

Verona Reserve Community Association, Inc.

**Independent Auditor's Report,
Financial Statements
and
Supplementary Information**

December 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Verona Reserve Community Association, Inc.

Opinion

We have audited the accompanying financial statements of Verona Reserve Community Association, Inc., which comprise the balance sheet as of December 31, 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 Verona Reserve Community Association, Inc. as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Verona Reserve Community Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 4 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

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 Verona Reserve Community Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Verona Reserve Community Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Verona Reserve Community Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of operating fund expenses and replacement fund activity on pages eleven (11) through thirteen (13) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page fourteen (14) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Tyack CPA & Company, LLC

Sarasota, Florida

January 28, 2026

Verona Reserve Community Association, Inc.

Venice, Florida

Balance Sheet

December 31, 2025

ASSETS

	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	\$ 476,292	\$ 386,875	\$ 863,167
Certificates of deposit	-	536,997	536,997
Assessments receivable, net of allowance of \$0	2,156	-	2,156
Special assessment receivable	-	97,921	97,921
Due from other fund	-	287,444	287,444
Prepaid expenses	10,179	-	10,179
Deposits	129	-	129
Total Assets	<u>\$ 488,756</u>	<u>\$ 1,309,237</u>	<u>\$ 1,797,993</u>

LIABILITIES AND FUND BALANCES

Liabilities			
Accounts payable	\$ 3,193	\$ 155,400	\$ 158,593
Accrued expenses	727	-	727
Income tax payable	7,271	-	7,271
Due to other fund	287,444	-	287,444
Prepaid assessments	35,534	-	35,534
Contract liabilities (assessments received in advance - special assessment)	-	149,000	149,000
Contract liabilities (assessments received in advance - replacement fund)	-	925,805	925,805
Total Liabilities	<u>334,169</u>	<u>1,230,205</u>	<u>1,564,374</u>
Fund Balances			
Insurance deductible fund	32,245	-	32,245
Operating fund	122,342	-	122,342
Replacement fund	-	79,032	79,032
Total Fund Balances	<u>154,587</u>	<u>79,032</u>	<u>233,619</u>
Total Liabilities and Fund Balances	<u>\$ 488,756</u>	<u>\$ 1,309,237</u>	<u>\$ 1,797,993</u>

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

Verona Reserve Community Association, Inc.

Venice, Florida

Statement of Revenues, Expenses and Changes in Fund Balances

Year Ended December 31, 2025

	Operating Fund	Replacement Fund	Total
Revenues			
General assessments	\$ 376,116	\$ 29,376	\$ 405,492
Villa benefit assessments	180,775	-	180,775
Single family benefit assessments	6,159	-	6,159
Special assessments	-	259,000	259,000
Jacaranda common	6,630	-	6,630
Working fund contribution	13,930	-	13,930
Interest	648	26,779	27,427
Late fees and other	2,396	-	2,396
Total Revenues	586,654	315,155	901,809
Expenses			
Administration	80,333	-	80,333
Grounds - common	271,801	-	271,801
Gate maintenance	27,568	-	27,568
Single family home benefit	6,225	-	6,225
Villa home benefit	157,980	-	157,980
Amenities	15,588	-	15,588
Utilities	16,733	-	16,733
Replacement	-	295,006	295,006
Total Expenses	576,228	295,006	871,234
Excess Revenues over Expenses	10,426	20,149	30,575
Beginning Fund Balances	150,791	52,253	203,044
Transfer	(6,630)	6,630	-
Ending Fund Balances	\$ 154,587	\$ 79,032	\$ 233,619

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

Verona Reserve Community Association, Inc.

Venice, Florida

Statement of Cash Flows

Year Ended December 31, 2025

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from members	\$ 557,027	\$ 437,329	\$ 994,356
Interest received	648	26,779	27,427
Other receipts	22,956	-	22,956
Income taxes paid	(135)	-	(135)
Cash paid to suppliers and contractors	<u>(579,118)</u>	<u>(139,606)</u>	<u>(718,724)</u>
Net Cash Provided by Operating Activities	<u>1,378</u>	<u>324,502</u>	<u>325,880</u>
Cash Flows From Investing Activities:			
Change in certificates of deposits	<u>-</u>	<u>(19,151)</u>	<u>(19,151)</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(19,151)</u>	<u>(19,151)</u>
Cash Flows From Financing Activities:			
Change in due (to) from other fund	341,885	(341,885)	-
Transfer	<u>(6,630)</u>	<u>6,630</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>335,255</u>	<u>(335,255)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	336,633	(29,904)	306,729
Cash and Cash Equivalents - Beginning of Year	<u>139,659</u>	<u>416,779</u>	<u>556,438</u>
Cash and Cash Equivalents - End of Year	<u>\$ 476,292</u>	<u>\$ 386,875</u>	<u>\$ 863,167</u>

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

Verona Reserve Community Association, Inc.

