, while those with maturities greater than one year are classified as long-term.

As of December 31, 2025, the Association held the following certificates of deposit:

Type	Balance	Maturity date	Interest rate
Short-term CD	\$65,707	April 18, 2026	5.120%
Long-term CD	\$126,358	December 19, 2027	4.050%

Fair value measurements. The Association has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures* which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Association had no investments that required fair value consideration under this standard. The carrying amounts of assessments receivable, prepaid expenses, accounts payable, and prepaid assessments approximate fair value of the relative terms and/or short maturity of these financial instruments.

Contingencies. The Association is subject to certain contingent liabilities resulting from litigation, claims, and other commitments which arise in the ordinary course of business. Management believes that the probable resolution of such contingencies will not materially affect the financial position, results of operations, or cash flows of the Association.

Revenue recognition. In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which can be implemented by nonpublic entities for fiscal periods beginning after December 15, 2019. The provisions of ASU 2014-09 created a single common revenue standard for contracts with customers and removed most industry specific revenue standards, resulting in a diversity of opinion as to whether ASU 2014-09 supersedes longstanding guidance that had previously applied to member assessments of common interest realty association (CIRA) organizations. The Association elects to continue to apply the established industry-specific revenue recognition guidance under FASB ASC 972-605.

STONEWALL CONDOMINIUM ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2025 and 2024

4. MEMBER ASSESSMENTS

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Regular monthly assessments to members were \$410 and \$425, respectively, for the years ended December 31, 2025 and 2024. Of these amounts, \$103 per unit, per month, was designated to the replacement fund. The annual budget and assessments of members are determined by the Board of Directors. Any remaining surplus funds are, at the option of the Board of Directors, distributed to the Members, credited to the next assessment chargeable to the Members, or added to the replacement fund.

5. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements, and \$144,516 has been provided for that purpose in the 2026 budget of the Association. Accumulated funds are held in separate accounts and generally are not available for expenditures for normal operations.

The Board of Directors, or its agent, conducts studies on a regular basis to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from contractors who inspected and/or worked on the property, and from other sources. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on the most recent study from October 2024.

It is the Board's intention to fund for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. 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, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

For the year ended December 31, 2025, replacement fund expenditures for major repairs and replacements consisted of the following:

Replacement Fund Expenditure	Amount
Retaining walls and drainage	\$ 52,999
Roofs	29,471
Sewer system and exterior plumbing	78,155
Exterior building repairs	2,008
Waterproofing	10,600
Total	\$ <u>114,390</u>

STONEWALL CONDOMINIUM ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2025 and 2024

6. FEDERAL AND STATE TAXES

Under present law, the Association makes an election in each year from among two alternative methods of reporting and paying income taxes.

For the years ended December 31, 2025 and 2024, the Association elected to be taxed as a community association subject to the provisions of Internal Revenue Code Section 528 and filed Form 1120-H. Under such an election, the Association is not taxed on exempt function income, which includes association fees and similar charges to members. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government and at 5.19% by the State of Georgia.

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 IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2025 and 2024, 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.

7. RECEIVABLES

The Association's policy is to retain legal counsel and enforce collection on homeowners and others whose monies owed to the Association are substantially in arrears. As of December 31, 2025 and 2024, the Association had total assessments receivables of \$10,439 and \$91,579, respectively. The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control. It is the opinion of the Board of Directors that all assessments receivable at December 31, 2025, are to be fully collectible and, accordingly, no allowance for uncollectible accounts is deemed necessary.

8. CLASSIFICATIONS

Certain reclassifications may have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

REQUIRED SUPPLEMENTARY INFORMATION

STONEWALL CONDOMINIUM ASSOCIATION, INC.

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

December 31, 2025

(UNAUDITED)

An engineering study was conducted to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	2026 Funding Provided	Components of Fund Balance at December 31, 2025
Exterior building	1 - 25	\$ 1,692,253	\$ 104,643	\$ 924,999
Property site	1 - 22	630,145	36,769	161,297
Clubhouse	4 - 20	91,175	4,289	36,248
Pool	1 - 12	395,380	12,227	313,641
UNALLOCATED	N/A	N/A	(13,411)	(1,162,717)
TOTALS		\$ 2,808,953	\$ 144,516	\$ 273,469