

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2025**

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
9400 Ocean Highway Condominium, Inc.

### Opinion

We have audited the accompanying financial statements of 9400 Ocean Highway Condominium, Inc., which comprise the balance sheet as of September 30, 2025, and the related statements of revenues, expenses, and changes in fund balances 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 9400 Ocean Highway Condominium, Inc., as of September 30, 2025, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 9400 Ocean Highway Condominium, 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 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.

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 9400 Ocean Highway Condominium, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditors' 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 auditors' 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 GAAS 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, or the override of internal control.

Misstatements are considered material if there is 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 GAAS, 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 9400 Ocean Highway Condominium, 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 9400 Ocean Highway Condominium, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Association's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**CERTIFIED PUBLIC ACCOUNTANTS**

Ocean City, Maryland  
December 15, 2025

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**BALANCE SHEETS**

**SEPTEMBER 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

**ASSETS**

	2025		2024
	Operating Fund	Replacement Fund	Total
Cash	\$ 236,222	\$ 186,420	\$ 422,642
Assessments receivable	79		79
Special assessments receivable		3,128	3,128
Accounts receivable - other			
Deferred rent receivable	134,438		134,438
Prepaid expenses	53,928		53,928
Due from other funds		231,299	231,299
<b>Total assets</b>	<b>\$ 424,667</b>	<b>\$ 420,847</b>	<b>\$ 845,514</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$	\$	\$	\$ 13,769
Accrued payroll taxes	8,858		8,858	9,834
Income taxes payable	9,341		9,341	1,496
Prepaid assessments	256,423		256,423	354,341
Due to owners				1,101
Deferred special assessments				869,802
Deferred replacement fund assessments		420,847	420,847	403,654
Due to other funds	231,299		231,299	
<b>Total liabilities</b>	<b>505,921</b>	<b>420,847</b>	<b>926,768</b>	<b>1,653,997</b>
<b>FUND BALANCES (DEFICIT)</b>	<b>(81,254)</b>		<b>(81,254)</b>	<b>107,995</b>
<b>Total liabilities and fund balances</b>	<b>\$ 424,667</b>	<b>\$ 420,847</b>	<b>\$ 845,514</b>	<b>\$ 1,761,992</b>

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

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

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

**YEAR ENDED SEPTEMBER 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025			2024
	Operating Fund	Replacement Fund	Total	Total
<b>REVENUES</b>				
Member assessments	\$ 682,825	\$ 250,673	\$ 933,498	\$ 754,095
Special assessments		869,802	869,802	287,464
Cable fee assessments	136,864		136,864	128,576
Interest income and late fees	4,681	10,164	14,845	9,196
Other revenues	109,841		109,841	109,509
<b>Total revenues</b>	<b>934,211</b>	<b>1,130,639</b>	<b>2,064,850</b>	<b>1,288,840</b>
<b>EXPENSES</b>				
Administrative	448,978	68	449,046	415,713
Payroll	284,738		284,738	272,647
Building and grounds maintenance	173,923	1,130,571	1,304,494	639,698
Utilities	201,880		201,880	183,873
Income taxes	13,941		13,941	4,449
<b>Total expenses</b>	<b>1,123,460</b>	<b>1,130,639</b>	<b>2,254,099</b>	<b>1,516,380</b>
Net revenues under expenses	(189,249)		(189,249)	(227,540)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>107,995</b>		<b>107,995</b>	<b>335,535</b>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<b>\$ (81,254)</b>	<b>\$</b>	<b>\$ (81,254)</b>	<b>\$ 107,995</b>

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

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**STATEMENTS OF CASH FLOWS**

**YEAR ENDED SEPTEMBER 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025			2024
	Operating Fund	Replacement Fund	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net revenues under expenses	\$ (189,249)	\$	\$ (189,249)	\$ (227,540)
(Increase) decrease				
Assessments receivable	2,231		2,231	(863)
Special assessments receivable		526,417	526,417	(529,545)
Accounts receivable - other	3,550		3,550	8,117
Deferred rent receivable	8,515		8,515	(3,703)
Prepaid expenses	38,520		38,520	(18,940)
Prepaid income taxes				2,953
Increase (decrease)				
Accounts payable	(5,313)	(8,456)	(13,769)	13,769
Accrued payroll				(2,380)
Accrued payroll taxes	(976)		(976)	1,722
Income taxes payable	7,845		7,845	1,496
Prepaid assessments	(97,918)		(97,918)	119,711
Due to owners		(1,101)	(1,101)	1,101
Deferred insurance proceeds				(4,390)
Deferred special assessments		(869,802)	(869,802)	869,802
Deferred replacement fund assessments		17,193	17,193	73,128
Net cash provided (used) by operating activities	<u>(232,795)</u>	<u>(335,749)</u>	<u>(568,544)</u>	<u>304,438</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interfund borrowings	<u>231,299</u>	<u>(231,299)</u>		
Net increase (decrease) in cash	(1,496)	(567,048)	(568,544)	304,438
<b>CASH, BEGINNING OF YEAR</b>	<u>237,718</u>	<u>753,468</u>	<u>991,186</u>	<u>686,748</u>
<b>CASH, END OF YEAR</b>	<u>\$ 236,222</u>	<u>\$ 186,420</u>	<u>\$ 422,642</u>	<u>\$ 991,186</u>
<b>SUPPLEMENTARY INFORMATION</b>				
Cash paid for income taxes	<u>\$ 6,096</u>	<u>\$</u>	<u>\$ 6,096</u>	<u>\$</u>