Venice, Florida

Statement of Cash Flows

Year Ended December 31, 2025

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Reconciliation of excess revenues over expenses to net cash provided by operating activities			
Excess revenues over expenses	\$ 10,426	\$ 20,149	\$ 30,575
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:			
Decrease (increase) in operating assets:			
Assessments receivable	135	-	135
Special assessments receivable	-	(97,921)	(97,921)
Prepaid expenses	(4,521)	-	(4,521)
Increase (decrease) in operating liabilities			
Accounts payable	1,925	155,400	157,325
Accrued expenses	183	-	183
Income tax payable	(612)	-	(612)
Prepaid assessments	(6,158)	-	(6,158)
Contract liabilities - special assessment	-	149,000	149,000
Contract liabilities	-	97,874	97,874
Total Adjustments	<u>(9,048)</u>	<u>304,353</u>	<u>295,305</u>
Net Cash Provided by Operating Activities	<u>\$ 1,378</u>	<u>\$ 324,502</u>	<u>\$ 325,880</u>

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

Verona Reserve Community Association, Inc.
Venice, Florida

Notes to the Financial Statements
December 31, 2025

Note 1 – Nature of Organization and Management Review

Nature of Organization

Verona Reserve Community Association, Inc. (“the Association”), located in Venice, Florida was incorporated on November 3, 2010 under chapter 617 of the Florida Statutes as a not-for-profit corporation. The Association is responsible for the preservation and maintenance of the common property in accordance with Florida Statutes, Chapter 720. Assessments against the owners of the units, which are the principal source of revenue, are based on the total estimated amounts required to protect and maintain the common property owned by the owners. Owners of the units automatically become members of the Association and become subject to the declaration of covenants, conditions, restrictions and easements as well as the bylaws of the Association.

All policy decisions are formulated by the Board of Directors. Certain major decisions are referred to the general membership before action is taken.

Management Review

The Association has evaluated events and transactions for potential recognition or disclosure through January 28, 2026, the date the financial statements were available to be issued.

Note 2 – Summary of Significant Accounting Policies

Financial Statements

The financial statements and notes are the representations of the Association’s management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Association’s governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Board of Directors and the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association. The operating fund reflects the operating assessments paid by unit owners to meet the regular costs of operation. Expenditures of this fund are limited to those connected with the day-to-day operations and non-recurring unanticipated expenditures.

Replacement Fund – This fund is used to account for financial resources designated for future major repairs and replacements. The replacement fund is composed of all capital assessments paid by unit owners to fund future replacements, major repairs and purchases of additional commonly-owned assets. Disbursements from the replacement fund may generally be made only for designated purposes.

Interest Earned on Reserves

The Association’s policy is to include in the replacement fund any interest earned on the replacement fund investments.

Allocation of Income and Expenses

The allocation of income and expenses to Association members is based on the Association documents which state that owners of single family homes and villas are assessed at different amounts.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, receivables, prepaid assessments and payables approximate fair value due to the liquid or short term nature of these financial instruments

Verona Reserve Community Association, Inc.
Venice, Florida

Notes to the Financial Statements
December 31, 2025

Note 2 – Summary of Significant Accounting Policies - continued

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses 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 its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

The monthly assessments for 2025 were \$225 for single family homes and \$425 for Villas. Total assessments collected were \$690,300 of which \$563,050 was designated for the operating fund and \$127,250 for the replacement fund. Excess assessments at year end are retained by the Association for use in the succeeding year.

Assessments receivable as of December 31, 2025 are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are delinquent. As of December 31, 2025, the Association had delinquent assessments of \$2,156. It is the opinion of the Board of Directors that the Association will ultimately prevail against the unit owners with delinquent assessments and, accordingly, no allowance for credit losses is deemed necessary.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$2,291 and \$2,156, respectively.

Income Taxes

The Association has an option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code whereby non-exempt, function income is taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net, non-function income, less \$100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2025, the Association has elected to file under Section 528.

FASB ASC 740, *Income Taxes*, sets forth standards for financial presentation and disclosure of income tax liabilities and expenses and clarifies the accounting for uncertainty in income taxes recognized. In accordance with FASB ASC 740, *Income Taxes*, the Association has evaluated its tax positions and determined that the Association has no uncertain income tax positions that could have a material effect on the financial statements.

