

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
For the Years Ended December 31, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Stockholders of  
Crestwood Village Co-Op Four, Inc.  
Whiting, New Jersey

### **Opinion**

We have audited the accompanying financial statements of Crestwood Village Co-Op Four, 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 Crestwood Village Co-Op Four, 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 audits 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 Audits of the Financial Statements section of our report. We are required to be independent of Crestwood Village Co-Op Four, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crestwood Village Co-Op Four, 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 Audits 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 audits.
- 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 Crestwood Village Co-Op Four, 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 Crestwood Village Co-Op Four, 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 audits.

#### **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of future major repairs and replacements, the schedules of revenues, expenses and allocations to funds as compared to budget, and the schedules of services and general expenses on pages 18 through 21 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 audits 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.

*CG Signature (placeholder)*

Tinton Falls, New Jersey

April XX, 2026

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
BALANCE SHEET  
December 31, 2025

	Operating Fund	Replacement Fund	Plant Fund	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,244,134	\$ 1,472,580	\$ -	\$ 2,716,714
Assessments Receivable, net allowance of \$89,873	144,668	-	-	144,668
Accounts Receivable - Repair Fees, net allowance of \$0	7,292	-	-	7,292
Accounts Receivable - Other, net allowance of \$0	108,330	-	-	108,330
Prepaid Expenses	261,932	-	-	261,932
Interfund Balances	121,017	(121,017)	-	-
Other Assets	490,442	-	-	490,442
	2,377,815	1,351,563	-	3,729,378
Total Current Assets	2,377,815	1,351,563	-	3,729,378
Property and Equipment, net	192,604	-	7,906,299	8,098,903
Total Assets	\$ 2,570,419	\$ 1,351,563	\$ 7,906,299	\$ 11,828,281
<b>LIABILITIES AND MEMBERS' EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 56,413	\$ -	\$ -	\$ 56,413
Assessments Received in Advance	103,425	-	-	103,425
Escrow Deposits	110,633	-	-	110,633
	270,471	-	-	270,471
Total Liabilities	270,471	-	-	270,471
<b>MEMBERS' EQUITY</b>				
Membership Certificates Authorized, issued and outstanding - 1,190 certificates	-	-	37,032,651	37,032,651
Fund Balances	2,299,948	1,351,563	(29,126,352)	(25,474,841)
	2,299,948	1,351,563	7,906,299	11,557,810
Total Members' Equity	2,299,948	1,351,563	7,906,299	11,557,810
Total Liabilities and Members' Equity	\$ 2,570,419	\$ 1,351,563	\$ 7,906,299	\$ 11,828,281

See Accompanying Notes and Independent Auditor's Report

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
BALANCE SHEET  
December 31, 2024

	Operating Fund	Replacement Fund	Plant Fund	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,830,713	\$ 525,598	\$ -	\$ 2,356,311
Investments	182,101	1,376,441	-	1,558,542
Assessments Receivable, net allowance of \$69,253	248,770	-	-	248,770
Accounts Receivable - Repair Fees, net allowance of \$0	6,687	-	-	6,687
Accounts Receivable - Other, net allowance of \$0	80,346	-	-	80,346
Prepaid Expenses	166,043	-	-	166,043
Interfund Balances	121,017	(121,017)	-	-
Other Assets	226,925	-	-	226,925
<b>Total Current Assets</b>	<b>2,862,602</b>	<b>1,781,022</b>	<b>-</b>	<b>4,643,624</b>
Property and Equipment, net	149,957	-	8,261,757	8,411,714
<b>Total Assets</b>	<b>\$ 3,012,559</b>	<b>\$ 1,781,022</b>	<b>\$ 8,261,757</b>	<b>\$ 13,055,338</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 60,006	\$ -	\$ -	\$ 60,006
Assessments Received in Advance	78,734	-	-	78,734
Escrow Deposits	92,353	-	-	92,353
<b>Total Liabilities</b>	<b>231,093</b>	<b>-</b>	<b>-</b>	<b>231,093</b>
<b>MEMBERS' EQUITY</b>				
Membership Certificates Authorized, issued and outstanding - 1,190 certificates	-	-	37,032,651	37,032,651
Fund Balances	2,781,466	1,781,022	(28,770,894)	(24,208,406)
<b>Total Members' Equity</b>	<b>2,781,466</b>	<b>1,781,022</b>	<b>8,261,757</b>	<b>12,824,245</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 3,012,559</b>	<b>\$ 1,781,022</b>	<b>\$ 8,261,757</b>	<b>\$ 13,055,338</b>