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

# 9400 OCEAN HIGHWAY CONDOMINIUM, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

### ORGANIZATION

The Association was incorporated in the State of Maryland in 1976. The Association is responsible for the operation and maintenance of the common property of 9400 Ocean Highway Condominium. The Condominium consists of 164 residential units and is located in Ocean City, Maryland.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of accounting

The financial statements are presented using the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

#### Fund accounting

In accordance with industry standards and practices, the Association has segregated its activities into two funds: the operating fund and the replacement fund.

Operating fund - provides working capital for operations, contingencies, and replacements where specific funds have not been designated. If the operating fund is inadequate to meet funding requirements for any reason, the Board of Directors may levy at any time a further assessment.

Replacement fund - provides funds for replacement of the common elements and equipment of the Association and for operating expenses of a non-recurring nature.

#### Total columns on combined statements

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### Cash equivalents

Investments with an original maturity of three months or less that are not restricted from immediate withdrawal and do not require a substantial penalty for early withdrawal are considered cash equivalents.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and equipment

Real property and common areas acquired by the original owners from the developer are not capitalized on the Association financial statements, as they are owned by the individual owners and not the Association. Common areas are restricted to use by Association members, their tenants, and guests. Replacements and improvements to the real property and common areas are not capitalized, as the improvements would also belong to the owners and not the Association.

Use of 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through December 15, 2025, which is the date the financial statements were available to be issued.

**MEMBER ASSESSMENTS**

Association members are subject to assessments to provide funds for the Association's operating expenses, capital acquisitions, and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments and special assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are reported at the amount management expects to collect from unit owners. The Association's declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on other assets of the unit owner. Any excess assessments at year end are retained by the Association for use in future years.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

**MEMBER ASSESSMENTS (Continued)**

At each balance sheet date, the Association recognizes an expected allowance for credit losses, if appropriate. The allowance estimate is derived from a review of the Association's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Association. Based on an analysis of these factors, no allowance is reported as of September 30, 2025.

The Association writes off assessments receivable when there is information that indicates the unit owner is facing financial difficulty and there is no possibility of recovery. If any recoveries are made from accounts previously written off, they will be recognized in the year of recovery. Write-offs of \$2,398 were reported in the year ended September 30, 2025.

**PREPAID ASSESSMENTS**

Prepaid assessments are the subsequent year's assessments paid prior to the current year end.

**DEFERRED REPLACEMENT FUND ASSESSMENTS**

The Association recognizes revenue from members as the related performance obligations are satisfied. Deferred replacement fund assessments are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments. The balances of deferred replacement fund assessments as of the beginning and end of the year are \$403,654 and \$420,847, respectively.

Replacement fund assessment revenue recognized in 2025 is as follows:

Replacement fund assessments billed	\$ 267,866
Amount deferred to subsequent periods until spent	<u>(17,193)</u>
Replacement fund assessment revenue recognized	<u><u>\$ 250,673</u></u>

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

**SPECIAL ASSESSMENT**

In July 2024, the Association approved a special assessment in the amount of \$1,157,266 for the roof replacement and pool deck repair projects. The special assessment is payable in increments, with \$1,500 due by September 30, 2024, and the remaining balance due by October 31, 2024. As of September 30, 2025, \$3,128 of special assessment funds remain to be collected from the unit owners. Special assessment related expenses incurred during fiscal year 2025 totaled \$1,072,434. Since expenses incurred exceeded the remaining deferral, \$869,802 has been reported as special assessment income in the replacement fund during the year ended September 30, 2025.

**INCOME TAXES**

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended September 30, 2025. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, nonmembership transactions, and capital transactions.