As of the date of the financial statements, the Association's federal income tax returns for 2023, 2024 and 2025 are subject to examination by the Internal Revenue Service. These returns are open to examination generally for three years after they were filed.

Cash and Cash Equivalents

For purposes of the balance sheet and the statement of cash flows, the Association considers demand deposits with banks, money market funds and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Verona Reserve Community Association, Inc.
Venice, Florida

Notes to the Financial Statements
December 31, 2025

Note 2 – Summary of Significant Accounting Policies - continued

Commonly Owned Assets

The Association has the responsibility to preserve and maintain the commonly owned assets. Commonly owned assets include, pool, pump station, cabana, paving and perimeter walls. The Association's policy is not to capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the lot owners and these assets are not deemed to be severable.

Contract Liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) 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 balance of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year were \$827,931 and \$925,805, respectively.

Note 3 – Villa Insurance Deductible Fund

The Association Board of Directors have designated \$32,245 of the operating fund as a villa insurance deductible fund as of December 31, 2025. This fund will be used in the event of an emergency to cover future villa-related insurance deductibles and other villa-related hurricane expenses. Total charges to this fund were \$23,195 for the year ended December 31, 2025.

Note 4 – Future Major Repairs and Replacements

The Association's accumulates funds for future major repairs and replacements. Accumulated funds, which aggregate \$1,004,837, and are presented on the accompanying balance sheet as contract liabilities of \$925,805 and fund balance of \$79,032 at December 31, 2025. These funds are held in a separate bank account and generally are not available for expenditures for normal operations.

The Board of Directors obtained a formal reserve study in 2025 to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on this study along with estimates made by the Board of Directors and management. The Board is calculating funding for major repairs and replacements over the remaining useful lives of the replacement fund components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. The funding requirement for 2026 is \$172,480. The 2026 budget includes funding of \$172,480.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Note 5 – Concentrations

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Association places its cash and cash equivalents with local financial institutions. Although the Association manages its credit risk through diversification, at times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Association has not experienced any losses in such accounts and does not believe it is exposed to significant credit risk on cash and cash equivalents.

All revenues are generated from residences of a single residential community located in a small geographic area. A loss of revenue could disrupt operations and have a severe impact on the Association.

Verona Reserve Community Association, Inc.
Venice, Florida

Notes to the Financial Statements
December 31, 2025

Note 6 - Contingencies

The Association's current windstorm policy contains a 5% deductible clause. Based upon the insured value of the buildings, contents, and common property of approximately \$21 million, the first 5% or approximately \$1.05 million in damages caused by a windstorm as further defined in the insurance policy would be the responsibility of the Association.

At times, the Association is involved in disputes or litigation with owners, suppliers and others in the normal course of operations. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect in the Association's financial position, liquidity or results of operations.

Note 7 – Working Fund

Pursuant to Article IX, Section 11 of the Declaration, each unit owner who purchases a lot from a previous owner shall pay to the Association a working fund contribution in the amount of \$995. The purpose of the working fund contribution is to ensure that the Association will have cash available to meet unforeseen expenditures and to acquire additional equipment and services deemed necessary or desirable by the Board. Working fund contributions for the period ended December 31, 2025 totaled \$13,930.

Note 8 – Special Assessment

During May 2025, the Association Villa Owners and Board of Directors approved a special assessment of \$408,000, or \$4,000 per unit, to fund villa expenses, including roofs and exterior painting. The assessment was payable in full on January 1, 2026. As of December 31, 2025, \$259,000 of special assessment expense had been incurred. The balance is included in contract liabilities – special assessment on the accompanying balance sheet.

SUPPLEMENTARY INFORMATION

Verona Reserve Community Association, Inc.
Venice, Florida

Supplementary Schedule of Operating Fund Expenses
Year Ended December 31, 2025

	<u>Operating Fund</u>
Administration	
Management	\$ 25,000
Office	5,959
Professional fees	13,063
Insurance	28,196
Income tax	7,271
Miscellaneous	<u>844</u>
Total administration	<u>80,333</u>
Grounds - common	
Irrigation contract	2,509
Irrigation repairs and maintenance	9,785
Ponds maintenance	23,551
Landscape contract	176,015
Landscape replacement and mulch	19,117
Hurricane expenses	17,629
Hurricane expenses - Villas	<u>23,195</u>
Total grounds - common	<u>271,801</u>
Common Area Maintenance	
Building and common area	9,776
Gate database contract	3,640
Gate repairs	6,131
Gate telephone and transmitters	<u>8,021</u>
Total gate maintenance	<u>27,568</u>
Single Family Home Benefit	
Landscape replacement	<u>6,225</u>
Total single family home benefit	<u>6,225</u>