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
For the Year Ended December 31, 2025

	Operating Fund	Replacement Fund	Plant Fund	Total
<b>REVENUE</b>				
Membership Assessments	\$ 3,954,192	\$ 550,000	\$ -	\$ 4,504,192
Net Membership Assessments	3,954,192	550,000	-	4,504,192
Other Revenues				
Repair Fee Income	38,344	-	-	38,344
Interest and Dividend Income	26,468	2,435	-	28,903
Gain (Loss) on Investments	85,978	(89,315)	-	(3,337)
Insurance Proceeds	389,554	-	-	389,554
Resale Revenue	-	268,698	-	268,698
Other Income	97,215	-	-	97,215
Total Other Revenues	637,559	181,818	-	819,377
Total Revenues	4,591,751	731,818	-	5,323,569
<b>EXPENSES</b>				
Lawn and Ground Maintenance	293,074	-	-	293,074
Insurance	773,295	-	-	773,295
General Maintenance	454,220	-	-	454,220
Services and General Expenses	1,494,470	-	-	1,494,470
Real Estate Taxes	2,019,543	-	-	2,019,543
Depreciation	24,729	-	355,458	380,187
Major Repairs and Replacements	-	1,161,277	-	1,161,277
Total Expenses	5,059,331	1,161,277	355,458	6,576,066
Provision for Income Taxes	13,938	-	-	13,938
Excess (Deficiency) of Revenue Over Expenses Before Interfund Transfers	(481,518)	(429,459)	(355,458)	(1,266,435)
Interfund Transfers	-	-	-	-
Excess (Deficiency) of Revenue Over Expenses After Interfund Transfers	(481,518)	(429,459)	(355,458)	(1,266,435)
Fund Balance, Beginning of Year	2,781,466	1,781,022	(28,770,894)	(24,208,406)
Fund Balance, End of Year	\$ 2,299,948	\$ 1,351,563	\$ (29,126,352)	\$ (25,474,841)

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Plant Fund	Total
<b>REVENUE</b>				
Membership Assessments	\$ 3,604,559	\$ 550,000	\$ -	\$ 4,154,559
Net Membership Assessments	3,604,559	550,000	-	4,154,559
Other Revenues				
Repair Fee Income	32,291	-	-	32,291
Interest and Dividend Income	96,551	8,501	-	105,052
Gain (Loss) on Investments	1,848	50,752	-	52,600
Insurance Proceeds	301,547	-	-	301,547
Resale Revenue	-	239,308	-	239,308
Other Income	212,613	-	-	212,613
Total Other Revenues	644,850	298,561	-	943,411
Total Revenues	4,249,409	848,561	-	5,097,970
<b>EXPENSES</b>				
Lawn and Ground Maintenance	309,212	-	-	309,212
Insurance	553,854	-	-	553,854
General Maintenance	167,833	-	-	167,833
Services and General Expenses	1,360,294	-	-	1,360,294
Real Estate Taxes	1,583,067	-	-	1,583,067
Depreciation	16,420	-	364,586	381,006
Major Repairs and Replacements	-	730,003	-	730,003
Total Expenses	3,990,680	730,003	364,586	5,085,269
Provision for Income Taxes	5,247	-	-	5,247
Excess (Deficiency) of Revenue Over Expenses Before Interfund Transfers	253,482	118,558	(364,586)	7,454
Interfund Transfers	-	-	-	-
Excess (Deficiency) of Revenue Over Expenses After Interfund Transfers	253,482	118,558	(364,586)	7,454
Fund Balance, Beginning of Year	2,527,984	1,662,464	(28,406,308)	(24,215,860)
Fund Balance, End of Year	\$ 2,781,466	\$ 1,781,022	\$ (28,770,894)	\$ (24,208,406)