The Association is taxed on all net income from nonmembership activities reduced only by the losses from nonmembership activities for which a profit motive exists. Nonmembership income may not be offset by membership losses, and any excess membership deductions may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Association files Form 1120, which has a tax rate of 21% that is applied to net taxable income. It is the Association's policy that penalties and interest assessed by income taxing authorities, if any, are included in operating expenses.

**FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes. Budgeted contributions from regular assessments to the replacement fund totaled \$267,866 for the year ended September 30, 2025. It is the Association's policy that interest earned in the replacement fund remains in the replacement fund as an additional contribution.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

**FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)**

The Board of Directors periodically reevaluates and updates its earlier estimates of the remaining useful lives and the replacement cost of common property. The most recent update was completed by independent engineers in 2023. This study presents funding information beginning with the year ended September 30, 2025. The table included in the unaudited supplementary information is based on the study.

The Association has elected to only partially adopt the funding amount recommended by the study. For that reason, and because actual expenditures may vary from estimated amounts and the variations may be material, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right, subject to member approval, to increase regular assessments, to levy special assessments, or to delay major repairs and replacements until funds are available.

**LEASE AGREEMENTS**

During the year ended September 30, 2013, the Association amended a lease agreement with Verizon for use of the antenna on the roof. The agreement expires in July 2039 and calls for increases every 5 years. Payments received for the lease totaled \$34,782 during the year ended September 30, 2025. Rental income recognized totaled \$26,268 for the year ended September 30, 2025.

The following is a maturity analysis of the annual undiscounted cash flows of the lease payments to be received for the years ending September 30:

2026	\$	34,782
2027		34,782
2028		34,782
2029		35,963
2030		39,504
Thereafter		304,142
	\$	<u>483,955</u>

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

**LEASE AGREEMENTS (Continued)**

In October 2024, the Association renewed a lease agreement for a two-year term with Coastal Resort Rentals for the use of the sales and rental office on the first floor. The agreement calls for Coastal Resort Rentals to pay an annual fee of \$14,000 due November 15th for the preceding year. The term of the lease is from December 1, 2024 through November 30, 2026.

**OPERATING LEASES**

In August 2024, the Association renewed an agreement with Landmark Tech LLC to rent internet equipment effective October 1, 2024 through September 30, 2026. The agreement calls for monthly payments of \$1,589.

**REPLACEMENT FUND EXPENSES**

The Association incurred the following replacement fund expenses:

Pool deck repairs	\$	577,195
Roof replacement		495,239
Pool resurfacing		39,602
Procoat stack 5 repairs		12,405
Deck tables		4,345
Deck coating		1,785
Bank fees		68
		<u>\$ 1,130,639</u>

**RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2025, the Association reimbursed the office manager \$11,058 for administrative expenses.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

**COMMITMENTS**

In May 2021, the Association renewed the electric supplier agreement with MidAmerican Energy Services, LLC. The Association is charged monthly and the agreement expires in December 2025.

In June 2022, the Association entered into a five-year bulk service agreement for cable television service with Comcast Cable Communications Management, LLC. The agreement is automatically renewable for periods of two years unless canceled by either party. The Association is charged monthly and bills unit owners quarterly to cover the costs of this service.

The Association entered into various agreements to provide for the maintenance and upkeep of the Association. These agreements call for payments based on fee schedules which vary with the extent of the services provided.

**SUPPLEMENTARY INFORMATION**



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ALLINIAL GLOBAL

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors and Management  
9400 Ocean Highway Condominium, Inc.

### Report on Supplementary Information

We have audited the financial statements of 9400 Ocean Highway Condominium, Inc. as of and for the year ended September 30, 2025, and our report thereon dated December 15, 2025, which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 15 through 18, which are the responsibility of the Association's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked as "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### 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 on pages 19 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic,

**Disclaimer of Opinion on Required Supplementary Information (Continued)**

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.

**CERTIFIED PUBLIC ACCOUNTANTS**

Ocean City, Maryland  
December 15, 2025

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF FINANCIAL CONDITION  
(Not presented in accordance with FASB ASC 606)**

