

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 2025

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Raintree Villas Homeowners' Association, Inc.
Lee's Summit, Missouri

We have reviewed the accompanying financial statements of Raintree Villas Homeowners' Association, Inc. (the "Association") (a nonprofit corporation), which comprise the balance sheet as of December 31, 2025, and the related statements of revenue, expenses and change in fund balance and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Raintree Villas Homeowners' Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (continued)

Required Supplementary Information

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
April 30, 2026

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

BALANCE SHEET
December 31, 2025

ASSETS

Cash and Cash Equivalents	\$ 18,452
Certificates of Deposit	88,367
Accounts Receivable	<u>5,130</u>
TOTAL ASSETS	\$ <u>111,949</u>

LIABILITIES & MEMBERS' EQUITY

Liabilities	\$ 0
Members' Equity	<u>111,949</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ <u>111,949</u>

See Independent Accountant's Report and Notes to these Financial Statements.

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

STATEMENT OF REVENUE, EXPENSES & CHANGE IN MEMBERS' EQUITY
For the Year Ended December 31, 2025

REVENUE:

Membership Assessments	\$ 225,596
Fees Collected	714
Investment Income	<u>3,151</u>
Total Revenue	229,461

EXPENSES:

Management Fees	6,780
Administrative	1,375
Grounds Maintenance	153,164
Insurance	1,020
Unit Repairs & Maintenance	26,245
Utilities	<u>33,956</u>
Total Expenses	<u>222,540</u>

Change in Members' Equity 6,921

Members' Equity, Beginning of Year 105,028

Members' Equity, End of Year \$ 111,949

See Independent Accountant's Report and Notes to these Financial Statements.

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Members' Equity	\$ 6,921
Adjustments to Reconcile Change in Members' Equity to Net Cash From Operating Activities –	
Unrealized gain on certificate of deposits	(3,115)
Changes in:	
Accounts Receivable	<u>9,068</u>
Net Cash Used From Operating Activities	12,874
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,578</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 18,452</u>

See Independent Accountant's Report and Notes to these Financial Statements.

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2025

NOTE 1: NATURE OF ORGANIZATION

Raintree Villas Homeowners' Association, Inc. (the "Association") was incorporated on December 23, 2002, in the State of Missouri. The Association is organized as a not-for-profit corporation for the purpose of maintaining and preserving common property of the Association. The Association consists of 120 homes located in Lee's Summit, Missouri.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Method

The Association has prepared these financial statements using the accrual basis of accounting. The accrual basis of accounting recognizes revenue and assets when earned and liabilities and expenses when incurred.

B. Revenue and Revenue Recognition

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments are due by the end of the first month of each quarter. Assessment revenue is recognized over the assessment period, during which time the members have continuous access to amenities, common areas, architectural control, covenant enforcement, certain community events, and other services. Any excess assessments at year end are retained by the Association for use in the succeeding year. Homeowner assessments paid in advance are deferred to the assessment period to which they relate. Due to the nature and timing of the performance and/or transfer of services and products, all deferred revenue at December 31st of each year is recognized in the following year.

C. Accounts Receivable

Accounts receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the units of members whose assessments are 120 days or more delinquent. Management uses the allowance method to evaluate when assessments are considered uncollectible which includes consideration of past experience and susceptibility to factors outside the Association's control. Accounts are written off when deemed uncollectable. All dues are considered by management to be collectible at year end. Therefore, no allowance for bad debt has been established.

D. Income Tax

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2025, the Association elected to be taxed as a corporation and filed Form 1120. As a regular corporation, membership income is exempt from taxation if certain elections are made and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates. There was no Federal or State income tax expense for the year ended December 31, 2025.

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2025

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Income Tax (continued)

The Association has adopted the provisions of FASB ASC 740-10 as it might apply to its financial transactions. The Association's policy is to record a liability for any tax position that it is beneficial to the Association, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transactions or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2025, and, accordingly, no liability has been accrued.

E. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in checking, savings, money market and certificate of deposit with original maturity of less than three months.

The Association maintains its deposits in one bank in the greater Kansas City, Missouri area. The deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2025, the Association had no deposits in excess of FDIC insurance levels.

F. Capital Assets

The Association's policy for recognizing land and common property as assets in its balance sheet is to recognize (a) common personal property and (b) common real property to which it has title and that it can dispose of for cash while retaining the proceeds or that is used to generate significant cash flows from members on the basis of usage or from nonmembers.

The Association owns 14 small tracts of common area property for which it is responsible for maintenance. The property was donated to the Association by the developer and, as a result, the property has no accounting or tax cost basis.

The Association capitalizes personal property at cost and depreciates it over its estimated useful lives using the straight-line method.

G. Leases

The Association records leases in accordance with FASB ASC 842. For leases with a lease term greater than one year, the Association recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Association determines whether an arrangement is or contains a lease at contract inception. The Association includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Association has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Association had no significant long-term leases as of December 31, 2025.

The Association has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

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

I. Subsequent Events

Management has evaluated events and transactions that have occurred since December 31, 2025, and reflected their effects, if any, in these financial statements through April 30, 2026, the date the financial statements were available for release.

NOTE 3: FUTURE MAJOR REPAIRS AND REPLACEMENT

The Association's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. When funds are needed to meet future needs for major repairs and replacements, with a majority member vote, the Association has the right to increase regular assessments, pass special assessments, acquire additional debt, or delay major repairs and replacements until funds are available.

The Association's Board of Directors considers repairs relating to stucco, soffit and fascia boards, and the sprinkler system to be normal maintenance items and are not considered major repairs and replacements. The Board of Directors considers roofs and concrete to be the responsibility of each individual residence owner.

NOTE 4: CONCENTRATION

During the year ended December 31, 2025, approximately 49% of the Association's total operating expenses were paid to a single contractor for lawn maintenance and irrigation services. As a result, the Association is exposed to the risk that the loss of this contractor, or a significant interruption in the availability of these services, could affect the timing, cost, or continuity of landscaping and irrigation maintenance. Management monitors this service concentration as part of the Association's ongoing operations.

RAINTREE VILLAS HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 5: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

Cash and Cash Equivalents	\$ 18,452
Certificate of Deposits	88,367
Accounts Receivable, net	<u>5,130</u>
	\$ <u>111,949</u>

In the event of a shortfall of available financial resources, the Association has the ability to increase member dues accordingly.