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2025

	Operating Fund	Replacement Fund	Plant Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess (Deficiency) of Revenue Over Expenses After Interfund Transfers	\$ (481,518)	\$ (429,459)	\$ (355,458)	\$ (1,266,435)
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities:				
Depreciation	24,729	-	355,458	380,187
Bad Debt Expense	20,620	-		20,620
(Increase) Decrease in:				
Assessments Receivable	83,482	-	-	83,482
Accounts Receivable - Repair Fees	(605)	-	-	(605)
Accounts Receivable - Other	(27,984)	-	-	(27,984)
Prepaid Expenses	(95,889)	-	-	(95,889)
Other Assets	(263,517)	-	-	(263,517)
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses	(3,593)	-	-	(3,593)
Assessments Received in Advance	24,691	-	-	24,691
Escrow Deposits	18,280	-	-	18,280
Net Cash Provided by (Used In) Operating Activities	<u>(701,304)</u>	<u>(429,459)</u>	<u>-</u>	<u>(1,130,763)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(67,376)	-	-	(67,376)
Sale/Maturity of Investments	182,101	1,376,441	-	1,558,542
Net Cash Provided by (Used In) Investing Activities	<u>114,725</u>	<u>1,376,441</u>	<u>-</u>	<u>1,491,166</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(586,579)	946,982	-	360,403
Cash and Cash Equivalents, Beginning of Year	<u>1,830,713</u>	<u>525,598</u>	<u>-</u>	<u>2,356,311</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,244,134</u>	<u>\$ 1,472,580</u>	<u>\$ -</u>	<u>\$ 2,716,714</u>
Supplemental Disclosure:				
Income Taxes Paid	<u>\$ 13,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,938</u>

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Plant Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess (Deficiency) of Revenue Over Expenses After Interfund Transfers	\$ 253,482	\$ 118,558	\$ (364,586)	\$ 7,454
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities:				
Depreciation	16,420	-	364,586	381,006
Change in Unrealized and Realized Appreciation of Investments	(1,848)	(50,752)	-	(52,600)
(Increase) Decrease in:				
Assessments Receivable	(129,358)	-	-	(129,358)
Accounts Receivable - Repair Fees	(365)	-	-	(365)
Accounts Receivable - Other	(44,811)	-	-	(44,811)
Prepaid Expenses	13,523	-	-	13,523
Interfund Balances	(83,229)	83,229	-	-
Other Assets	(122,017)	-	-	(122,017)
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses	(15,506)	-	-	(15,506)
Assessments Received in Advance	(12,661)	-	-	(12,661)
Escrow Deposits	40,609	-	-	40,609
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>(85,761)</b>	<b>151,035</b>	<b>-</b>	<b>65,274</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(9,149)	(298,504)	-	(307,653)
Sale/Maturity of Investments	12,000	437,000	-	449,000
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b>2,851</b>	<b>138,496</b>	<b>-</b>	<b>141,347</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(82,910)</b>	<b>289,531</b>	<b>-</b>	<b>206,621</b>
Cash and Cash Equivalents, Beginning of Year	1,913,623	236,067	-	2,149,690
Cash and Cash Equivalents, End of Year	<u>\$ 1,830,713</u>	<u>\$ 525,598</u>	<u>\$ -</u>	<u>\$ 2,356,311</u>
<b>Supplemental Disclosure:</b>				
Income Taxes Paid	<u>\$ 5,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,247</u>

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Crestwood Village Co-Op Four, Inc. (the "Organization") was incorporated pursuant to Title 15 of the laws of the State of New Jersey as a non-profit corporation on February 21, 1974. The Organization is responsible for the operation and maintenance of the development. The Organization is authorized to issue membership certificates to persons fifty-five years of age and older together with proprietary leases which entitles each membership holder to occupy a dwelling unit. The development is a private co-operative retirement community consisting of 579 buildings and 1,190 residential units located on approximately 231 acres in Manchester Township New Jersey.