**SEPTEMBER 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

**ASSETS**

	2025			2024
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 236,222	\$ 186,420	\$ 422,642	\$ 991,186
Assessments receivable	79		79	2,310
Special assessments receivable		3,128	3,128	529,545
Accounts receivable - other				3,550
Deferred rent receivable	134,438		134,438	142,953
Prepaid expenses	53,928		53,928	92,448
Due from other funds		231,299	231,299	
<b>Total assets</b>	<b>\$ 424,667</b>	<b>\$ 420,847</b>	<b>\$ 845,514</b>	<b>\$ 1,761,992</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$	\$	\$	\$ 13,769
Accrued payroll taxes	8,858		8,858	9,834
Income taxes payable	9,341		9,341	1,496
Prepaid assessments	256,423		256,423	354,341
Due to owners				1,101
Deferred special assessments				869,802
Due to other funds	231,299		231,299	
<b>Total liabilities</b>	<b>505,921</b>		<b>505,921</b>	<b>1,250,343</b>
<b>FUND BALANCES (DEFICIT)</b>	<b>(81,254)</b>	<b>420,847</b>	<b>339,593</b>	<b>511,649</b>
<b>Total liabilities and fund balances</b>	<b>\$ 424,667</b>	<b>\$ 420,847</b>	<b>\$ 845,514</b>	<b>\$ 1,761,992</b>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF OPERATIONS  
(Not presented in accordance with FASB ASC 606)**

**YEAR ENDED SEPTEMBER 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025			2024
	Operating Fund	Replacement Fund	Total	Total
<b>REVENUES</b>				
Member assessments	\$ 682,825	\$ 267,866	\$ 950,691	\$ 827,223
Special assessments		869,802	869,802	287,464
Cable fee assessments	136,864		136,864	128,576
Interest income and late fees	4,681	10,164	14,845	9,196
Other revenues	109,841		109,841	109,509
Total revenues	<u>934,211</u>	<u>1,147,832</u>	<u>2,082,043</u>	<u>1,361,968</u>
<b>EXPENSES</b>				
Administrative	448,978	68	449,046	415,713
Payroll	284,738		284,738	272,647
Building and grounds maintenance	173,923	1,130,571	1,304,494	639,698
Utilities	201,880		201,880	183,873
Income taxes	13,941		13,941	4,449
Total expenses	<u>1,123,460</u>	<u>1,130,639</u>	<u>2,254,099</u>	<u>1,516,380</u>
Net revenues over (under) expenses	(189,249)	17,193	(172,056)	(154,412)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>107,995</u>	<u>403,654</u>	<u>511,649</u>	<u>666,061</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ (81,254)</u>	<u>\$ 420,847</u>	<u>\$ 339,593</u>	<u>\$ 511,649</u>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF OPERATING FUND REVENUES AND EXPENSES  
BUDGET AND ACTUAL**

**YEAR ENDED SEPTEMBER 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025		2024
	Budget (Unaudited)	Actual	Actual
<b>REVENUES</b>			
Member assessments	\$ 689,165	\$ 689,027	\$ 576,799
Less: member assessments discount		(3,804)	(4,897)
Less: uncollectible assessments	(4,000)	(2,398)	
Net member assessments	685,165	682,825	571,902
Cable fee assessments	165,430	136,864	128,576
Interest income and late fees	9,000	4,681	2,460
Laundry and vending	20,866	11,463	12,947
Antenna rental	30,700	26,268	23,739
In-house revenue	48,960	3,025	2,033
Realty rent and commissions	14,000	14,000	14,000
Registration fees	65,055	55,065	56,790
Miscellaneous revenues		20	
Total revenues	1,039,176	934,211	812,447
<b>EXPENSES</b>			
Administrative			
Professional fees	10,877	12,306	9,398
Office expenses	10,500	12,221	10,135
Insurance	454,104	388,017	359,792
Owners and board meetings	4,500	1,696	3,693
Telephone	1,000	7,118	6,838
Security	35,207	27,585	25,800
Miscellaneous	1,775	35	13
	517,963	448,978	415,669
Payroll			
Salary - maintenance manager	73,115	70,240	70,568
Salary - office manager	57,497	55,107	54,817
Salary - janitorial staff	40,018	46,581	42,876
Salary - pool attendant	3,500	8,326	5,039
Salary - maintenance assistant	44,816	41,827	42,848
Payroll taxes	4,000	18,014	18,164
Employee benefits	29,241	44,643	38,335
	252,187	284,738	272,647

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF OPERATING FUND REVENUES AND EXPENSES  
BUDGET AND ACTUAL (Continued)**