Continued on Page 12

Verona Reserve Community Association, Inc.
Venice, Florida

Supplementary Schedule of Operating Fund Expenses
Year Ended December 31, 2025

	<u>Operating Fund</u>
Villa Home Benefit	
Insurance	130,626
Repairs and maintenance	14,016
Pest control	<u>13,338</u>
Total villa home benefit	<u>157,980</u>
Amenities	
Dog park repairs and maintenance	1,226
Cabana cleaning and supplies	3,647
Pool cleaning contract	6,600
Pool repairs and maintenance	1,907
Pool supplies	1,291
Pool permit	200
Decorations	<u>717</u>
Total amenities	<u>15,588</u>
Utilities	
Electricity	14,536
Water and sewer	<u>2,197</u>
Total utilities	<u>16,733</u>
Total operating fund expenses	<u>\$ 576,228</u>

Verona Reserve Community Association, Inc.

Venice, Florida

Supplementary Schedule of Replacement Fund Activity

Year Ended December 31, 2025

	1/1/25	Member Contribution	Special Assessment	Revenue Recognized	Interest	Transfers	Expenses	12/31/25
Contract Liabilities								
Common area	\$ 358,120	\$ 53,250	\$ -	\$ (29,376)	\$ -	\$ -	\$ -	\$ 381,994
Villa pooled fund	<u>469,811</u>	<u>74,000</u>	<u>259,000</u>	<u>(259,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,811</u>
Total	<u>\$ 827,931</u>	<u>\$ 127,250</u>	<u>\$ 259,000</u>	<u>\$ (288,376)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925,805</u>
Fund Balance								
Common area	\$ -	\$ -	\$ -	\$ 29,376	\$ -	\$ 6,630	\$ (36,006)	\$ -
Villa pooled fund	-	-	-	259,000	-	-	(259,000)	-
Unallocated Interest	<u>52,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,779</u>	<u>-</u>	<u>-</u>	<u>79,032</u>
Total	<u>\$ 52,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,376</u>	<u>\$ 26,779</u>	<u>\$ 6,630</u>	<u>\$ (295,006)</u>	<u>\$ 79,032</u>

2025 replacement fund expenses consist of the following:

Common Pool	\$ 11,734
Common Other	24,272
Villa Roofing	<u>259,000</u>
	<u>\$ 295,006</u>

Verona Reserve Community Association, Inc.

Venice, Florida

Supplementary Information on Future Major Repairs and Replacements

December 31, 2025

(Unaudited)

The following is the estimated remaining life and estimated cost to replace the components of the replacement fund. This information is based upon estimates determined by a formal replacement fund study prepared in 2025 along with estimates made by the Board of Directors and Management.

<u>Reserve Component</u>	<u>Estimated Life In Years</u>	<u>Estimated Cost to Replace</u>
<i>SITE & GROUNDS</i>		
Pavers - Replace	40	59,840
Asphalt - Resurface	20	324,000
Vinyl Fencing - Replace	30	126,000
Chain Link Fencing - Replace	30	13,950
Entry/Exit Gates/Fencing - Replace	25	56,900
Perimeter Walls - Repair/Paint	8	28,800
Sign/Monument - Refurbish/Replace	20	25,700
Pole Lights - Replace	25	21,600
Outdoor Furniture - Replace	20	9,270
Mulch Replenishment	1	12,500
<i>MEP</i>		
Intercom/Entry System - Replace	15	5,150
Gate Operators - Replace	15	33,000
Barrier Arm Operators - Replace	15	11,000
Security Camera System - Upgrade	10	10,800
Irrigation Pump System - Replace	20	91,000
<i>Amenities</i>		
Shingle Roofing - Replace	20	8,688
Pool Deck Furniture - Replace	8	13,800
Pool Deck (Coated) - Resurface	30	7,840
Pool Deck (Pavers) - Resurface	40	29,400
Pool Fence - Replace	30	17,400
Swimming Pool - Resurface	12	31,930
Pool Heaters - Replace	10	17,485
Pool Equipment - Repair/Replace	5	7,730
<i>VILLAS:</i>		
Sealing/Painting	10	140,250
Asphalt Shingle - Replace	15	<u>1,275,000</u>
Total		<u>\$ 2,379,033</u>

Read Note 4

Read Independent Auditor's Report