Fund Accounting

The Organization's legal documents provide certain guidelines to govern the Organization's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization by such documents, the accounts of the Organization are maintained in accordance with the Principles of Fund Accounting. This is the procedure by which resources for various functions are classified for accounting and reporting purposes into funds established according to their nature and purpose. The assets, liabilities and fund balances of the Organization are reported in the following fund groups:

*Operating Fund* - This fund represents the portion of expendable funds that are available for the general operations of the Organization.

*Replacement Fund* - The purpose of the replacement fund is to accumulate funds over the lives of the assets which are part of the common elements so that at the time of their replacement sufficient amounts have been accumulated.

*Plant Fund* – The plant fund represents the Organization's investment in land and buildings - dwelling units and clubhouse expansion. The maintenance building, maintenance equipment, clubhouse equipment, office equipment, pole barn and shed are reflected in the operating fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures. Accordingly, actual results could differ from those estimates.

Membership Assessments

Members are subject to monthly assessments to provide funds for the operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners.

Cash and Cash Equivalents

Cash and Cash Equivalents are classified as any highly liquid short-term investments with original maturity dates of less than three months. Cash and Cash Equivalents includes cash on deposit, money market funds, and government obligation money market mutual funds.

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Assessments Receivable, Accounts Receivable and Allowance for Credit Losses

The Organization's members are subject to monthly membership assessments based upon the annual budget. The purpose of membership assessments is to provide funds for operating expenses and funding for reserves for future major repairs and replacements. Monthly member assessments represent multiple performance obligations, which on a standalone basis are not considered separate and distinct and therefore have been deemed to be a single performance obligation. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for membership assessments is satisfied over time on a daily pro-rata basis using the input method. The Organization retains excess funds at the end of the period, if any, for use in future periods or as otherwise specified by the Organization's governing documents.

Assessments receivable at the balance sheet date is stated at the amounts expected to be collected from unit owners. The Organization's policy is to retain legal counsel and place liens on the units of owners who are delinquent based on the collection policy. It is the opinion of the board that not all of the receivables will be fully collectible. As of December 31, 2025 and 2024, the Organization had gross assessments receivable of \$234,541 and \$318,023, respectively. As of December 31, 2025 and 2024, assessments receivable net of allowance for doubtful accounts were \$144,668 and \$248,770, respectively.

The board has recorded an allowance for doubtful accounts in the amount of \$89,873 and \$69,253 for the years ended December 31, 2025 and 2024, respectively.

The Company's allowance for credit losses is based on the assessment of the collectability of assets grouped together with similar risk characteristics. The Company records a allowance for expected credit losses using the aging schedule method based on historical write-offs by age of member assessments receivable. At each reporting period, the Company assesses whether the financial assets continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables listed, the Company may determine that it needs to move those receivables to a different section or perform an individual assessment of expected credit losses for those specific receivables.

Prepaid Expenses

Prepaid expenses are expenses that have been paid but have not yet been fully used or consumed at the end of the accounting period. Prepaid assets are amortized on a straight-line basis, matching the incurred expense to the appropriate service period. As of December 31, 2025 and 2024, prepaid expenses were \$261,932 and \$166,043, respectively.

Investments

Investments are recorded at fair market value. Quoted market prices are used to determine market value. Gains and losses on investments are reflected in the statement of revenues, expenses and changes in fund balance. Investments include fixed income securities, common stock, corporate bonds and notes, and mutual funds.

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Property and Equipment

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated lives of the assets.

Expenditures which substantially increase the estimated useful lives of property and equipment are capitalized. Maintenance, repairs, and minor upgrades are expensed as incurred. When property is retired or otherwise disposed of, the cost of the property and any accumulated depreciation are eliminated from the accounts, and any gain or loss is included in current period operations.

Assessments Received in Advance

Assessments received in advance are classified as deferred revenue. The Organization will collect the cash received from Homeowners that pay their assessment fees in advance, typically several months to a year, and records the amount received as deferred revenue until the fees can be recognized as revenue under ASC 606. As of December 31, 2025 and 2024, assessments received in advance were \$103,425 and \$78,734, respectively.