**YEAR ENDED SEPTEMBER 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025		2024
	Budget (Unaudited)	Actual	Actual
Building and grounds maintenance			
Grounds maintenance	8,500	12,764	7,993
Elevator	10,400	1,275	11,074
Building maintenance	91,343	137,906	121,941
Fire alarm		13,966	18,638
Pool maintenance	1,000	8,012	3,703
	<u>111,243</u>	<u>173,923</u>	<u>163,349</u>
Utilities			
Electric	44,000	46,632	39,423
Cable	121,235	108,452	102,886
Water and sewer	18,757	16,656	15,619
Wifi expense	25,440	30,140	25,945
	<u>209,432</u>	<u>201,880</u>	<u>183,873</u>
Income taxes		13,941	4,449
	<u>1,090,825</u>	<u>1,123,460</u>	<u>1,039,987</u>
Total expenses			
	<u>1,090,825</u>	<u>1,123,460</u>	<u>1,039,987</u>
Net revenues under expenses	<u>\$ (51,649)</u>	<u>\$ (189,249)</u>	<u>\$ (227,540)</u>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

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

**SEPTEMBER 30, 2025  
(Unaudited)**

Reserve Advisors, Inc. conducted a reserve study update in April 2023 to estimate the remaining useful lives and replacement costs of the components of common property. The amounts are based on current estimated replacement costs adjusted for the effects of inflation at 3.5% and a 0.7% annual rate of return on investments. The study recommends an annual contribution of \$464,600 for 2026, using the cash flow funding method, with gradual increases each following year.

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

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Costs
<b>Exterior building elements</b>			
Balconies, concrete, inspections, and repairs	8 - 12	2 - 10	\$ 215,200
Balconies and railings, aluminum	50	4 - 5	855,000
Deck and stairs, composite - beach access	20 - 25	21	16,400
Doors, automatic sliding	25	3 - 21	101,500
Roof, modified bitumen, coating application	10	3	187,200
Roof, modified bitumen, replacement	15 - 20	13	497,250
Terrace, concrete, coatings, and capital repairs - northwest section	10 - 15	0	62,000
Terrace, concrete, coatings, and capital repairs - pool area	10 - 15	0	64,000
Terrace, concrete, coatings, and capital repairs - remaining areas	10 - 15	9	19,500
Walls, concrete, inspections, repairs and coating applications	10	0 - 8	800,800
Windows and doors	45 - 55	25	248,040
<b>Interior building elements</b>			
Ceilings, acoustical tiles, grid and lighting - hallways and lobby	30	14 - 15	306,375
Elevator cab finishes	20	7	48,000
Exercise equipment	5 - 15	3 - 8	19,600
Exercise room renovation	15	8	5,100
Floor coverings, carpet, and hallways	15 - 20	12 - 13	135,600

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS AND REPLACEMENTS (Continued)**

**SEPTEMBER 30, 2025  
(Unaudited)**

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Costs
Interior building elements (Continued)			
Floor coverings, tile, hallways - floors 2-22	30	26	114,000
Floor coverings and tile - lobby level	30	7	20,000
Furnishings - lobby	20	7 - 17	26,000
Mailboxes	35	7	17,325
Manager apartment renovation	15 - 20	7	35,000
Paint finishes - hallways and lobby	8 - 12	4 - 5	75,780
Paint finishes - stairways	15 - 20	12	47,000
Party (chesapeake) room, complete renovation	15 - 20	14	43,000
Party (chesapeake) room, partial renovation	8 - 10	6	13,000
Rest rooms renovation - pool	25	8	21,000
Building services elements			
Air handling and condensing units, split systems	15 - 20	1	24,000
Elevators, traction, controls, and equipment	30	10	969,000
Generator, emergency, 100-kW	30	20	48,000
Laundry equipment, washers and dryers	10 - 15	2 - 12	27,000
Life safety system, control panels	15	2	34,000
Life safety system, emergency devices	25	2	120,000
Pipes, domestic water, waste and vent	80	15 - 30	1,072,500
Pipes, domestic cold water, 15-HP	15 - 20	11	41,000
Pump, fire suppression, 75-HP	50	30	77,000
Pump, fire suppression, controller	50	1	40,000
Security system	10 - 15	5 - 15	70,500
Trash chute and doors	55	6	77,000
Trash compactor	25	9	17,000
Water heater	15 - 20	10	15,000

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS AND REPLACEMENTS (Continued)**

**SEPTEMBER 30, 2025  
(Unaudited)**

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Costs
Property site elements			
Asphalt pavement, crack repair, patch, seal coat, and striping	5	0	21,080
Asphalt pavement, mill and overlay	15 - 20	5	108,500
Asphalt pavement, total replacement	15 - 20	25	204,600
Fence, aluminum, perimeters	25	24	19,440
Landscape, dune renovations	10	9	20,000
Light poles and fixtures	25	8	81,000
Pool elements			
Cover, vinyl	6 - 8	2	5,445
Fence, aluminum	25	20	11,880
Pool finish, plaster	8 - 12	3	16,200
Pool finish, tile	15 - 25	13	5,525
			\$ 7,119,340

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