Escrow Deposits

The Organization collects deposits in relation to the sale of units in the association which are held in escrow. The funds are held in an escrow trust by the Organization to ensure all conditions of the sale are met before the property transfer is finalized. As of December 31, 2025 and 2024, escrow deposits were \$110,633 and \$92,353, respectively.

Advertising

The Organization's expenses the cost of advertising and promotions as incurred. There were no advertising costs charged to operations for the years ended December 31, 2025 and 2024.

Revenue Recognition

The Organization recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, "Revenue from Contracts with Customers" (ASC 606). Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Organization performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization only applies the five-step model to contracts when it is probable that the Organization will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Organization assesses whether each promised good or service is distinct. The Organization then recognizes as revenue the amount of the transaction price that is allocated to the respective performance

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

obligation when (or as) the performance obligation is satisfied.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Revenue Recognition (Continued)

*Membership Assessments* – Monthly assessments and dues owed to the Organization from Homeowners in relation to common area services performed such as lawncare, snow removal, repairs and maintenance, etc. provided by the Organization. Performance obligation is satisfied at the time the related service or services are completed. Revenue is recognized at the point in time all performance obligations have been completed and satisfied.

*Repair Fees* – Revenue generated from repairs performed by the Organization staff on homeowners units. These repairs are at the request of the homeowners of the specific unit. Performance obligation is satisfied at the time the repairs are completed and the work order has been fully satisfied. Revenue is recognized at the point in time all performance obligations have been completed and satisfied.

*Resale revenue* – The Organization receives 3% of gross sales price for any unit sold in the association. Performance obligation is satisfied at the time the unit is sold on the closing date. Revenue is recognized at the point in time all performance obligations have been completed and satisfied.

Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, “Leases”. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease.

The lease classification is determined at the commencement date. Lease commencement is the date the Organization has the right to control the property. The lease term at the commencement date is determined by considering whether renewal options and termination options are reasonably assured of exercise. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Right-of-use assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. The Organization utilizes the risk free rate over the lease term to discount the lease payments.

The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight line basis over the lease term and included in expenses on the statement of revenues, expenses, and changes in fund balance. Short-term leases with an initial term of 12 months or less are not recorded on the balance sheets. As of December 31, 2025 and 2024, the Organization did not have any leases that met the criteria of FASB ASC 842, “Leases”.

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through the date of the independent auditor’s report, which is the date

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

the financial statements were available to be issued, and has noted no subsequent events requiring recognition or disclosure.

NOTE 2 - INCOME TAXES

The Organization is qualified to prepare its tax returns pursuant to the provisions of subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income.

The Organization is incorporated pursuant to Title 15 of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

The Organization incurred \$13,938 and \$5,247 of income tax expense for the years ended December 31, 2025 and 2024, respectively, which are presented on the statements of revenues, expenses, and changes in fund balance.

NOTE 3 – OTHER ASSETS

Other assets as of December 31, 2025 and 2024 consisted of the following :

	<u>2025</u>	<u>2024</u>
Restoration Deposits and Reserves	\$ 490,442	\$ 217,355
Accrued Closing Fees	-	9,570
	<u>\$ 490,442</u>	<u>\$ 226,925</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost and consisted of the following as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,010,000	\$ 2,010,000
Buildings - Dwelling Units	35,012,651	35,012,651
Dwelling Unit Improvements	7,806,925	7,806,925
Roads, Driveways and Parking Lots	3,057,937	3,057,937
Clubhouse Expansion	168,300	168,300
Furniture and Equipment	691,557	624,181
Maintenance Building	56,317	56,317
Pole Barn	235,199	235,199
Shed	4,100	4,100
Clubhouse Improvements	294,695	294,695
	<u>49,337,681</u>	<u>49,270,305</u>
Less: Accumulated Depreciation	<u>(41,238,778)</u>	<u>(40,858,591)</u>
	<u>\$ 8,098,903</u>	<u>\$ 8,411,714</u>

Depreciation Expense for the years ended December 31, 2025 and 2024 were \$380,187 and \$381,006.

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

NOTE 5 - MAJOR REPAIRS AND REPLACEMENTS

Major repairs and replacements incurred for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Roof Repairs	\$ 731,010	\$ 480,488
Driveway and Road Repairs/Sealcoating	1,991	-
Gutter/Leader Repairs	86,269	28,337
Plumbing and Crawlspace Repairs	271,889	170,660
Concrete Replacement	46,800	25,050
Garbage Can Replacement	16,016	25,468
Other Repair and Replacement Expenses	7,302	-
	<u>\$ 1,161,277</u>	<u>\$ 730,003</u>

NOTE 6 – INVESTMENTS

As of December 31, 2025 the Organization sold all of its investments. Investment income (loss) for the year ended December 31, 2025 includes the following components:

Interest and Dividend Income	\$ 28,903
Unrealized and Realized Gain (Loss) on Investments	(3,337)
Net Investment Income	<u>\$ 25,566</u>

Investments in securities and certificate of deposits are presented in the financial statements at fair value as of December 31, 2024.

	<u>Cost</u>	<u>Fair Market Value</u>
Replacement Fund	\$ 1,458,084	\$ 1,376,441
Operating Fund	186,749	182,101
	<u>\$ 1,644,833</u>	<u>\$ 1,558,542</u>

Investments are composed of the following:

	<u>Cost</u>	<u>Fair Market Value</u>
Common Stock	\$ 731,974	\$ 646,200
Certificates of Deposit	250,000	250,000
Mutual Funds	538,089	540,898
Corporate Bonds and Notes	124,770	121,444
	<u>\$1,644,833</u>	<u>\$ 1,558,542</u>

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

NOTE 6 – INVESTMENTS (Continued)

Investment income (loss) includes the following components:

Interest and Dividend Income	\$ 105,052
Unrealized and Realized Gain (Loss) on Investments	52,600
Net Investment Income	<u>\$ 157,652</u>

NOTE 7 – FAIR VALUE MEASUREMENTS

The Organization reports its fair value measurements using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Organization is required to measure at fair value.

As of December 31, 2025 and 2024, all of the Organization's investments were level 1 investments in the fair value hierarchy.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its bank and investment accounts with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. The Securities Investor Protection Corporation insures cash and securities, including money market funds, up to \$500,000 per financial institution. During the year, the Organization maintained cash balances in excess of amounts insured by the FDIC. While the Organization monitors the creditworthiness of the financial institutions with which it conducts business, there is a risk that uninsured amounts may not be recoverable in the event of a bank failure. The Organization historically has not experienced any related cash in bank losses.

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

The Organization had one contractor that represented 24% and 14% of total expenses for the years ended December 31, 2025 and 2024, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLAN

Effective January 1, 2002 the Organization established a 401(k) pension plan for the benefit of eligible employees. The Organization makes annual contributions to the plan based on employee compensation and employee contributions. For the years ended December 31, 2025 and 2024, the Organization contributed \$2,449 and \$2,750, respectively.

NOTE 10 - INTERFUND TRANSFERS

There were no interfund transfers that were made for the years ended December 31, 2025 and 2024.

NOTE 11 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Organization's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations. FWH Associates, P.A. conducted a study dated July 2020, to estimate the remaining useful lives and the replacement costs of the common property components. The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimate of replacement costs considering amounts previously accumulated in the replacement fund. Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacement of common property components.

The Board of Trustees has decided to fund \$550,000 in the 2025 budget which represents approximately 23% of the amount recommended by the study dated July 2020. In 2024, the Board of Trustees decided to fund \$550,000 in the 2024 budget which represented approximately 28% of the amount recommended by the study dated July 2020. For that reason, and because actual expenditures may vary from the estimated amounts and the variations may be material 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 Organization may be required to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available.

NOTE 12 - UNCERTAINTY IN INCOME TAXES

The Organization regularly reviews and evaluates its uncertain tax positions taken in previously filed tax returns. The Organization believes that in the event of an examination by taxing authorities, the Organization's positions would prevail based upon the technical merits of such positions. The Organization recorded provisions for income taxes in the amount of \$13,938 and \$5,247 as of December 31, 2025 and 2024, respectively, which are in accordance with FIN 48.

The Organization's federal information returns are generally subject to examination by the Internal Revenue Service for three years, including the years ended December 31, 2024, 2023, and 2022.

CRESTWOOD VILLAGE CO-OP FOUR, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Structural Integrity Act (Bill S2760)

The Organization is subject to the requirements of Structural Integrity Act (Bill S2760) (the “Act”), which became effective on January 8, 2024, in the state of New Jersey. The Act mandates that certain community associations, including condominiums and cooperatives, maintain a reserve fund for major repairs and replacements of common elements and structural components. In accordance with the Act, the Organization has undertaken a review of its current reserve funding practices and structural integrity assessments. As of the date of these financial statements, the Organization is in the process of evaluating its compliance with the provisions of the Act. The Organization has established and funded a reserve account, and conducted the required assessments of structural components, in order to be in line with the regulatory requirements by the required deadline for compliance. Any necessary adjustments to reserve funding and financial planning will be made in future periods as required by the Act.

Litigation

The Organization is subject to ongoing litigation in the ordinary course of its operations. In the opinion of its outside counsel, none of the actions currently pending will have a material impact on its financial statements.

NOTE 14 – RECLASSIFICATIONS

Certain consolidated financial statement items as of and for the year ended December 31, 2024 have been reclassified to conform to the December 31, 2025 presentation. These reclassifications had no effect on equity.

SUPPLEMENTARY INFORMATION

CRESTWOOD VILLAGE CO-OP FOUR, INC.

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (Unaudited)  
December 31, 2025

FWH Associates, P.A. conducted a study dated July 2020, to estimate the remaining useful lives and the replacement costs of the components of common property. The following table is based on the study and presents significant information about the components of common property.

	As of 2020 Study	
	Estimated Remaining Useful Lives	Estimated Current Replacement Costs
Sitework	1 to 28	\$ 9,326,120
Clubhouse Exteriors	1 to 23	171,932
Clubhouse Interior	5 to 24	201,556
Clubhouse Mechanical	1 to 18	68,525
Pump House	3 to 22	9,700
Maintenance Building	10 to 24	152,200
Maintenance Garage and Woodshed	1 to 24	6,648
Maintenance Office	1 to 21	23,721
Residential Buildings	1 to 28	14,401,983
		\$ 24,362,385

The study presents a recommended thirty-year funding schedule. The required annual contributions are as follows:

Year	Annual Contributions
2026	\$ 2,150,000
2027	2,150,000
2028	1,561,875
2029	1,561,875
2030	1,561,875
2031 - 2050	31,237,500
Total Contributions as of December 31, 2050	\$ 40,223,125

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
SCHEDULE OF REVENUES, EXPENSES AND ALLOCATIONS TO FUNDS AS COMPARED TO BUDGET  
For the Year Ended December 31, 2025

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>REVENUE</b>			
Membership Assessments			
Membership Assessments	\$ 4,504,192	\$ 4,208,868	\$ 295,324
Net Membership Assessments	<u>4,504,192</u>	<u>4,208,868</u>	<u>295,324</u>
Other Revenues			
Repair Fee Income	38,344	35,000	3,344
Interest and Dividend Income	28,903	-	28,903
Gain (Loss) on Investment	(3,337)	-	(3,337)
Insurance Proceeds	389,554	-	389,554
Resale Revenue	268,698	132,000	136,698
Other Income	97,215	169,590	(72,375)
Total Other Revenues	<u>819,377</u>	<u>336,590</u>	<u>482,787</u>
Total Revenues	<u>5,323,569</u>	<u>4,545,458</u>	<u>778,111</u>
<b>EXPENSES</b>			
Lawn and Ground Maintenance	293,074	327,000	(33,926)
Insurance	773,295	715,516	57,779
General Maintenance	454,220	166,500	287,720
Services and General Expenses	1,494,470	1,211,599	282,871
Real Estate Taxes	2,019,543	1,650,488	369,055
Depreciation	380,187	-	380,187
Major Repairs and Replacements	1,161,277	550,000	611,277
Total Expenses	<u>6,576,066</u>	<u>4,621,103</u>	<u>1,954,963</u>
Provision for Income Taxes	<u>13,938</u>	<u>-</u>	<u>13,938</u>
Excess (Deficiency) of Revenue Over Expenses			
Before Interfund Transfers	(1,266,435)	(75,645)	(1,190,790)
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenses			
After Interfund Transfers	(1,266,435)	(75,645)	(1,190,790)
Fund Balance, Beginning of Year	<u>(24,208,406)</u>	<u>(24,215,860)</u>	<u>7,454</u>
Fund Balance, End of Year	<u>\$ (25,474,841)</u>	<u>\$ (24,291,505)</u>	<u>\$ (1,183,336)</u>

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
SCHEDULE OF REVENUES, EXPENSES AND ALLOCATIONS TO FUNDS AS COMPARED TO BUDGET  
For the Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>REVENUE</b>			
Membership Assessments			
Membership Assessments	\$ 4,154,559	\$ 4,208,868	\$ (54,309)
Net Membership Assessments	<u>4,154,559</u>	<u>4,208,868</u>	<u>(54,309)</u>
Other Revenues			
Repair Fee Income	32,291	50,000	(17,709)
Interest and Dividend Income	105,052	34,950	70,102
Gain (Loss) on Investment	52,600	-	52,600
Insurance Proceeds	301,547	-	301,547
Resale Revenue	239,308	-	239,308
Other Income	<u>212,613</u>	<u>99,423</u>	<u>113,190</u>
Total Other Revenues	<u>943,411</u>	<u>184,373</u>	<u>759,038</u>
Total Revenues	<u>5,097,970</u>	<u>4,393,241</u>	<u>704,729</u>
<b>EXPENSES</b>			
Lawn and Ground Maintenance	309,212	384,000	(74,788)
Insurance	553,854	496,650	57,204
General Maintenance	167,833	152,500	15,333
Services and General Expenses	1,360,294	1,285,075	75,219
Real Estate Taxes	1,583,067	1,566,345	16,722
Depreciation	381,006	-	381,006
Major Repairs and Replacements	<u>730,003</u>	<u>550,000</u>	<u>180,003</u>
Total Expenses	<u>5,085,269</u>	<u>4,434,570</u>	<u>650,699</u>
Provision for Income Taxes	<u>5,247</u>	<u>-</u>	<u>5,247</u>
Excess (Deficiency) of Revenue Over Expenses			
Before Interfund Transfers	7,454	(41,329)	48,783
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenses			
After Interfund Transfers	7,454	(41,329)	48,783
Fund Balance, Beginning of Year	<u>(24,215,860)</u>	<u>(24,215,860)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (24,208,406)</u>	<u>\$ (24,257,189)</u>	<u>\$ 48,783</u>

CRESTWOOD VILLAGE CO-OP FOUR, INC.  
SCHEDULES OF SERVICES AND GENERAL EXPENSES  
For the Years December 31, 2025 and 2024

	2025	2024
SERVICES AND GENERAL EXPENSES		
Maintenance Salaries	\$ 336,019	\$ 319,611
Office Salaries	186,209	175,447
Custodial Salaries	55,810	49,442
Clubhouse Expenses	97,334	62,695
Utilities	12,054	13,804
Accounting and Other Professional Fees	109,290	137,250
Vehicle Insurance	15,516	18,671
Employee Health and Dental Insurance	179,940	151,836
Workers Compensation Insurance	16,581	28,866
Payroll Tax Expense	60,969	59,056
Bus Expense	55,324	47,910
Snow Removal	30,825	4,003
Exterminating	85,896	84,580
Computer and Printer Expenses	39,895	29,486
Payroll and Other Employee Benefits	21,510	15,113
Office and Related Expenses	47,637	35,013
Warehouse Expenses	8,752	3,422
Street Lighting Other Related Expenses	23,380	20,957
Luncheon Expense	404	2,008
Bank Fee Expense	10,748	8,277
Fiduciary Expenses	5,632	14,986
Bad Debt Expense	20,620	-
Postage Expense	4,603	3,747
Legal Professional Fees	69,522	74,114
	\$ 1,494,470	\$ 1,360,294
Total Services and General Expenses		